

УДК 336.7:339.9

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## **INVESTIGATION OF TRUST IN EUROPEAN CENTRAL BANK IN THE EUROPEAN UNION**

*Kostiuchenko, N. (2016), Investigation of trust in European Central Bank in the European Union. Ed.: M. Zveryakov (ed.-in-ch.) and others [Doslidzhennia doviry do Evropeiskoho Tsentralnoho Banku v Evropeiskomu Soiuzi; za red.: M. I. Zveriyakova (gol. red.) ta in.], Socio-economic research bulletin; Visnik social'no-ekonomichnih doslidzen' (ISSN 2313-4569), Odessa National Economic University, Odessa, No. 2 (61), pp. 27–32.*

**Abstract.** *The article investigates a question of trust to ECB in the time period between 2012 and 2014 that was characterized by a global challenge in the aftermath of the global financial crisis. The main topic of this article is consideration of trust in a public institution and its connection with economic indicators. The question of dependency between annual change in unemployment and the level of trust in ECB in 15 European countries as well as dependency between annual change in GDP and the trust in ECB in the chosen countries is discussed. The investigation is based on the data from Eurobarometer survey.*

**Keywords:** *trust; European Central Bank; Eurobarometer survey; public opinion.*

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## **ДОСЛІДЖЕННЯ ДОВІРИ ДО ЄВРОПЕЙСЬКОГО ЦЕНТРАЛЬНОГО БАНКУ В ЄВРОПЕЙСЬКОМУ СОЮЗІ**

*Костюченко, Н. П. Дослідження довіри до Європейського Центрального Банку в Європейському Союзі / Наталія Петрівна Костюченко // Вісник соціально-економічних досліджень: зб. наук. праць; за ред. М. І. Зверякова (голов. ред.) та ін. (ISSN 2313-4569). – Одеса: Одеський національний економічний університет. – 2016. – № 2 (61). – С. 27–32.*

**Анотація.** *У статті досліджено питання про довіру до ЄЦБ в період між 2012 і 2014 рр., який характеризувався глобальною проблемою в період після глобальної фінансової кризи. Основною темою цієї статті є розгляд питання про довіру до державної установи та її зв'язок з економічними показниками. Розглянуто питання про залежність між щорічною зміною рівня безробіття і рівня довіри до ЄЦБ в 15 європейських країнах, а також залежність між щорічною зміною ВВП і довірою до ЄЦБ в обраних країнах. Дослідження засноване на даних опитування Eurobarometer.*

**Ключові слова:** *довіра; Європейський Центральний Банк; Євробарометр; громадська думка.*

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## **ИССЛЕДОВАНИЕ ДОВЕРИЯ К ЕВРОПЕЙСКОМУ ЦЕНТРАЛЬНОМУ БАНКУ В ЕВРОПЕЙСКОМ СОЮЗЕ**

*Костюченко, Н. П. Исследование доверия к Европейскому Центральному Банку в Европейском Союзе / Наталья Петровна Костюченко // Вестник социально-экономических исследований: сб. науч. трудов; под ред. М. И. Зверякова (глав. ред.) и др. (ISSN 2313-4569). – Одесса: Одесский национальный экономический университет. – 2016. – № 2 (61). – С. 27–32.*

**Аннотація.** В статті досліджено питання довіри до ЕЦБ в період між 2012 та 2014 роками, який характеризувався глобальною проблемою в період після глобального фінансового кризи. Основною темою даної статті є розгляд питання довіри до державного уряду та його зв'язь з економічними показателями. Розглянуто питання про зв'язь між щорічним зміном рівня безробіття та рівня довіри до ЕЦБ в 15 європейських країнах, а також зв'язь між щорічним зміном ВВП та довіри до ЕЦБ в обраних країнах. Дослідження ґрунтується на даних опитування Eurobarometer.

**Ключові слова:** довіра; Європейський Центральний Банк; Евробарометр; громадське мнение.

**JEL classification:** C230; E580; Z130

## 1. Introduction

In the recent years the reputation of the European Central Bank (ECB) has been put under a question. It has received lots of criticism both from the side of citizens and from the side of politicians [1]. Globalization of economies after the world economic crises urges to understand whether trust in ECB can depend on such determinants as unemployment and GDP. It is also interesting to see the dynamics of trust change to ECB in the recent years.

## 2. The main material research

The matter of trust in public institutions has been investigated by a number of scientists. Among those are D. C. North (1990), M. Putman (1993), P. Keefer (1997), J. Gärtner (1997), B. Hayo (1998), M. Gabel (1998), B. Hayo (1999), B. F. Nelsen and J. L. Guth (2000), S. Knack (2001), S. Bezoen (2004), B. Hayo (2005), M. Fratzscher (2007), F. Roth (2009), D. Gros and F. Roth (2010), M. Hellwig (2011), M. Ehrmann et al. (2012) and many others [2; 4; 6; 8; 10; 11; 12]. However, the matter of connection of public opinion with such economic indicators as GDP and unemployment hasn't yet been examined thoroughly. The study attempts to investigate the connection between the dynamics of public trust in the ECB between rise and fall of such determinants as change in unemployment and GDP. In this study, we rely on the data from the Eurobarometer surveys 77.3 (May 2012) through 82.3 (Nov. 2014). Those waves of the survey that include the question on trust in the ECB are selected. The waves employed cover 15 EU member countries: Belgium, Denmark, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Portugal, United Kingdom, Austria, Sweden and Finland.

A question of a direct interest is the question of trust in ECB (Question No. 17\_4 in Eurobarometer 77.3 – May 2012), particularly:

*“Q.17 And, for each of them, please tell me if you tend to trust it or tend not to trust it?  
Q.17\_4 The European Central Bank”* [3].

There are the following responses: 1 for “Tend to trust”, 2 for “Tend not to trust”, and 3 for “Don't know”. We exclude the response that does not express any opinion 3. There is actually a significant issue in the Eurobarometer survey design, because the question on trust in ECB is connected with questions on trust in other institutions, such as The European Parliament, The European Commission, The Council of Ministers of the European Union etc. Due to unawareness of some respondents about separate roles of every institution, they might give a collective answer to this question. Due to this fact the number of observations falls. That is why it can be said that the survey design is a serious matter. It is important to consider the variable of the individual level of knowledge about ECB. In the Eurobarometer survey, the following question is asked: “Have you heard about the ECB?” and the possible answers are “Yes” and “No”. About 85% of respondents choose “Yes”. Therefore, it is important that those people who have heard about ECB are asked a question about trust to it [2],

On Fig. 1, 2, 3, 4, 5, 6 we can visually see a considerable change in the proportion of trust in the ECB during the period of 2012–2014. When in the year 2012 the total number of respondents who showed distrust in the ECB comprised 30,2%, this number decreased till 55,98% in 2013 and in 2014 it was recorded 56,56% of respondents in 15 EU countries who showed distrust in the ECB.

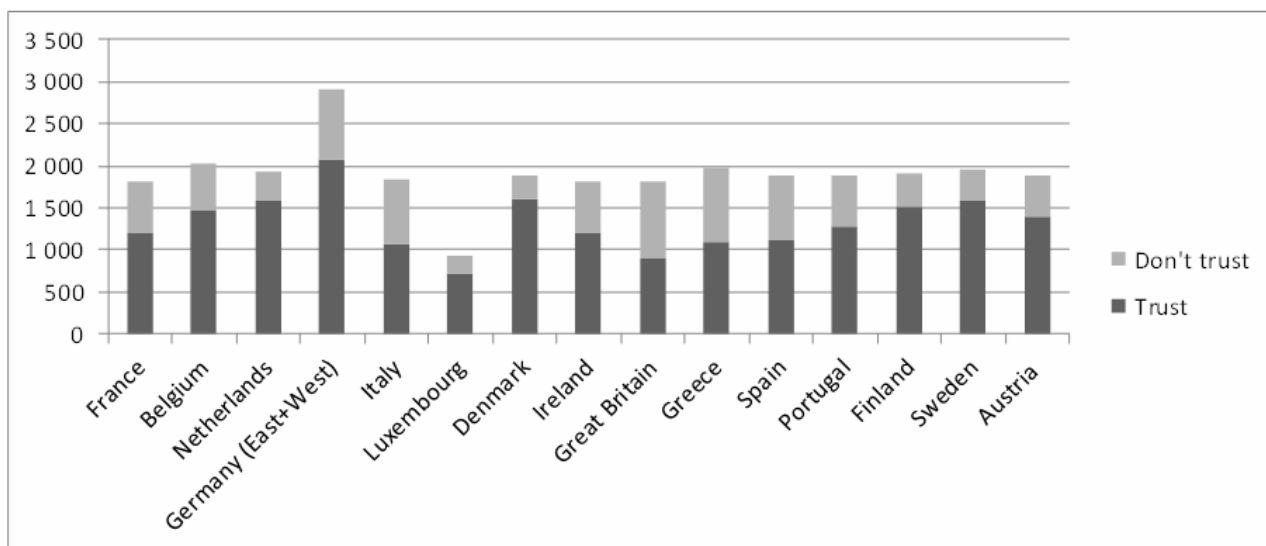


Fig. 1. Trust in ECB in 15 EU countries in 2012 (author's personal computations, based on data from Eurobarometer surveys)

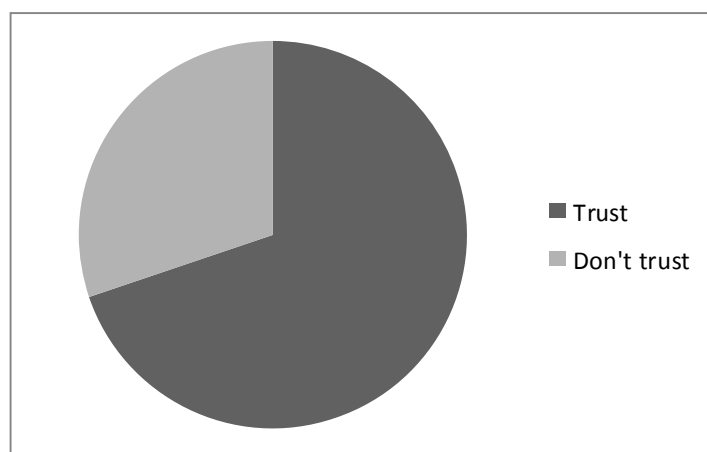


Fig. 2. Percentage of trust to ECB 15 EU countries in 2012 (author's personal computations, based on data from Eurobarometer surveys)

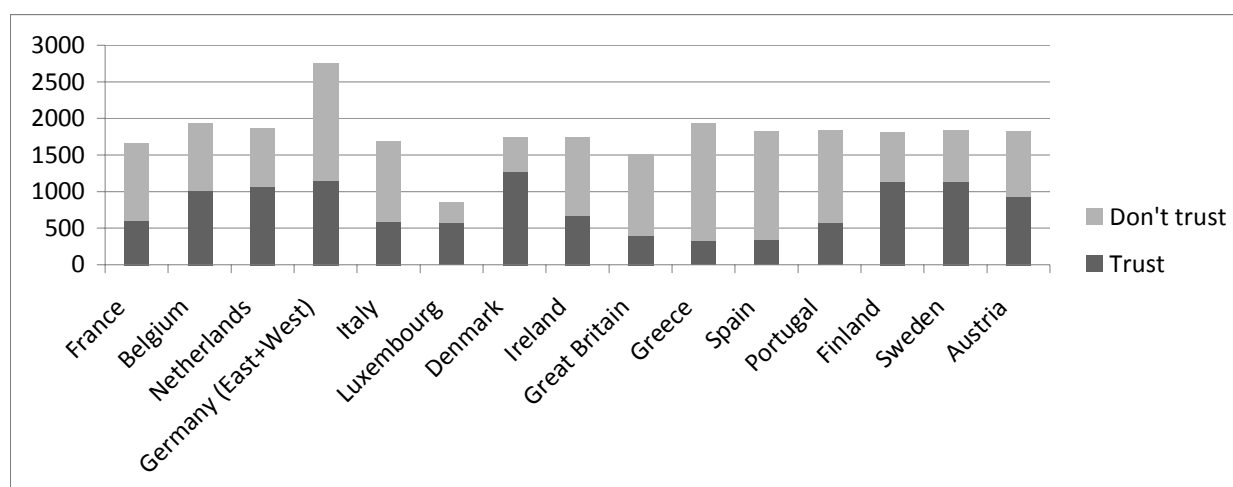
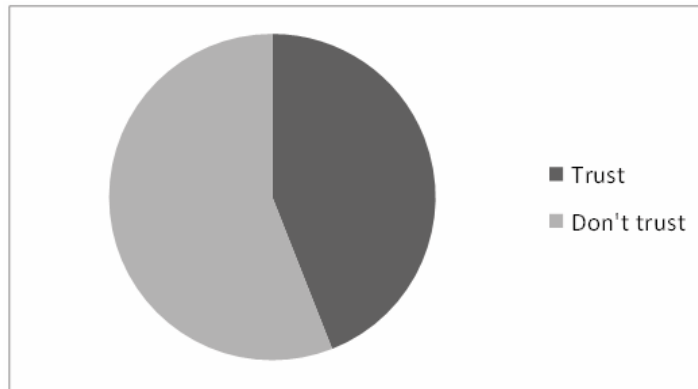
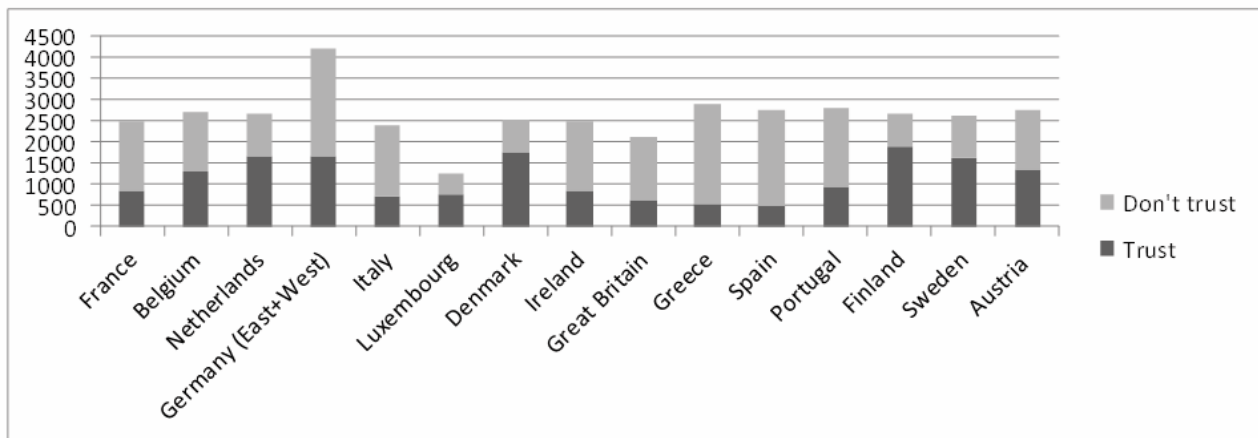


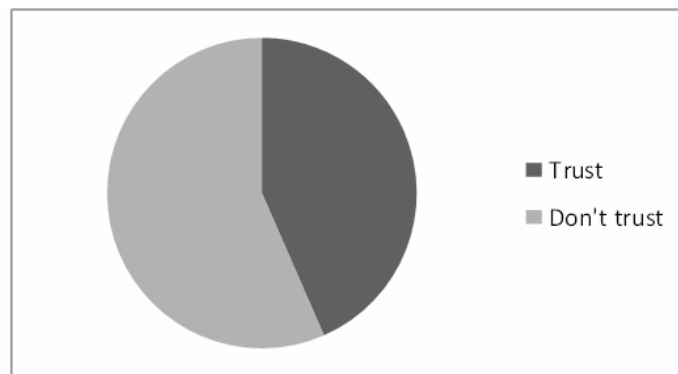
Fig. 3. Trust in ECB in 15 EU countries in 2013 (author's personal computations, based on data from Eurobarometer surveys)



**Fig. 4. Percentage of trust to ECB 15 EU countries in 2013 (author's personal computations, based on data from Eurobarometer surveys)**



**Fig. 5. Trust in ECB in 15 EU countries in 2014 (author's personal computations, based on data from Eurobarometer surveys)**

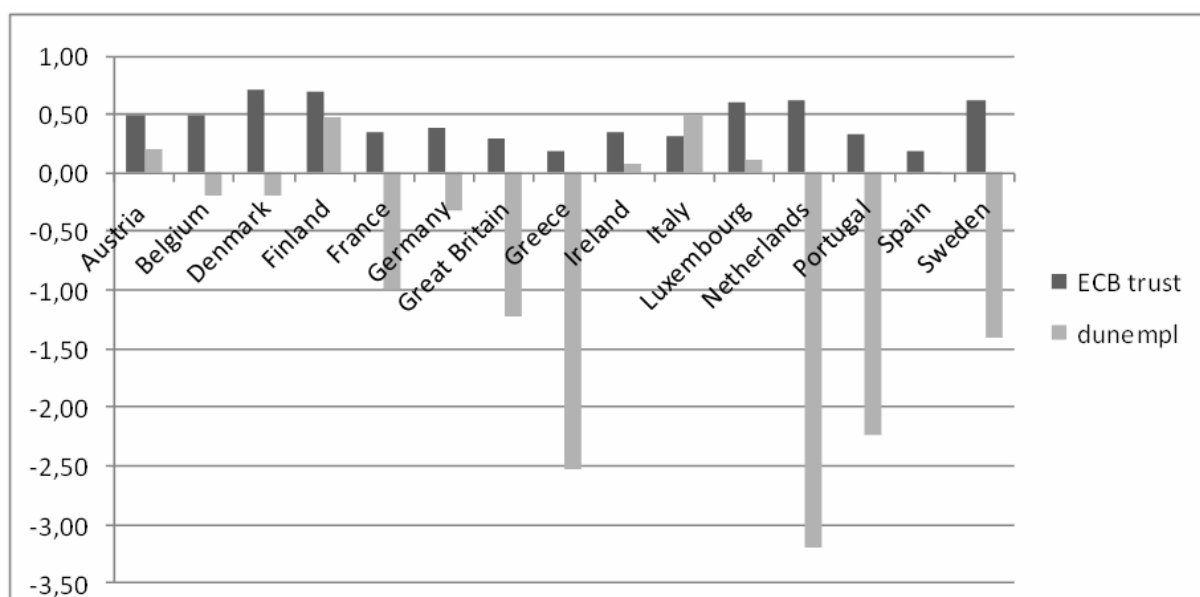


**Fig. 6. Percentage of trust to ECB 15 EU countries in 2012 (author's personal computations, based on data from Eurobarometer surveys)**

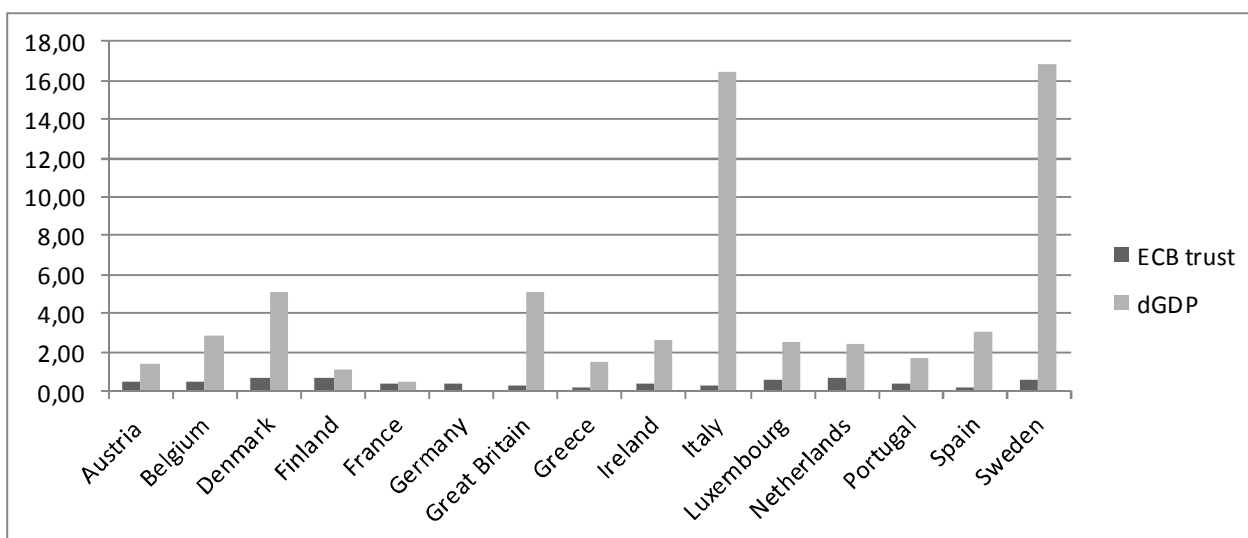
It is interesting enough to understand why trust in the ECB has so much declined by the year 2014 in some of the countries. Fig. 4 illustrates the dependency of trust in the ECB on the change in unemployment in 15 EU countries in the year 2014. The data from the most recent wave November, 2014 (Eurobarometer 82.3) has been taken. We took annual change in unemployment level (dunemployment) in the chosen countries in the year 2013 and in the year 2014.

