

# Decentralisation and European identity

by

Vassilis Tselios\* and John Tomaney\*\*

## Authors' addresses:

\*Department of Planning and Regional Development [corresponding author]  
University of Thessaly  
Pedion Areos  
383 34 Volos, Greece  
Tel: +302421074451  
E-mail: [vtselios@prd.uth.gr](mailto:vtselios@prd.uth.gr)

\*\* The Bartlett School of Planning  
University College London  
London, United Kingdom  
Tel: +44(0)2076794797  
E-mail: [j.tomaney@ucl.ac.uk](mailto:j.tomaney@ucl.ac.uk)

# **Decentralisation and European Identity**

## **Abstract**

The European Commission aims to understand the extent of which European citizens feel that they belong to the EU, assume their European identity and think of themselves not only as national citizens but also as citizens of Europe. Using data from the European Commission's Eurobarometer Surveys to proxy European identity and multinomial logistic regressions, this paper examines whether the transfer of resources to subnational tiers of government (i.e. fiscal decentralisation) and/or the transfer of powers to subnational tiers of government (i.e. political decentralisation) influence a European sense of belonging in comparison with national belonging. The results show that fiscal decentralisation is a powerful promoter of European identity, while there is no strong evidence that political decentralisation has reinforced it. Moreover, men, middle-aged people, highly-educated people, single and people who are very satisfied with their life feel more European than others.

**Keywords:** fiscal decentralisation, political decentralisation, European identity

**JEL classification:** H30, H71, H72, A13

## 1. Introduction

A constant concern of the European Commission has been to understand the extent of which European citizens feel that they belong to the EU, assume their European identity, which can be defined as a set of values and norms shared by all the citizens of the EU, and therefore think of themselves not only as national citizens but also as citizens of Europe. The European Commission also supports decentralisation reform and re-enforcement of local governance in European countries. However, political regionalism and fiscal decentralisation may affect identification and thus may support or dent European identity. Despite the broad field of research on European identity, especially recently (e.g. Caporaso and Kim, 2009; Ceka and Sojka, 2016; Fazal and Greene, 2015; Recchi, 2014; Sassatelli, 2010; Scalise, 2015; Schilde, 2014; Tsaliki, 2007; Verhaegen and Hooghe, 2015; Verhaegen, et al., 2014), to the best of our knowledge no study so far has examined the influence of decentralisation on European identity. This is a significant omission in the literature and the analysis performed here is an attempt to fill this significant gap.

The paper explores whether the process of decentralisation in European countries influences a citizen's attitudes towards EU values and norms, after controlling for the intrinsic characteristics of the individual, the macroeconomic characteristics of the country where the individual lives in, and the global economic environment. It will examine to what extent decentralisation – which is reinforced by the European Union and its idea of subsidiarity – fosters or dents European identity. More specifically, using data at individual level from the European Commission's Eurobarometer Surveys, this paper examines whether the transfer of resources to subnational tiers of government (i.e. fiscal decentralisation) and/or the transfer of powers to subnational tiers of government (i.e. political decentralisation) influence self-expressed European identity compared to national identity.

In this context, the contribution of the present paper centers on the following aspects. First of all, this paper contributes to our understanding of the relationship between levels of decentralisation in

member states and citizen's sense of European identity. The relationship between decentralisation and European identity has until now remained unexplored, which is rather surprising given that so much emphasis in European organisations and institutions is put on the role of local governance, on the one hand, and the role of European identity, on the other. Generally, the linkage between decentralisation and identity is far from being well understood and is indeed complex. Although the research on the links between transfer of resources and power to subnational tiers of government and European sense of belonging is patchy, this paper tries to develop an understanding of European identity within the context of decentralisation. It explores the intersection between the European identity and fiscal and political decentralisation and examines whether there is a trade-off between European sense of belonging and decentralisation. Finally, from a policy perspective, this paper can help to frame policy discussions about European identity and the role of decentralisation-promoting policies. It will shed light whether decentralisation is as a crucial factor shaping identities.

The remainder of this paper is arranged as follows. The next section initially defines the key concepts of belonging, identity and citizenship, and then discusses whether there is any relationship between decentralisation and identification. Section 3 focuses on the data and the variables and presents some descriptive statistics. Section 4 is devoted to the model and the results that arise from different regressions. Section 5 concludes and discusses the policy interpretation of the results.

## **2. Theoretical background**

### ***2.1 Defining belonging, identity and citizenship***

The broad label 'belonging' covers a wide array of interpretations. It can be discussed in different ways, depending on the elements of the social, economic, political and cultural context and on the nexus taken into consideration. There are different worldviews and life-paths in the analysis of sense

of belonging due to differently positioned ways of thinking (Vainikka, 2015). According to Tomaney (2013: 664), for example, 'belonging is a *task* that requires an individual working to maintain a sense of unity or integrity while engaged in ongoing, dynamic and developing interactions with physical, historical and social landscape of their being'. A sense of belonging concerns 'seeking a fidelity to place' (Hooks, 2009: 65). It is an 'inherently geographical concept' that connects to matters of place through modes of boundary making (Mee and Wright, 2009). