



Standard Eurobarometer 82

PUBLIC OPINION IN THE EUROPEAN UNION Autumn 2014

NATIONAL REPORT

IRELAND

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Standard Eurobarometer 82 / Autumn 2014 – TNS Opinion & Social

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I. Introduction

The past six years have been among the most challenging periods in Irish history as the country has grappled with the fallout from the 2008 Global Financial Crisis (GFC). Ireland, a small open economy, was always going to be very sensitive to external happenings. But the GFC's impact was even more severe on an Irish economy that was grossly over-reliant on the property and construction sectors, whereby too significant a portion of Ireland's revenues came to be dependent on property-related economic activity. Meanwhile, the fact that the country's banking system engaged in large-scale lending related to property during the Celtic Tiger years resulted in the balance sheets of Irish banks growing disproportionately large relative to the size of the economy.

Thus, Irish banks were particularly exposed when the GFC took root. By 2007, Irish banks began to report arrears on their loan books and with short-term interbank lending, the source of funding on which Irish banks had become heavily reliant, seizing up in 2008, confidence declined at a rapid rate. With Irish banks on the verge of insolvency in September 2008, the Irish government took the decision to guarantee all Irish bank liabilities and to recapitalise the banks using public funds. This put an even greater strain on the State's finances, as it was already dealing with a significant decline in revenues as the housing market had reached its peak. At the same time unemployment, which was to increase three-fold, rose and economic growth vanished. Taken together, these factors meant that Ireland slid further and further into economic difficulty. Despite repeated attempts by the Irish government to keep the economy and a spiralling national debt under control through a series of austere budgets, the GFC in Ireland reached its peak in late 2010. Ireland became the second Eurozone member state (after Greece) to seek external financial assistance from the EU and IMF in order to keep the ship of state afloat. The past three years have seen the country implementing the terms of this deal, commonly referred to as 'the bailout', under the supervision of the so-called 'Troika'¹. This programme has involved far-reaching and sometimes painful economic restructuring, ranging from the introduction of property tax and water charges to further cuts in social security.

But after six challenging years, 2014 offered some grounds for optimism. Ireland, among five Eurozone states² to seek EU/IMF assistance, became the first country to exit the bailout programme in December 2013. Economic growth, although uneven, has returned.³ The country's national debt is decreasing, albeit slowly, and unemployment, having peaked at 15.1% in February 2012, had dropped back to 10.6% by December 2014.⁴

¹ The Troika is made up of the European Commission, the European Central Bank, and the International Monetary Fund.

² The other countries being: Cyprus, Greece, Portugal and Spain.

³ See: <http://www.irishtimes.com/business/economy/ireland-set-to-become-fastest-growing-eu-economy-1.1987352> and <http://www.tradingeconomics.com/ireland/gdp-growth> (Accessed: 25 January 2015).

⁴ See: <http://www.irishtimes.com/news/politics/national-debt-and-its-servicing-still-weigh-heavily-on-state-1.1965128> and http://www.cso.ie/multiquicktables/quickTables.aspx?id=Irm03_Ira03 (Accessed: 25 and 26 January 2015).

In spite of the improving macroeconomic indicators, there were nationwide protests throughout 2014 against the Fine Gael-Labour government's attempts to introduce water charges through the metering of homes. Irish Water, the company established to run the scheme, was also beset by controversy. As tens of thousands of people marched across the country against the charges in November 2014, the government eventually decided to soften the proposal and instead levy a reduced flat water fee on each household.

Meanwhile, the coalition government endured a difficult year on the political front. A series of controversies surrounding the Garda Síochána (Irish police force) resulted in first, the Garda Commissioner (Head of the Irish police), and later the Minister for Justice Alan Shatter, resigning from their posts. Against this backdrop, the government suffered significant losses in the local authority and European Parliament elections held in May 2014. This resulted in Labour Party leader and Tánaiste (Deputy Prime Minister) Eamon Gilmore resigning his post and being replaced by Minister for Social Affairs Joan Burton. The big winners in the elections were non-party candidates and the anti-austerity party Sinn Féin. Public opinion polls conducted since the election have indicated that a strong segment of the Irish public have a preference for non-aligned candidates in the forthcoming general election, which is due by April 2016, suggesting that an appetite exists for a possible changing of the political guard.⁵

Considering this context, this national report (based on Eurobarometer 82, the fieldwork for which was undertaken in November 2014) focuses on two crucial questions.⁶ First, as an economic recovery appears to be taking shape it explores the Irish public's attitudes towards the economy and the country's direction. Second, it investigates whether the dampening of Euro enthusiasm⁷ in Ireland that was documented in last year's Eurobarometer report,⁸ and which coincided with the GFC, has subsided with the exit of the Troika and an improving macro-economic situation.

⁵ See for example: <http://www.redcresearch.ie/news/government-regain-some-lost-ground#sthash.7Y2OmYKB.dpbs> (Accessed: 25 January 2015).

