

Fairness for Outsiders: Negative Externalities Reduce Public Support for Differentiated Integration in the EU

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Abstract

Differentiated integration (DI) is often portrayed as a solution to gridlock in the European Union (EU). However, DI may create externalities for those EU member states who, for capacity or sovereignty reasons, do not join a common policy. Therefore, the assessment of DI externalities has been proposed as a standard for the normative evaluation of DI (Lord 2015). This article investigates if citizens consider external effects when forming their opinion on DI initiatives. Results from a factorial survey experiment in eight EU countries show that negative externalities have a large statistically significant effect, reducing public support for DI. In contrast, positive externalities have no statistically significant impact on public support. The analysis shows that citizens are not exclusively focused on the affectedness of their home country when evaluating an international agreement such as the decision to opt for DI in the EU. Rather they value the fairness of the decision for all EU members states.

1. Introduction

In his speech concluding the Conference on the Future of Europe (henceforth Conference) on May 9, 2022, French President Emmanuel Macron supported the European Parliament's aspiration to launch a convention towards treaty change in the European Union (EU). Speaking before the European Parliament (EP) a week earlier, Italian Prime Minister Mario Draghi also advocated for an acceleration of integration. The German government of Olaf Scholz had previously opened the door for EU treaty changes in its 2021 coalitional agreement. While treaty change thus once again is high on the EU's agenda, there is also strong opposition, both against the idea itself and against a number of proposals issued by the Conference (e.g., Thomas Gutschker in *Frankfurter Allgemeine Zeitung* of May 10, 2022). A common instrument to come to terms with heterogeneity in the EU – repeatedly used in EU treaty revisions – is differentiated integration (DI) (Leuffen et al. 2013; Schimmelfennig & Winzen 2014). Macron himself in his speech advocated for the possibility of more differentiation among member states. DI may therefore, once again, constitute a possible route towards overcoming the foreseeable gridlock.

In this paper, we analyze public support for DI using an original survey experiment. Although the importance of public opinion for EU integration, and international cooperation, is increasingly asserted today (cf. e.g. Hobolt and de Vries 2016; Walter 2022), our knowledge about public preferences on the future of Europe, and DI's role therein, is still limited. One key question, when inquiring about citizens' support for reforms of the EU relates to how citizens evaluate reform proposals: Do they judge proposals according to their expected consequences for their home country or rather for the EU as a whole? In other words, do sociotropic, home state related cost-benefit calculations drive citizens' preferences, or do citizens rather take norms of a European fairness into account when assessing reform scenarios?

We argue that DI is a suitable test case for questions of self-interest and fairness in international cooperation for two reasons. First the presence of DI implies that member states were not able to forge consensus on an integration step. Second, the effects of DI may differ for the EU and the participating and non-participating states. By departing from uniform integration where every member state follows the same law, DI thus raises important fairness concerns (e.g., Bellamy et al. 2022; Leuffen 2021). On the one hand, DI can be used in a "discriminatory" fashion (cf. Schimmelfennig 2014) by excluding states from common policies, funds, or decision-making bodies against their wishes (Eriksen 2018). Moreover, even if these states approve of a DI initiative, DI may impose negative externalities on them. On the other hand, DI may enable free-riding if states who have opted out of a common policy nevertheless benefit from its positive external effects (Lord 2015; 2021).

While there is an on-going normative debate about the desirability of DI (e.g., Adler-Nissen 2011; Bellamy et al. 2022; Eriksen 2018; Leuffen 2021), Christopher Lord has proposed to focus on the externalities of DI as a normative “standard that can be accepted by those who otherwise disagree about a range of other values that are affected by European integration” (Lord 2015: 796). Lord argues that DI works well when it does not affect the non-participating EU member states. In contrast, DI is normatively problematic when it creates externalities. Negative externalities would leave the non-participating states worse off. Positive externalities would enable free-riding by the non-participants to the detriment of those states who integrated further (Lord 2015; 2021). This raises the question: Do citizens take into account the effects of DI on all EU member states when evaluating a DI proposal, or are they primarily concerned with the effects on their home country? In other words, do citizens care about the fairness of DI for all member states?

To shed light on these questions, our factorial survey experiment presents citizens from eight EU member states with hypothetical DI initiatives, asking whether they would support or oppose the initiative. Crucially, we vary both the externalities (positive, negative or neutral) of the proposed policy, as well as the participation of the respondent’s country of residence in the policy. If citizens judge international agreements primarily by the impact of the agreement on their home country, they should display an “affectedness bias” in their assessment of DI initiatives: they should reject initiatives that either impose negative externalities on their own country or enable free-riding of others. In contrast, if citizens care about a fair management of externalities, they should also take into account (negative) external effects of a DI initiative on other countries.

In addition, we investigate how the type of or reason for DI interacts with citizens’ evaluation of DI externalities. Member states may not join an integration effort either because they do not want to join or because they are deemed to be not yet capable by the other states. The former case is referred to as “sovereignty DI”, the latter case as “capacity DI” (Winzen 2016). Theoretically, these underlying motives for DI could impact citizens’ support for DI and the relative weight they put on DI externalities. Specifically, citizens could be expected to worry less about negative externalities in the case of sovereignty DI as compared to capacity DI, as the affected countries have made a deliberate decision not to join the policy. Likewise, in this case they may also be more critical of positive externalities, worrying about attempts to free-ride on the effort of others.

Our analysis highlights that citizens appear to abstract from ego- and sociotropic consequences in their evaluations of differentiated integration. We only find significant opposition to a model of differentiated integration which would imply strong negative external effects for non-participating states. We take this as first evidence that citizens indeed take into account fairness considerations when evaluating reform proposals related to political organization beyond the nation. Moreover, our

results show that negative externalities reduce public support for a DI initiative considerably, even if the respondents home country would not be affected. In contrast, we find no effect of positive externalities as compared to no externalities. These findings do not change significantly when taking into account the underlying motivation to opt for DI. These findings reveal that citizens care about the impact of DI on all EU member states and are not solely concerned with their own affectedness.

The article makes three contributions. First, it adds to a small but growing literature on public opinion towards DI (De Blok & De Vries 2022; Leuffen et al. 2020; Schüssler et al. 2022). Understanding public support for DI is important because it is often presented as a way forward for a heterogeneous and politicized EU. This promise can only be realized if citizens consider DI to be a legitimate alternative to uniform integration. Second, the study is the first to empirically investigate how citizens apply the externality standard proposed by Lord (2015). Thus, it provides valuable empirical data for the ongoing normative and theoretical debates about DI. Finally, the article speaks to the broader literature on utility vs. fairness. By studying public attitudes towards externalities in a specific international setting, it shows that citizens value general fairness concerns in international agreements and are not only concerned with national self-interest.

2. How do citizens evaluate EU reform proposals? The case of DI

The EU is a political system with a fast rate of constitutional change. Its founding treaties can be understood as incomplete contracts leaving ample room for the necessity of constitutional change (Hart, 1995; Williamson, 1985). In other words, the EU makes repeated proof of Shepsle's (2008, p. 1032) observation that "[i]nstitutional arrangements at any particular point in time, in short, are possibly no more than way-stations in an evolving sequence." The Conference on the Future of Europe with its inclusive and deliberative format, is but the most recent quasi-constitutional moment in the EU.

In a rationalist perspective (e.g., Riker 1980), when engaging in games about the rules of the games, actors seek utility. For the EU, this suggests that citizens – given their strong attachments and orientations to their nation states (e.g., de Vries 2018) – are likely to first assess the effects of reform proposals for their home state's interests. However, when relaxing the rationalist assumptions, citizens might also be expected to care about fairness in the EU. It is widely accepted today that the public cares about the fairness of procedures and outcomes, even at the price of (limited) costs (cf. Eichenberger & Oberholzer-Gee, 1998; Frey, Benz, & Stutzer, 2004; Haidt, 2012; Henrich et al., 2010; Lind & Tyler, 1988; Tyler, 1990, 2011). Citizens may thus consider the effects of EU institutional change

for living together in the EU; and from such a perspective, their preference on EU reforms should be cast behind a “veil of ignorance” (Rawls 1971).

We approach the question of self-interest vs. fairness in institutional choice by investigating public support for DI. DI refers to an incongruence of “the territorial extension of EU membership and EU rule validity” (Holzinger & Schimmelfennig 2012: 292). The most prominent example is the Euro, which has been adopted by only 19 out of 27 EU member states. DI is generally portrayed as an alternative to uniform integration that is employed when the heterogeneity of either member state preferences or capabilities threatens to stall joint EU action (Leuffen et al. 2013; Schimmelfennig & Winzen 2014).

While DI has been debated among academics and political elites for decades (e.g., Adler-Nissen 2014; Bellamy et al. 2022; Dahrendorf 1979; Stubb 1996), scholars have only recently begun to study what the public thinks about DI (De Blok & De Vries 2022; Leuffen et al. 2020; Schüssler et al. 2022). Understanding public support for DI is important because DI is often seen as a possible response to the “constraining dissensus” of public opinion on European integration (Hooghe et al. 2009; more generally on the link of public opinion and integration, see Hobolt & De Vries 2016). Even though citizens may not be aware of the details of various forms of DI discussed in the literature, Schüssler et al. (2022) find that they are nevertheless able to distinguish between them. The authors find, for example, that EU supporters prefer a “core Europe” of integration-friendly member states working together, whereas Eurosceptic citizens (as well as those valuing economic liberty over social equality) prefer an “à-la-carte” EU, which gives member states greater flexibility to opt out of common policies. There are regional differences as well. Citizens from Southern Europe tend to view an EU of “multiple speeds” negatively, possibly for fear of being left behind (Leuffen et al. 2020; Schüssler et al. 2022). In sum, this literature indicates that citizens care both about the consequences of DI for the EU as a whole, as well as for the autonomy of (their own) member states (Schüssler et al. 2022).

In this paper, we take a closer look at how the effects of a hypothetical DI initiative on member states influence public support. Specifically, we investigate how citizens evaluate the external effects of a DI initiative on EU member states how do not participate in said initiative. Do citizens focus exclusively on the affectedness of their home country, or do they also take into account the consequences for other states?

Citizen support and DI externalities

Lord (2015: 792) proposes to evaluate the fairness of DI according to “how well it improves the management of externalities between member states”. He argues that the management of

externalities provides a normative “standard that can be accepted by those who otherwise disagree about a range of other values that are affected by European integration” (Lord 2015: 796).

On the one hand, DI can help to manage existing externalities between member states in situations in which not all member states are prepared to integrate further. On the other hand, DI itself may produce new externalities. In other words, states who do not join a DI initiative may nevertheless be affected by its policy outcomes. Kölliker (2001) has argued that the externality structure of differentiated policies determines whether the non-participating states want to join in over time. If the differentiated policy affects them negatively, or if they can be excluded from its benefits, they are expected to eventually adopt the policy as well. In contrast, outsiders have no incentive to join if they are not or cannot be excluded from positive externalities. Building on Kölliker’s argument, Lord (2015; 2021) problematizes the use of DI when it comes to public goods and common resources. In these cases, DI is unable to manage externalities to the benefit of all EU members. First, DI may produce negative externalities, leaving the non-participating states worse off. Second, in the case of positive externalities, the outsiders may free-ride on the achievements of the further integrated group. In the first case, DI insiders would “dominate” outsiders, in the second case, outsiders would “dominate” insiders. Both scenarios are normatively problematic (Lord 2021: 10; see also Lord 2015: 793).

Do citizens consider Lord’s externality standard when evaluating a DI initiative? If so, do they take into account the expected externalities for all member states, or are they primarily concerned with the effects of DI on their own country of residence? From the perspective of fairness, citizens should care about DI externalities. A large literature has shown that fairness judgments influence the acceptance of decisions, the willingness to cooperate, the perceived legitimacy of and trust in social institutions and the commitment to these institutions (e.g. Besley 2010, Lind 2001, Tyler 2020, Van den Bos 2005). Fairness principles also play an important role when it comes to international institutions. Bechtel and Scheve (2013), for example, show that fairness considerations matter for public support of international climate agreements.

In light of this research, citizens should favor DI initiatives that are fair for all EU member states. We thus expect that citizens are less likely to support DI initiatives that impose negative externalities on non-participating member states. But at the same time, citizens may also consider free-riding to be unfair. Accordingly, citizens should be less likely to support DI initiatives that have positive externalities and thus create free-riding opportunities for non-participants. Note that if citizens opposed both, DI initiatives entailing positive and negative externalities, this would imply that there is only public support for DI policies that have no (or neutral) external effects – arguably a rare scenario.

H1a: *Citizens are less supportive of DI initiatives that have negative external effects on non-participating EU member states.*

H1b: *Citizens are less supportive of DI initiatives that have positive external effects on non-participating EU member states.*

However, these fairness evaluations may be biased by citizens' own affectedness. Indeed, some studies show that citizens care more about favorable outcomes than about procedural fairness (e.g., Acemoglu et al. 2013; Graham & Svobik 2020). In the context of DI, this would imply that utility maximizing citizens care primarily about the effects of a DI initiative on themselves and disregard any (negative) effects on other countries. From this rationalist, sociotropic perspective, DI externalities are judged by how they affect a citizen's home country.¹ Citizens from a member state that is not participating in a DI initiative should oppose DI if it imposes negative externalities on their state. In contrast, they should support the initiative if it promises positive externalities, which allows them to free-ride on the involvement of others. The reverse should be true for citizens from participating member states. They should oppose DI initiatives that create positive externalities and the opportunity for outsiders to free-ride. In addition, their support for a DI initiative should not decrease if it has negative effects on non-participating member states.

H2: *Citizens from non-participating states are less supportive of a DI initiative when it produces negative externalities but are more supportive of the initiative when there are positive externalities.*

H3: *Citizens from participating member states are more supportive of a DI initiative when it produces negative externalities but are less supportive of the initiative when there are positive externalities.*

Citizen support for sovereignty and capacity DI

It could be argued that the evaluation of externalities depends on the underlying reason why DI is proposed instead of uniform integration. Schimmelfennig and Winzen (2014) distinguish two underlying reasons for choosing DI over uniform integration: Either one or several member states do not want to join a new integration step, or they are judged to be incapable to do so by the other states. The former case can be referred to as "constitutional differentiation" (Schimmelfennig & Winzen 2014)

¹ This operationalization implies a sociotropic evaluation of expected DI outcomes. (cf. Leuffen et al. 2020 for sociotropic evaluation in the context of DI and Hobolt & Wratisl 2015 more generally in the EU).

or “sovereignty DI” (Winzen 2016). A member state may not want to join a common policy that is perceived to infringe upon its sovereignty or national identity. This is the underlying reason for the desire of some member states to receive opt-outs from projects such as the Euro or Schengen. Sovereignty DI can be associated with the increasing integration of “core state powers” (cf. Genschel & Jachtenfuchs 2016) on the one hand, and with the increasing politicization of the EU and Euroscepticism among the voting public on the other hand (cf. De Vries 2018). A second reason for DI relates to the state capacity and economic development of member states to take part in a common policy. Such “instrumental differentiation” (Schimmelfennig & Winzen 2014) or “capacity DI” (Winzen 2016) is most prominent in accession treaties when transition periods are agreed upon, in which the new member may be excluded from certain rights and obligations of membership for a certain period of time. The same capacity logic applies to the Euro convergence criteria (also known as the Maastricht criteria) which establish the requirements for adopting the Euro currency. Capacity DI can be used in a “discriminatory” and an “exemptive” fashion (Schimmelfennig 2014). In the former case, DI is against the interest of the excluded member states, in the latter case, DI is to its benefit.

Does the reason for differentiation affect citizens’ support for a DI initiative? Following previous research (De Blok & De Vries 2022; Schüssler et al. 2022) that shows that EU supporters and opponents prefer different forms of DI, we distinguish between citizens who generally think that European integration should go further, and those who think that integration has already gone too far. The latter groups, the Eurosceptics, typically prefer forms of DI that safeguard national autonomy (cf. De Blok & De Vries 2021; Schüssler et al. 2021) and should therefore be more supportive of instances of constitutional DI than of instrumental DI. In contrast, Schüssler et al. (2021) find that EU supporters want to limit opt-outs. Thus, citizens who want more integration should be less likely to support sovereignty compared to capacity DI.

***H4:** Eurosceptics are more supportive of sovereignty DI initiatives compared to capacity DI initiatives.*

***H5:** EU supporters are less supportive of sovereignty DI initiatives compared to capacity DI initiatives.*

Does the reason to opt for DI instead of uniform integration matter for the evaluation of externalities? It can be reasoned that citizens are more concerned with externalities if DI is initiated for capacity reasons and thus excludes member states who are deemed to lack the capacity to participate in a policy. In contrast, citizens may be less sympathetic to member states who deliberately chose not to participate in an integration step.

H6: In cases of capacity DI, the negative effect of negative externalities should be larger than in cases of sovereignty DI.

H7: In cases of sovereignty DI, positive externalities should have larger negative effect than in cases of capacity DI.

3. Research Design

We use a factorial survey experiment to study the effect of DI motivations and externalities on public support for DI initiatives. Factorial survey or vignette experiments are well suited for assessing the “judgment principles that underlie social norms, attitudes, and definitions” (Auspurg & Hinz 2015; see also Jasso 2006). By integrating an experimental design in a (public opinion) survey, this approach allows us to test causal hypotheses in a larger random sample drawn from the general population, thereby increasing the experiment’s external validity. In this section we first give an overview of the public opinion survey in which we included our factorial experiment. We then present the experimental set-up before detailing the analytical method.

Data

Our factorial survey experiment was included in an original cross-national online survey fielded in eight EU member states in February and March 2021, namely in Denmark, France, Germany, Greece, Ireland, Italy, the Netherlands and Poland. The selected countries differ by size and by geographical location (East, North, South) and together represent close to two thirds of the EU population. In each country, the survey firm *Respondi* recruited around 1,500 respondents. This yields a total maximal sample size of around 12,000. The survey used quota sampling that is representative with respect to national marginal distributions of age groups, gender, and sub-national regions. For the analysis of the factorial experiment, we perform model-specific list-wise deletion of observations with missing values, resulting in a final sample of 10,813 respondents.

Experimental set-up

We presented each respondent with one multidimensional description (vignette) of a hypothetical DI initiative. Respondents are then asked whether they would support such an initiative. Support is measured on a 11-point Likert scale (“not support at all” = 0; “strongly support” = 10). The attributes (dimensions) of the vignettes are systematically varied, reflecting variations in the experimental

stimuli, and randomly assigned to respondents. All attributes were evenly randomized across countries. The experiment therefore allows us to estimate the causal effect of situational attributes on the average support for a proposed DI initiative. *Table 1* shows the vignette as presented to the respondents. *Table 2* summarizes the five attributes and levels of the experiment.

Table 1: Experimental set-up

<p>Introductory text:</p> <p><i>We are interested in your opinion on a situation in which a group of EU member states does not move along on a specific policy. Even though this situation is hypothetical, imagine for the moment that this was an actual situation. Please review the following information carefully.</i></p> <p>Vignette:</p> <p><i>Imagine the following situation. A minority of EU member states [\$reason] establishing [\$issue]. [\$minority]. [\$approval] that the other member states move forward with this initiative, these states decide to cooperate as a subgroup in this area. The decision has [\$effect] side effects for the non-participating states.</i></p> <p>Dependent Variable:</p> <p><i>Would you support such a decision? [0 (No support) – 10 (Full support)]</i></p>

The first attribute refers to the underlying reason – sovereignty or capacity – to opt for DI instead of uniform integration. Sovereignty DI takes place, when a minority of EU member states blocks uniform integration “due to sovereignty concerns”. Capacity DI occurs when a minority “does not meet the criteria to join” an integration step. The second attribute captures the policy issue in question: (1) a common European refugee relocation scheme, (2) a common European minimum wage, (3) joint European military units or (4) a common European tax for digital services. We do not have theoretical expectations concerning possibly varying effects of these policy issues and include them for exploratory purposes. The chosen issues have all featured prominently in political debates about future (differentiated) integration. They all concern “core state powers” which are particularly salient for sovereignty concerns, making them likely cases of future DI (cf. Genschel & Jachtenfuchs 2016; Winzen 2016). The third attribute defines the status of the respondent’s country of residence, i.e., is the country part of the minority of member states, that would not participate in the DI policy, or would it be part of the majority of further integrating states. The fourth attribute expresses whether the non-

participating minority approves or disapproves of the fact that the other member states intend to integrate without them. Finally, the fifth attribute captures the expected externalities of the differentiated policy. External effects can have either a positive, a negative or no effect on the non-participating EU member states. We deliberately do not use public goods theory to derive external effects from the different policy issues (cf. Lord 2021). DI externalities can be hard to understand for citizens and may be uncertain at the time DI is initiated. Moreover, politicians can frame DI effects in the political debate. We therefore simply make a statement about the expected effects of the hypothetical DI initiative.

Table 2: Vignette attributes and levels

Attributes	Levels
Reason for DI (as opposed to uniform integration)	1. due to sovereignty concerns blocks an initiative 2. does not meet the criteria to join an initiative
Issue	1. a common European refugee relocation scheme 2. a common European minimum wage 3. joint European military units 4. a common European tax for digital services
Minority status of the respondent’s country of residence	1. [COUNTRY NAME] is part of this minority 2. [COUNTRY NAME] is not part of this minority
Approval of the minority	1. Although the minority disapproves 2. After the minority approves
External effects	1. positive 2. no 3. negative

Method

To measure support for the DI initiatives, we estimate ordinary least square (OLS) regression models including country fixed effects with robust standard errors clustered on the country level. The reference levels are: ‘Reason’ – does not meet the criteria, ‘issue’ – joint European military units, ‘minority’ – is not part of this minority, ‘approval’ – after the minority approves, ‘external effects’ – no.

To test the influence of theoretically interesting respondent-level characteristics, we perform subgroup analyses. To test hypotheses 1 and 2 we divide the sample into two subgroups “EU supporters” and “Eurosceptics” based on the survey question “Thinking about the European Union, some say European unification should go further. Others say it has already gone too far”. On an 11-point Likert scale (0 = “European unification has already gone too far”; 10 = “European unification should go further”), respondents who selected a value higher than 5 are coded as “EU supporters” while respondents who selected a value lower than 5 are coded as “Eurosceptics”. Respondents who chose the middle value of 5 were excluded. In the appendix, we report results for a specification with three groups, respondents favoring less (< 4) or more integration (> 6) and those who broadly prefer the current level of integration (values 4-6). In addition, we present subgroup analyses for other respondent-level characteristics that have been identified in the literature as theoretically interesting but are not at the center of our study’s interest, namely the geographical variation of respondents’ home countries and respondents’ attitudes towards economic liberalism (cf. Leuffen et al. 2020).

Hypotheses 5-8 are tested using interaction effects between the ‘external effects’ attribute and, respectively, the ‘minority’ attribute (H5-6) and the ‘reason’ attribute (H7-8).

4. Empirical analysis

In this section, we first present the main effects of the vignette attributes on public support for DI, before turning to the interaction models. Finally, we report the subgroup analysis for EU supporters and Eurosceptics.

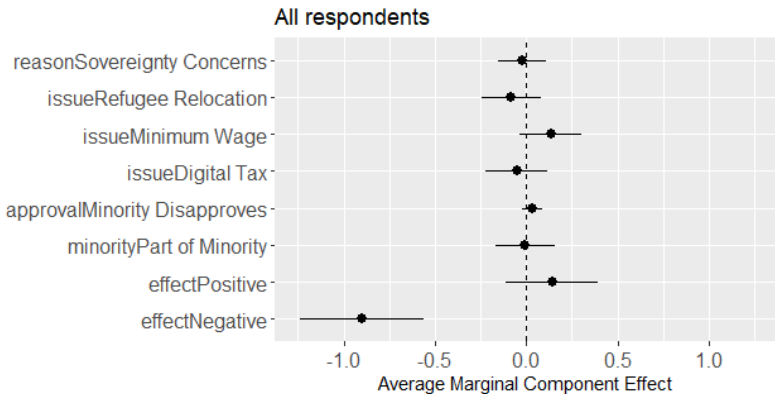


Figure 1: Average marginal component effects for all respondents.

Figure 1 shows the main effects of the vignette attributes on public support for DI across all respondents (see also model 1 in Table 3). Interestingly, we find no significant effects except for one: If DI creates negative externalities for the non-participating EU member states, this reduces public

support significantly. This confirms *H1a* and suggests that citizens care about the fairness of DI in the sense that DI should not be to the detriment of a non-participating minority of member states. In contrast, citizens seem to be less concerned with the problem of free-riding. The effect for positive externalities is positive but not statistically significant, disconfirming *H1b*.

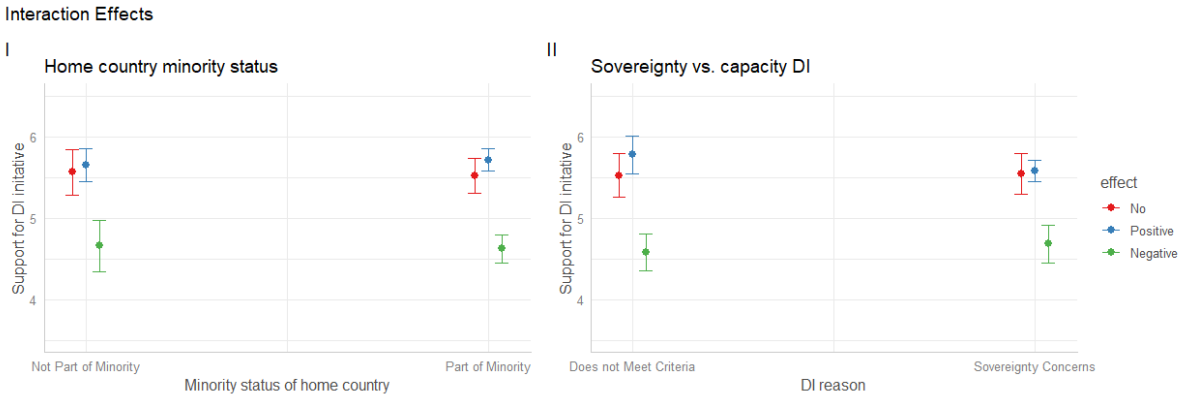


Figure 2: Marginal effects of interactions between DI externalities and (I) the minority status of respondents' country of residence and (II) the type of DI.

Figure 2 plots the interaction effects between external effects and the DI status of the respondent's country of residence (Table 3, model 2) and between external effects and the reason for DI (model 3). Interestingly, positive externalities do not have a differentiated impact on public support, irrespective of the affectedness of the respondent's home country. Negative externalities always lead to a drop in support, both when the respondent's home country takes part in the DI policy and when it doesn't. Citizens care about negative DI externalities for all member states. Taken together, these results show that citizens care about the fairness of DI as operationalized through (negative) externalities. They are not exclusively focused on their own state's affectedness. At the same time, they are not concerned by positive externalities, apparently discounting the risk of free-riding by DI outsiders. One methodological explanation for this finding could be that survey respondents did not translate the information about positive external effects to the risks of free-riding. In contrast, there was no such mental translation work necessary when it came to evaluating negative externalities.

We find similar results for the interaction of externalities with the reasons to engage in DI. However, surprisingly, sovereignty and capacity DI have no differentiated impact on the evaluation of positive or negative externalities.

Table 3: Effects of DI characteristics on DI support. Country fixed effects omitted.

	Model 1	Model 2	Model 3
(Intercept)	5.43*** (0.14)	5.45*** (0.14)	5.41*** (0.14)
Sovereignty Concerns	-0.02 (0.07)	-0.02 (0.07)	0.02 (0.10)
Refugee Relocation	-0.08 (0.08)	-0.08 (0.08)	-0.08 (0.08)
Minimum Wage	0.13 (0.09)	0.13 (0.09)	0.13 (0.09)
Digital Tax	-0.05 (0.09)	-0.05 (0.09)	-0.05 (0.09)
Part of Minority	-0.01 (0.08)	-0.05 (0.08)	-0.01 (0.08)
Minority Disapproves	0.03 (0.03)	0.03 (0.03)	0.03 (0.03)
Positive Effects	0.14 (0.13)		
Negative Effects	-0.90** (0.17)		
	(0.00)	(0.00)	(0.00)
Not Part of Minority x Positive Effects		0.09 (0.15)	
Part of Minority x Positive Effects		0.20 (0.14)	
Not Part of Minority x Negative Effects		-0.91** (0.22)	
Part of Minority x Negative Effects		-0.90*** (0.15)	
Does not Meet Criteria x Positive Effects			0.25 (0.14)
Sovereignty Concerns x Positive Effects			0.04 (0.13)
Does not Meet Criteria x Negative Effects			-0.94*** (0.15)
Sovereignty Concerns x Negative Effects			-0.86** (0.21)
R ²	0.04	0.04	0.04
Adj. R ²	0.04	0.04	0.04
Num. obs.	10813	10813	10813
RMSE	2.60	2.60	2.60
N Clusters	8	8	8

*** p < 0.001; ** p < 0.01; * p < 0.05

Across all respondents, sovereignty DI initiatives do not increase or decrease public support compared to capacity DI initiatives. However, if we distinguish between citizens who want more integration and those who think integration has already gone too far, we find interesting differences (Figure 3). Sovereignty DI has a negative but insignificant effect on EU supporters. In contrast, Eurosceptics are significantly more supportive of sovereignty DI than of capacity differentiation (see also Table 4). This is in line with H4.

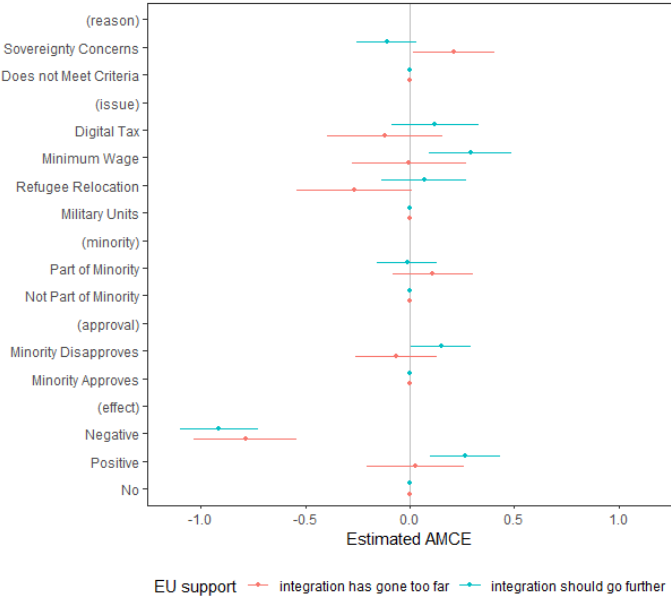


Figure 3: Heterogeneous treatment effects for EU supporters and Eurosceptics.

There are also other differences between the two subgroups. EU supporters are more supportive of DI if the non-participating member states disapprove of such a step. Possibly they see DI as a mechanism to overcome the blockage of integration by a minority of reluctant national governments. Correspondingly, for Eurosceptics, the effect of outsider disapproval goes in the opposite direction but is not statistically significant. Despite EU supporters apparent disregard of minority opinions, they – like Eurosceptics – strongly object to DI initiatives that imposes negative externalities on DI outsiders. Moreover, EU supports seem not to worry about free-riding. While the effect for positive externalities is not significant it points into the direction of increasing support for DI. Among policy issues, a European minimum wage increases support for DI among EU supporters compared to the joint military units. This is the only significant effect we find for policy areas. It suggests that citizens who want more European integration consider DI a suitable tool for the area of social policy.

Table 4: Effects of DI characteristics on DI support among EU supporters and Eurosceptics. Country fixed effects omitted.

	EU Supporters	Eurosceptics
(Intercept)	5.82*** (0.15)	4.86*** (0.21)
Sovereignty Concerns	-0.11 (0.09)	0.24** (0.06)
Refugee Relocation	0.07 (0.11)	-0.28 (0.18)
Minimum Wage	0.29* (0.11)	-0.01 (0.14)
Digital Tax	0.12 (0.08)	-0.14 (0.14)
Part of Minority	-0.02 (0.10)	0.11 (0.14)
Minority Disapproves	0.15* (0.06)	-0.07 (0.06)
Positive Effects	0.27 (0.15)	0.03 (0.23)
Negative Effects	-0.91** (0.25)	-0.78** (0.20)
R ²	0.04	0.03
Adj. R ²	0.04	0.02
Num. obs.	4841	3197
RMSE	2.56	2.80
N Clusters	8	8

In the appendix, we consider two different configurations of subgroups for respondents with different attitudes towards European integration. We distinguish not only citizens who think integration has gone too far and citizens who want more integration, but additionally consider a group which is broadly satisfied with the current level of integration (*Appendix A1*). In this classification, the negative effect of minority disapproval for Eurosceptics becomes significant, whereas this attribute's positive effect for those who want to more integration loses somewhat in significance. Otherwise, the effects remain similar to those of the previous model. The only significant effect we can find for the group satisfied with the status quo is again the strong negative effect of negative externalities. In addition, we have also considered to divide EU supporters and opponents based on the survey question “Generally speaking, do you think that COUNTRY's membership of the EU a good thing or a bad thing?” (*Appendix A2*). This binary item is frequently used in studies of public support for the EU. In this categorization,

we find similar effects for negative externalities and outsider disapproval. However, we do not observe differences between constitutional and instrument DI. This finding indicates that the binary membership question may obscure important distinctions between citizens with different integration preferences.

The appendix reports additional subgroup analyses. In contrast to previous research by Leuffen et al. (2020), the effects of DI characteristics on DI support does not vary significantly between economical liberals and more equality-oriented citizens (*Appendix A3*). However, in line with Leuffen et al. (2020), we do find regional variation with regard to one important aspect (*Appendix A4*). Positive externalities significantly increase public support for DI among citizens from Southern Europe (France, Greece, and Italy in our sample). In contrast, they have no effect on public support in Northern and Eastern member states. This finding lends further support to the idea expressed by Leuffen et al. (2020) and Schüssler et al. (2021) that Southern Europeans fear to be left behind by DI. However, Southern Europeans may support DI initiatives in which this danger is not present.