On the one hand, from Fig. 7 we can see that in countries where the unemployment decreases the most in the next year the trust in the ECB is not so high. For example, in such countries as Ireland, Spain, Greece and Portugal a significant decrease in the level of unemployment has been noted. Those are the most economically weak EU countries due to the financial crisis. That is why it can be supposed that citizens of the countries mentioned above by the year 2014 got disappointed in the ECB during the crisis. Even that

the unemployment in the year 2014 has significantly decreased in comparison with 2013 the trust in the ECB remained low. In addition, in those countries citizens consider the policy of the ECB ineffective and do not trust it anymore. On the other hand, from the Fig. 7 we can see that in Austria, Finland and Luxembourg unemployment has increased, however the trust in the ECB remained high. Those countries have a more stable economic situation that is why citizens are not so much prone to disbelieve the ECB. There has been noted a high decrease in unemployment in France. However, the level of trust did not get higher due to this fact. It remained on the same level as in Germany, where a much less decrease in unemployment was noted. Probably it is due to the fact that Germany is the main country that supports the countries with weaker economies in the EU that have suffered from the crisis. It can be said that in countries with more stable economies an increase in the level of unemployment does not lead to fall in the trust in the ECB. At the same time in the countries that experienced more the negative consequences of the financial crisis, even a significant rise in unemployment does not lead to a higher trust in the ECB.



**Fig. 7. Does annual change in unemployment has an influence on trust in the ECB? (author's personal computations, based on data from Eurobarometer surveys)**



**Fig. 8. Does annual change in GDP per capita has influence on trust in the ECB? (author's personal computations, based on data from Eurobarometer surveys)**

Fig. 8 illustrates the dependency of trust in the ECB on the change in GDP in the year 2014. The data from the most recent wave November, 2014 (Eurobarometer 82.3) has been taken. We took annual change in GDP per capita (dgdp per capita) in the chosen countries in the year 2013 and the

year 2014. There can't be defined a clear dependency of trust in ECB on the rise in GDP. As we can see from the graph, although there has been noted a considerable rise in GDP in Italy, the level of trust in the ECB is not higher than that of in Denmark and Finland, where such significant rise in GDP hasn't been noted. At the same time in such countries as Sweden and Denmark, the rise in GDP has not automatically led to a higher trust in the ECB. Germany is the country where the least rise in GDP has been noted and the level of trust in ECB is still considerably high. For Spain, Greece and Portugal a slight rise in GDP meant an increase in trust in the ECB. That is why it can be said that a rise in GDP has an impact on the trust in the ECB only in countries that have suffered more from the world economic crisis. In more stable economies, even a significant rise in GDP does not mean an increase in trust in the ECB.

### 3. Conclusions

It is crucially important for ECB to get back the trust of member countries in the nearest future. The challenge of the economic crisis has created many drawbacks for the economic development of EU member states. Based on our investigation the following conclusion about the dependency of public trust in ECB and such economic indicators as change in GDP and unemployment can be made: for countries with more stable economies an increase in the level of unemployment does not lead to fall in the trust in the ECB. At the same time in the countries that experienced more the negative consequences of the financial crisis, even a significant rise in unemployment does not lead to a higher trust in the ECB. There can't be defined a clear dependency of trust in ECB on the rise in GDP. A rise in GDP has an impact on the trust in the ECB only in countries that have suffered more from the world economic crisis. In more stable economies, even a significant rise in GDP does not mean an increase in trust in the ECB.

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Date of acceptance: 04.04.2016.