⁶ Eurobarometer 82 is part of a series of reports which tracks European public opinion on a wide range of matters over time. *Behaviour and Attitudes* carried out the fieldwork for Eurobarometer 82 in Ireland between 8 November and 17 November 2014. A total of 1,002 respondents aged 15+ were surveyed. Full technical details are contained in the EB82 Appendices.

⁷ When we refer to Euro enthusiasm, we mean enthusiasm for the European Union, and not the currency.

⁸ See: http://ec.europa.eu/public_opinion/archives/eb/eb80/eb80_ie_ie_nat.pdf (Accessed: 31 January 2015).

II. Evaluations of the economy and the country's direction

Given the severity of the GFC, Irish people, not surprisingly, have been among the most pessimistic in Europe when asked about their perceptions of the Irish economy. However, as a modest economic recovery begins to take shape, we might expect greater optimism to emerge. Eurobarometer 82 shows this to be the case, with a growth in economic optimism among Irish people. While a majority of Irish people (60%) still rate the current economic situation as 'bad', the numbers saying this one year ago were much larger.⁹ At that point in November 2013, 81% of Irish citizens considered the economy to be 'bad'.

Figure 1 shows the breakdown of negative evaluations by member state. It demonstrates that, of the 60% of Irish citizens who classify the economy as 'bad', only 20% consider it to be 'very bad'. This represents a decline of 20 percentage points compared to November 2013, when 41% rated the economy as 'very bad', and a sizeable drop of 64 points on the numbers saying likewise in November 2010 at the time the country sought assistance from the EU/IMF. The remaining 40% who rate the economy as 'bad' classify it as 'rather bad'. Meanwhile, the number rating the Irish economy as 'good' (38%) is the highest positive evaluation of the economy since autumn 2007.

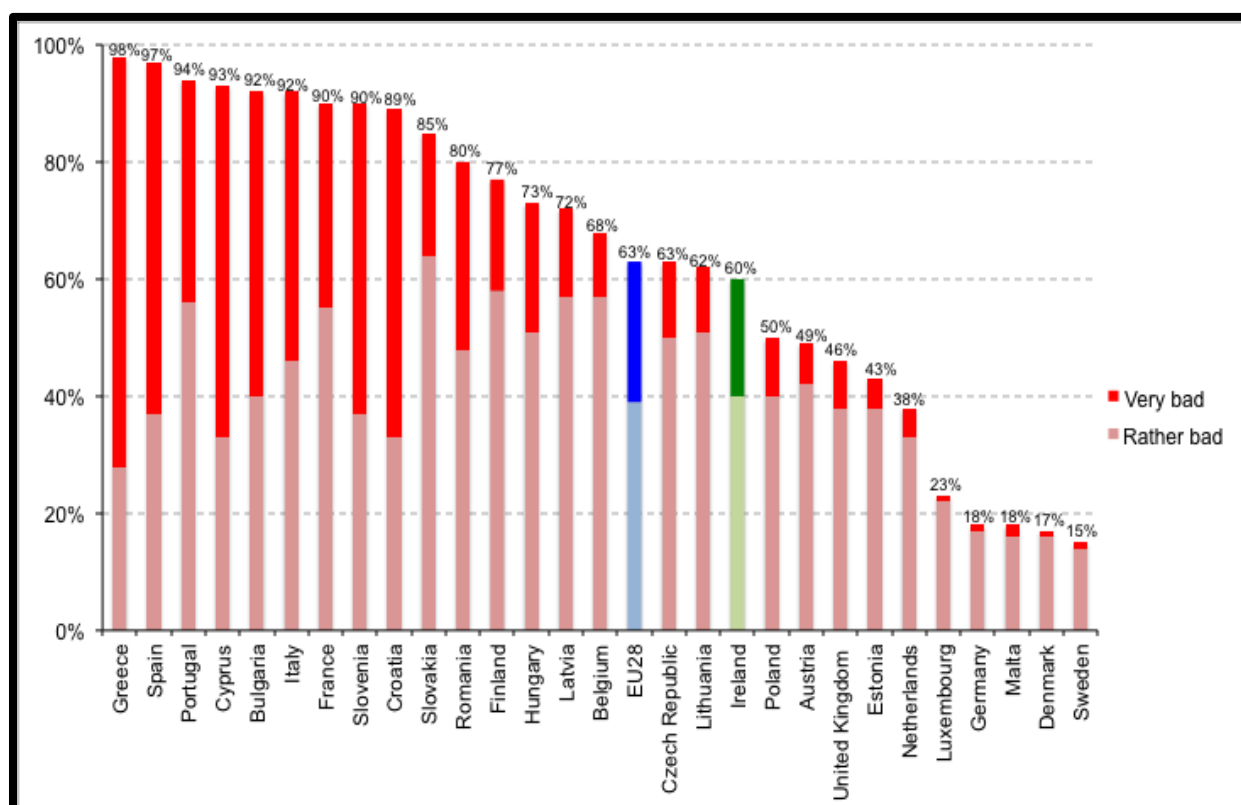


Figure 1 Negative evaluations of the national economy by member state – autumn 2014 (%). *Source of data: EB82*

Figure 1 also illustrates that the Irish public's rating of the national economy is now pretty much in line with average EU opinion. And comparing Irish attitudes with the attitudes expressed in the other four countries that received EU/IMF financial assistance, we see that Irish citizens display more confidence about the economy than their compatriots in Greece, Spain, Portugal or Cyprus.

⁹ Source of question EB82 QA1a_1: "How would you judge the current situation in each of the following: The situation of the (NATIONALITY) economy?"

In all of these countries, citizens deliver a far more pessimistic assessment, with near unanimity in each state rating the economy as 'bad', and majorities in all but one (Portugal) classifying the situation as 'very bad'.

Focusing on the individual's economic situation, a majority of Irish people are positive about both their individual job situation and the financial situation of their household.¹⁰ Sixty-four percent of Irish citizens describe their personal job situation as 'good', above the EU average of 56%, and significantly higher than the number of citizens who say likewise in Cyprus, Greece, Portugal or Spain. And 65% of Irish people judge the financial situation of their own household as 'good', in line with the EU average.

And furthermore, when asked about their expectations for the next twelve months, Irish citizens express strong optimism about the future of the Irish economy, with 45% saying they expect it to get better over the next twelve months, above the EU average of 22%, and the highest level of optimism about the future prospects of the Irish economy since November 1999.¹¹ All of the above serves to illustrate that economic confidence is re-emerging among Irish people.

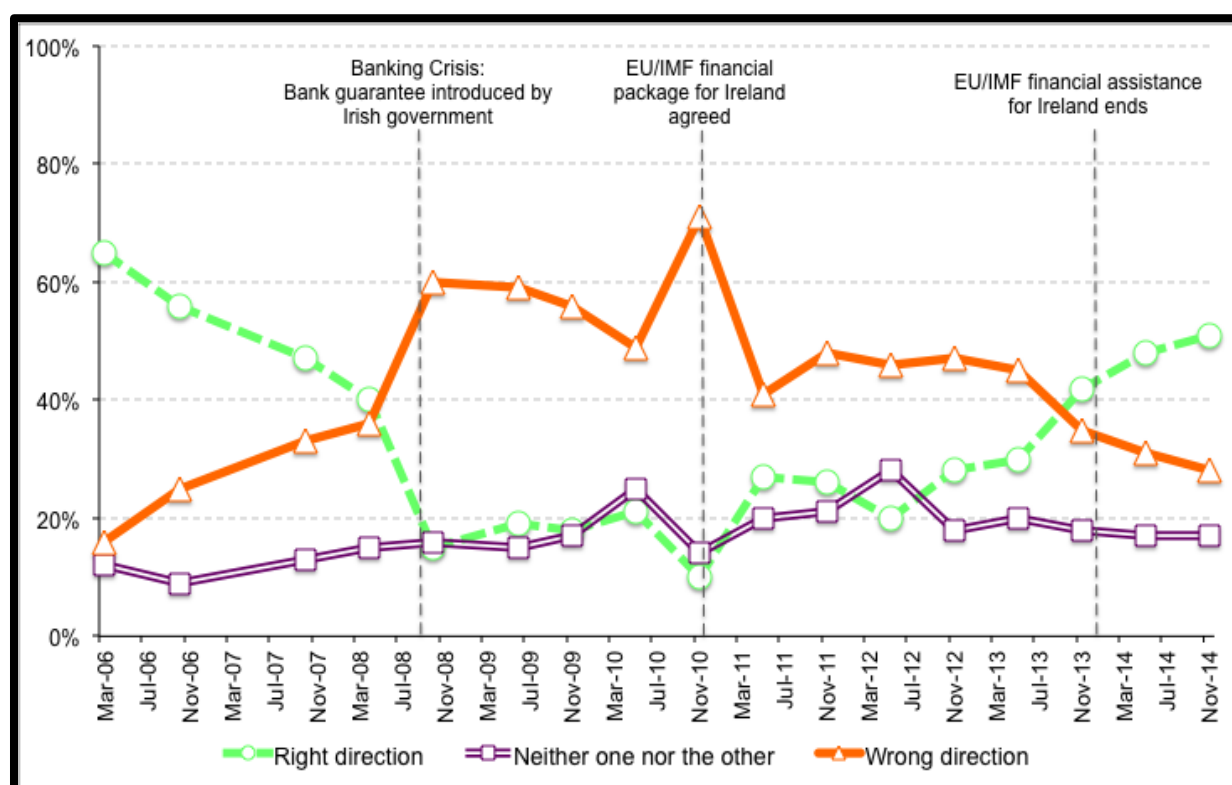


Figure 2 Ireland is going in the right direction or the wrong direction 2006-2014 (%).

Source of data: EB61-EB82.

Assessing Irish people's feeling about the country's broader position, Figure 2 tracks Irish responses dating back to 2006, the answer to the question whether people think that in general things in the country are going in the 'right direction' or the 'wrong direction'.¹²

¹⁰ Source of question EB82 QA1a_3/4: "How would you judge the current situation in each of the following: Your personal job situation and the financial situation of your household"

¹¹ Source of question EB82 QA2a.2: "What are your expectations for the next twelve months: Will the next twelve months be better, worse or the same, when it comes to the economic situation in (OUR COUNTRY)?"

¹² Source of question EB82 QD73a.1: "At the present time, would you say that, in general, things are going in the right direction or in the wrong direction in (OUR COUNTRY)?"

It illustrates that negativity about the country's direction began to emerge, even before the GFC, with the number of citizens professing that the country was going in the 'right direction' slowly declining from a high of 65% in March 2006. The height of negativity about the country's direction came, as one might expect, in November 2010 just as Ireland was about to seek EU/IMF financial assistance. At that point, 71% of Irish citizens said the country was going in the 'wrong direction'.

Since then, optimism about the country's direction has gradually been growing. Last year, and for the first time since 2008, more Irish people professed that the country was going in the 'right direction' compared to those who said it was going in the 'wrong direction'. This development coincided with the country's exit from the EU/IMF programme. Optimism has continued to build since then and, as of November 2014, 51% of Irish people say Ireland is going in the 'right direction', while 28% say it is going in the 'wrong direction'. This is the highest number of people expressing that the country is going in the right direction since March 2006. When we compare this score against other member states, only the Maltese exhibit greater levels of optimism about their country's direction. Irish confidence far outweighs the EU average, where only 26% of EU citizens think their country is going in the 'right direction'. What is more, confidence levels are much higher in Ireland compared to the four other countries that received EU/IMF assistance. In all of these states, substantial majorities of citizens believe their respective countries are heading in the 'wrong direction' (for example: In Greece, as little as 10% think their country is heading in the 'right direction' while 77% of Greeks think it is heading in the 'wrong direction').

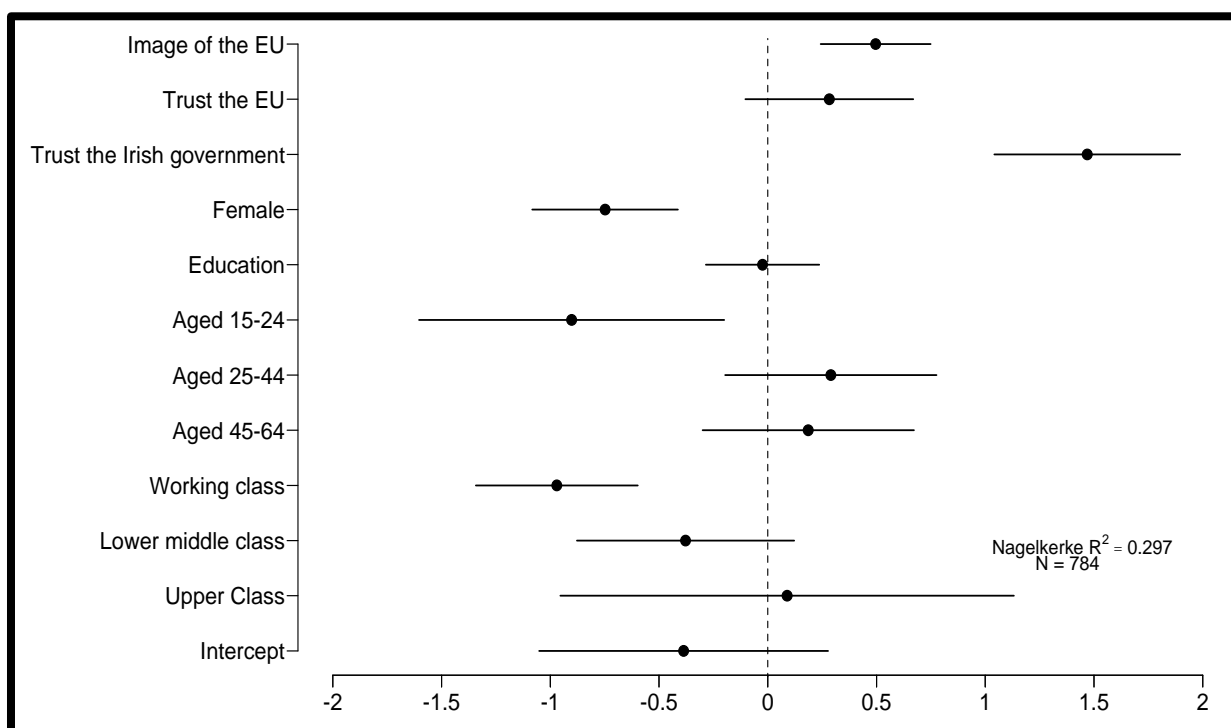


Figure 3 Logit model exploring positive and negative evaluations of the Irish economy – autumn 2014.