5. Conclusion

How do citizens evaluate proposals for international cooperation? In this paper we have investigated how DI characteristics and related fairness considerations influence public support for differentiated integration in the EU. Our main finding is that citizens are much less supportive of a DI initiative if it imposes negative externalities on non-participating member states. This result is consistent throughout different statistical analyses and for different respondent subgroups. It holds even when a respondent's country of residence participates in the initiative and would therefore not be affected by these externalities. We therefore do not find an "affectedness bias" of DI externalities. Rather than focusing narrowly on a rationalist, sociotropic evaluation of DI proposals, citizens appear to care about the fairness of DI for all member states, at least with regard to negative externalities. This finding has implications for the use of DI to circumvent the veto power of individual member states. While we find that the disapproval of the non-participating member states does not by itself reduce public support for a DI initiative, the externality structure of DI sets a limit to what citizens consider to be fair differentiation.

In contrast, we find no statistically significant effects for positive externalities (except for the subsample of Southern Europeans who are more supportive of DI proposals with positive external effects). This is contra the normative evaluation formulated by Lord (2015; 2021) who worries about the free-riding behavior of DI outsiders. A caveat of our study is that we did not directly confront survey respondents with the risk of free-riding but only with the presence or absence of positive external

effects. Respondents may therefore not have linked positive externalities to free-riding behavior. It would therefore be premature to conclude that citizens do not care about free-riding among EU member states. Future research should make the free-riding risk and its implications clearer.

While the type of DI – sovereignty or capacity – does make much of difference in citizens' evaluation of DI externalities, we nevertheless find that the type of DI may impact citizens' overall support for a DI initiative. Namely, citizens who think that integration has already gone "too far" are more supportive of sovereignty DI than of capacity DI.

Summing up, citizens evaluate DI not exclusively according to their own (country's) affectedness and expected utility, as rationalist accounts would suggest. Rather they take into account broader fairness considerations, namely the externalities DI imposes in non-participating states. While our experimental design zoomed in on a specific case of international cooperation in the context of the EU, our findings may inform future research into the determinants of public support for international institutions. In particular, they are a hopeful sign for novel deliberative formats of citizen participation at the transnational level such as the Citizen panels of the Conference on the Future of Europe.

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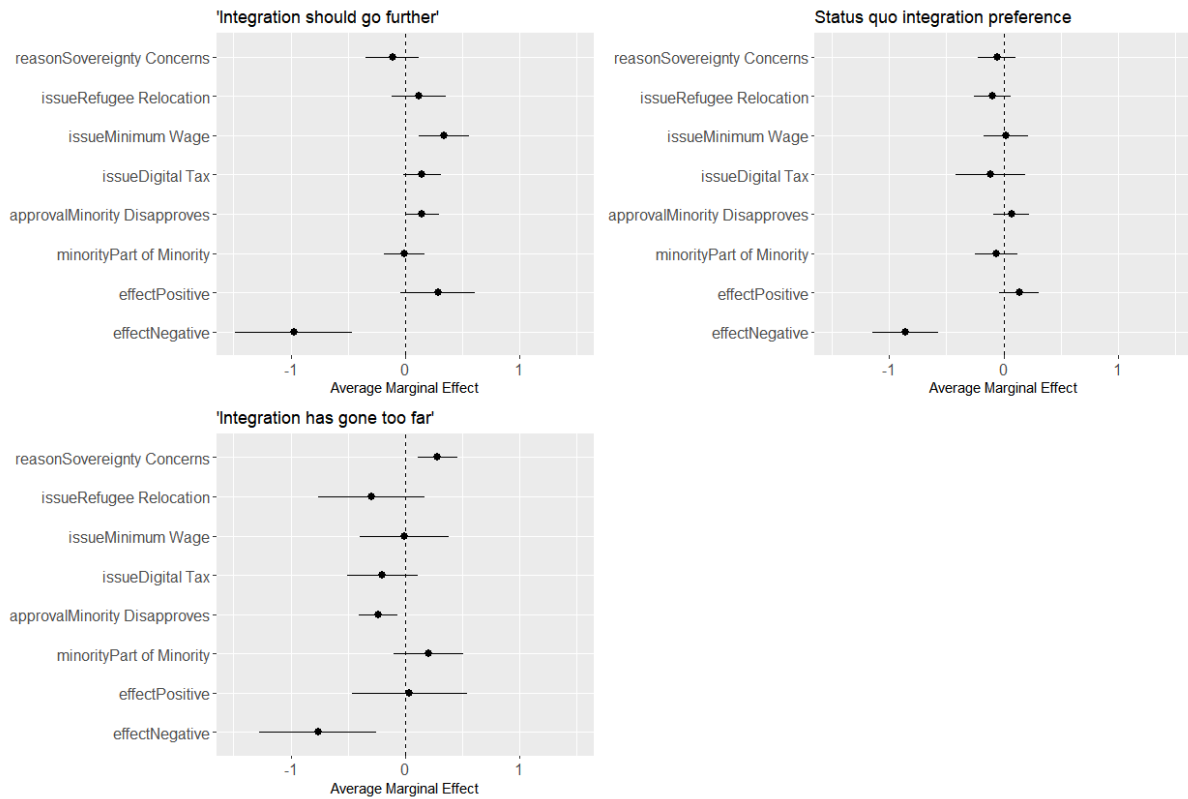
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Appendix

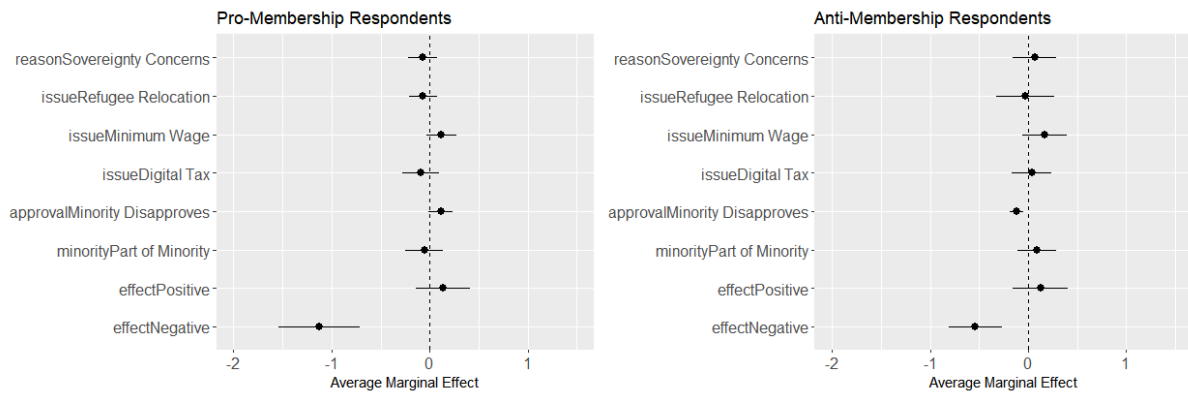
A1. Heterogeneous treatment effects for EU attitudes (alternative specification of subgroups)



Operationalization:

“Integration should go further”: 7-10; “Status quo integration preference”: 4-6; “Integration has gone too far”: 0-3 based on the question: *“Thinking about the European Union, some say European unification should go further. Others say it has already gone too far. What number on the scale best describes your position? 0 - European unification has already gone too far; 10 - European unification should go further”*

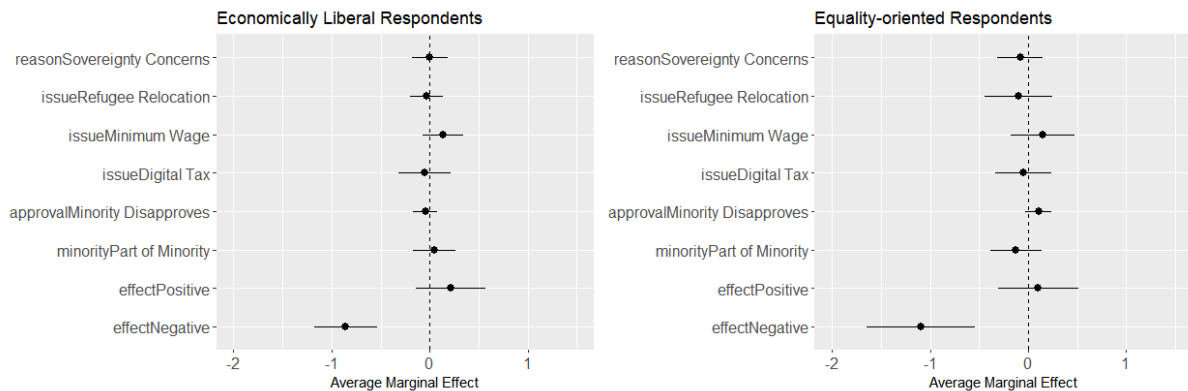
A.2 Heterogeneous treatment effects for EU attitudes (alternative operationalization)



Operationalization:

Pro-membership respondents: “A good thing”; Anti-membership respondents: “A bad thing”, based on the question: “Generally speaking, do you think that COUNTRY’s membership of the EU a good thing or a bad thing?”

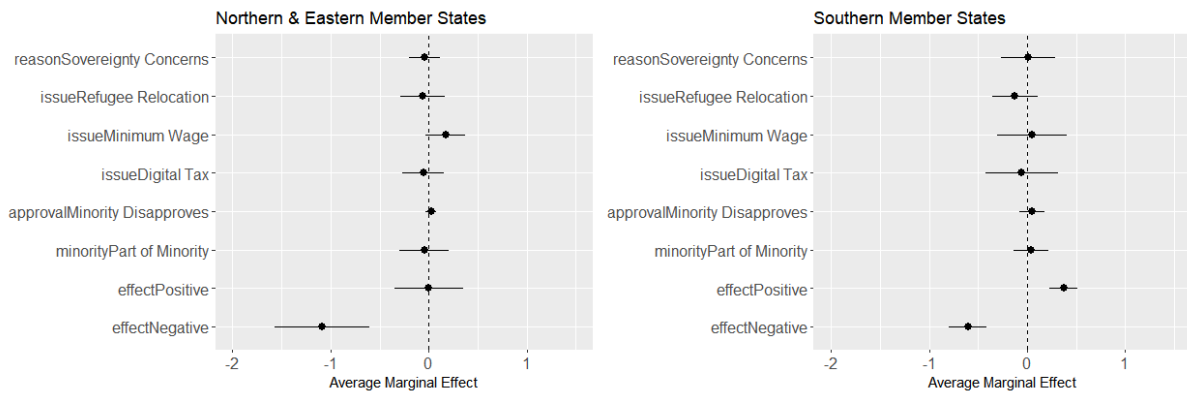
A3. Heterogeneous treatment effects for economically liberal and equality-oriented respondents



Operationalization:

Economically liberal respondents: 1-2; Equality-oriented respondents: 4-5; based on the question: “How much do you agree or disagree with each of the following statements? ‘A society is fair when income and wealth are equally distributed among all people.’” (5-point Likert scale)

A4. Heterogeneous treatment effects for EU regions



Operationalization:

Northern & Eastern member states: Denmark, Germany, Ireland, Netherlands, Poland; Southern member states: Greece, France, Italy

A5. Interaction effects the reason for DI and DI externalities among EU supporters and Eurosceptics