Please note: A dot to the right of the dotted line at zero indicates an increased probability of an individual rating the economy as 'good', while a dot to the left indicates an increased probability of an individual rating the economy as 'bad'. *Source of data:* EB82.

Evidently, there is greater optimism among Irish people about the economy and the country's position than at any time since the GFC took hold in 2008. This confidence appears to be centred on the encouraging signs of economic recovery. This requires further analysis, and we investigate this by devising a multivariate logit model to understand some of the reasons associated with Irish people's assessment of the Irish economy as either 'good' or 'bad'.¹³ Our model is presented graphically in Figure 3. It depicts regression coefficients represented by black dots with the horizontal lines around these dots representing 95% confidence intervals based on the standard errors. A line that does not cross the dotted vertical line at zero can be said to be statistically significant. A dot to the right of the dotted vertical line indicates an increased probability of rating the economy as 'good'. A dot to the left of the dotted vertical line indicates an increased probability of an individual rating the economy as 'bad'.

Our particular interest is in whether attitudes to the EU and its institutions are related to evaluations of the Irish economy. There is obvious reason to suspect that they are, given the particular involvement of EU institutions in Irish economic affairs in recent years. Accordingly, we test whether 'image of the EU' and 'trust in the EU' have an impact on individuals' economic assessments.¹⁴

We control for a number of other variables, including trust in the Irish government, age, sex, education, and self-identified class.¹⁵

Figure 3 shows attitudes towards the EU are partly associated with citizens' perceptions of the Irish economy. While trust in the EU does not have any significant impact on evaluations, images of the EU have. Those who profess to have a 'positive' image of the EU are far more likely to rate the Irish economy as 'good' compared to those who do not have a 'positive' image of the Union. And while the direction of this relationship is not clear-cut, our findings indicate that, even taking other factors into account, and in spite of the end of EU/IMF financial assistance for the country, attitudes towards the EU are strongly interlinked with Irish people's perceptions of the Irish economy.

However, attitudes towards the EU are only part of the story. The most potent influence on positive perceptions of the economy is whether an individual professes trust in the Irish government, with those who profess to trust it are substantially more likely to rate the economy as 'good'. Our model also suggests demographics have a strong effect, with females substantially less likely to consider the state of the Irish economy as 'good', while those identifying as 'working class' and aged 15-24 are much less likely to rate the economy as 'good' compared to those who describe themselves as 'upper middle class' and those aged '65+' respectively.

¹³ Don't know responses are excluded from the analysis.

¹⁴ Source of question EB82 QA9a: *"In general, does the EU conjure up for you a very positive, fairly positive, neutral, fairly negative, or very negative image?"*

Source of question EB82 QA8a13: *"I would like to ask you a question about how much trust you have in certain media and institutions. For each of the following media and institutions, please tell me if you tend to trust it or not to trust it: 'The European Union'."*

¹⁵ The reference category for the age variable is respondents aged 65+. The reference category for the self-identified class variable is those who classify themselves as 'upper middle class'.

While the above evidence is pointing to a picture of increasing optimism among Irish people about the country and its economic prospects, there are some cautionary notes to take heed of. First, a majority of Irish people still rate the economy as 'bad'. Second, Irish people remain very concerned about unemployment, with only 29% describing the current employment situation as 'good', and 48% considering it among the top two issues facing the country right now.¹⁶ Third, there is evidence that, in spite of an improving macro-economic situation, the effects of the GFC on people's daily lives are still very much in evidence. Figure 4 illustrates this point aptly. It shows that a majority of Irish people (61%) say they have difficulty in paying their bills from 'time to time' or 'most of the time'.¹⁷ This means Ireland ranks fifth highest in the EU on this metric, and significantly above the EU average of 38%. And while the majority of Irish people having difficulty paying their bills say they only do so from 'time to time', it is an illustration that the consequences of the economic crisis in Ireland are still biting and that economic confidence only stretches so far.

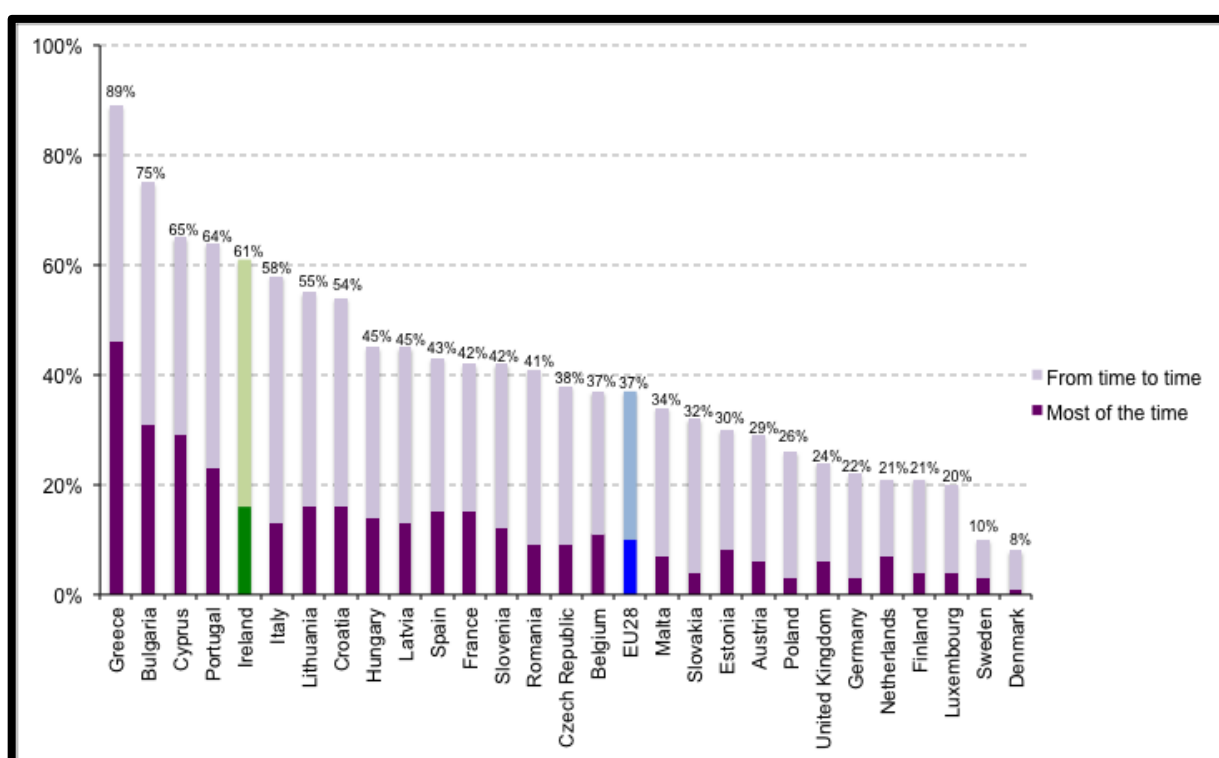


Figure 4 Difficulty in paying your bills during the last twelve months – autumn 2014 (%).
Source of data: EB82.

¹⁶ Source of question EB82 QA1a_5: "How would you judge the current situation in each of the following: The employment situation in (OUR COUNTRY)?"

Source of question EB82 QA3a: "What do you think are the two most important issues facing (OUR COUNTRY) at the moment?"

¹⁷ Source of question EB82 QD60: "During the last twelve months, would you say you had difficulties to pay your bills at the end of the month a) Most of the time; b) From time to time or c) Almost never/never?"

III. Attitudes towards the EU

To assess attitudes towards the EU, Eurobarometer 82 selects two variables to examine, namely, 'trust in the EU' and citizen's 'image of the EU'. Given the extent of the GFC in Ireland, we are particularly interested in trends over time in regard to each, especially as Eurobarometer 80 noted a significant dampening of Euro enthusiasm in Ireland.

Figure 5 tracks the levels of trust in the EU as expressed by Irish citizens dating back to 2003. Distrust in the EU was generally low and stable (in the low to mid-20s) in the years preceding the GFC. However distrust did rise substantially on two occasions in the wake of the crisis. The first was in October 2008, immediately following the first shock of the GFC for Ireland – just after the Irish government had introduced the Bank Guarantee Scheme. The second came in autumn 2011, coinciding with the country's first year in the EU/IMF programme. This latter increase in distrust represented the most substantial of growths, going from 39% to 60%, and ushered in a period in which levels of distrust of the EU consistently outstripped levels of trust, hovering in the high 50s/low 60s. The increases in distrust of the EU in recent years do require careful interpretation. On the one hand, it could be seen as negative reaction by citizens to the GFC and the fact that Ireland was required to implement austerity measures under the supervision of the European institutions such as the Commission and the European Central Bank in order to meet its financial obligations. An alternative and more positive interpretation could be the so-called 'critical citizen' thesis, where citizens are thought to take a judicious approach in evaluating the actions of governments and institutions, and distrust merely reflects citizens who are less deferential to authorities and more ready to challenge them.

As of November 2014, trust levels in the EU do appear to be increasing somewhat. Thirty-seven percent of Irish people profess trust in the EU while 47% say they distrust it. This gap of 10 percentage points between trust and distrust represents a substantial narrowing over the past twelve months, having been a 21-point gap in November 2013. It also signifies the highest levels of trust expressed in the EU in Ireland since the summer of 2011. This suggests that, as the economic situation has improved and with the end of EU/IMF assistance, trust is beginning to re-emerge, although clearly it has some way to go before it reaches the levels we saw pre-crisis.

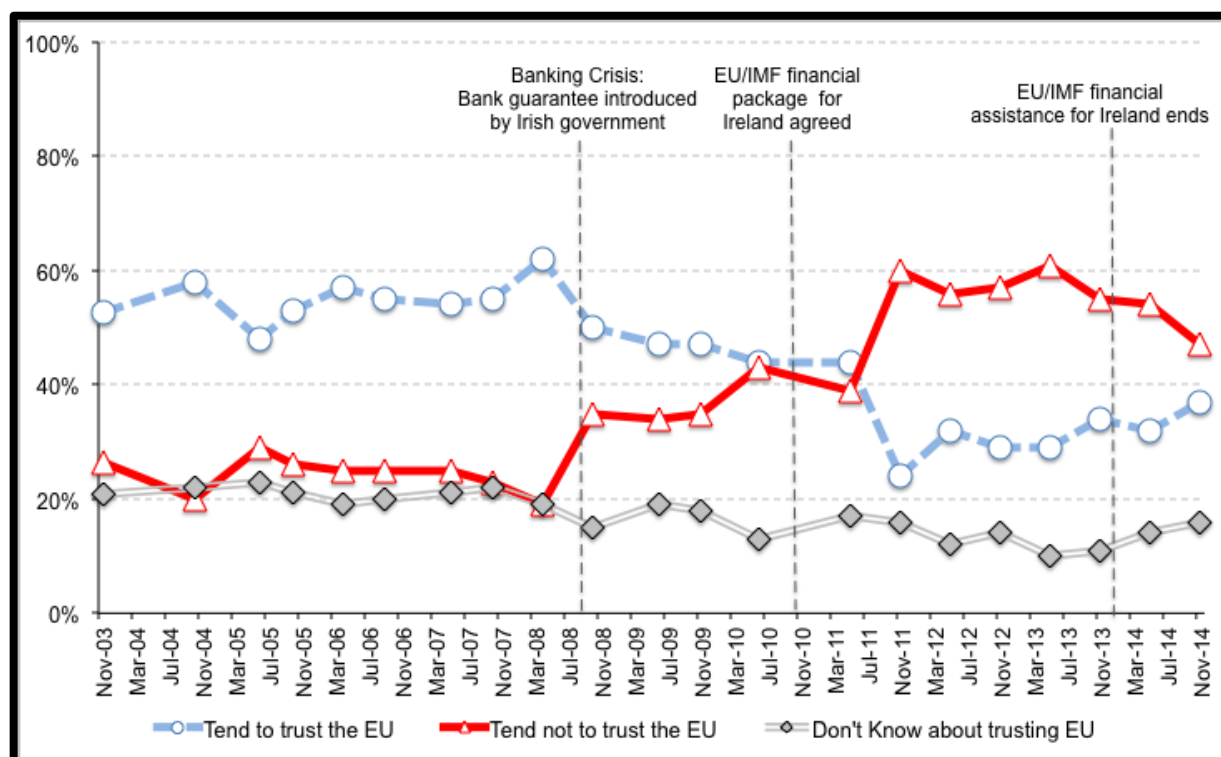


Figure 5 Levels of trust in the European Union in Ireland 2003-2014 (%).

Source of data: EB60-EB82.

The numbers of Irish people professing to have a 'positive' image of the EU have been declining in recent years. Whereas the early to mid-2000s saw the number of Irish people saying they had a 'positive' image of the EU consistently in excess of 70%, this has been waning since 2007. 'Positive' images of the EU fell acutely as the GFC wore on, and reached their lowest point in 2012, when as few as 36% of Irish people said they held this view. Beginning in 2010, there was also a corresponding increase in the numbers of Irish citizens having a 'negative' image of the EU, the high point of which was also 2012, when 29% held this view. That being said, it should be noted that there has consistently been a greater proportion of Irish citizens expressing a 'neutral' image of the Union compared to those who profess a 'negative' image. And as Figure 6 shows, the numbers of people holding this view has also grown in recent years, implying that the decline in 'positive' image has not resulted in a simple switch from 'positive' to 'negative'. Rather, many people who previously felt 'positive' about the EU simply adopted a more 'neutral' stance during the Crisis. If one accepts that converting someone who has a neutral viewpoint is easier than someone who has a negative viewpoint, it does suggest that there is potential for more enthusiasm for the EU to materialise in the future.

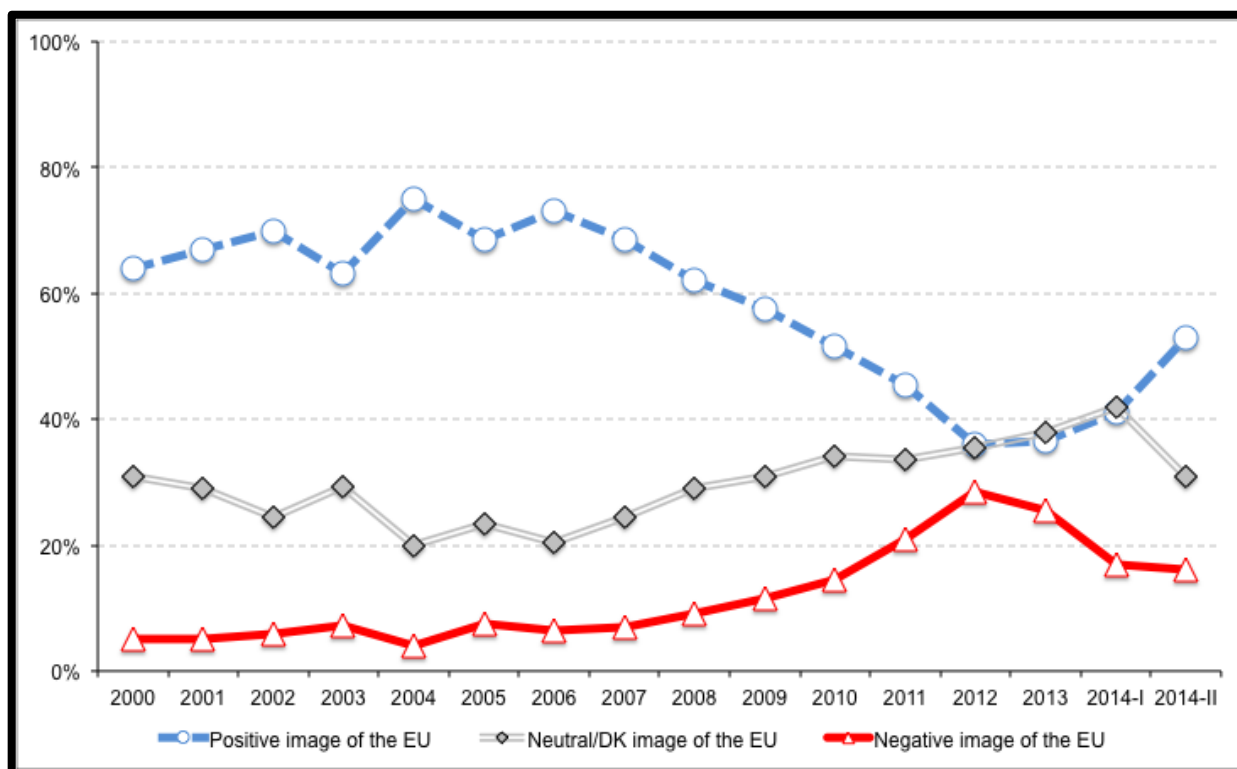


Figure 6 Images of the EU in Ireland 2000-2013 (%).

Please note: In years when the question was asked on two occasions, the figures for that year represent the average score across the two survey points. Source of data: EB53-EB82.

Indeed, the results of Eurobarometer 82 suggest that a more optimistic view of the EU is resurfacing. As of November 2014, 53% of Irish people say they have a 'positive' image of the EU, up twelve points since spring 2014, and sixteen points on 2013. This represents the highest number of Irish people saying this since 2009. Sixteen percent of Irish people profess to have a 'negative' image of the EU, substantially down on the high watermark of 29% in 2012, while 29% say they have a 'neutral' view. (with the remaining 2% saying they don't know). In sum, taking the developments in trust and image into context, the latest Eurobarometer findings tell us that confidence in the EU is re-emerging, and the dampening of Euro enthusiasm, observed during the very worst periods of the GFC, have been arrested to some degree.

CONCLUSION

After six years of severe economic challenges, there were reasons for optimism in 2014 as Ireland exited the EU/IMF financial programme and the Irish economy began to show signs of improvement. The key questions were whether this would be recognised by the public and what impact it might have on attitudes towards the EU.

Eurobarometer 82 suggests that economic confidence is re-emerging to a certain degree: fewer people rate the economy as performing badly, two thirds of people consider their personal job situation and their financial situation as 'good', and a majority are confident that the country is heading in the right direction, the largest proportion than at any time since 2007. Also consider the fact that 45% think the Irish economy will improve in the next twelve months and the fact that Irish citizens are more confident about their economy than citizens of the other four bailout states, and one can clearly see a more confident and optimistic public than at any time since the GFC took hold.

Alongside this resurfacing of economic optimism, we observe increasing enthusiasm for the EU. This is mainly evidenced by the significant increase in the numbers of people expressing a 'positive' image of the Union, up sixteen points in the space of a year, And with trust levels also increasing, albeit to a lesser extent, the dampening of enthusiasm for the EU has been arrested to a certain degree, and support is recovering.

What about the future? Eurobarometer 82 has documented the strong association that exists between attitudes towards the EU and the perception of how the Irish economy is performing. On the one hand, as the economic situation continues to improve, one might expect to see enthusiasm for the EU also increase. However, this report has also noted that there are clear limits to the economic optimism. After all, a majority (60%) of Irish people still consider the economy to be performing badly and 61% report having some or a lot of difficulty in paying their monthly bills, the fifth highest in the EU and substantially above the EU average of 38%. Given that there is evidence the consequences of the GFC appear to be still very much biting, one might conclude that a return to the halcyon days of the 1980s and 1990s, where Irish support for the EU was plentiful and robust, is some way off yet. Whatever happens into the future, it is likely that the development of Irish attitudes towards the EU will be significantly influenced by how well the Irish economy is perceived as performing.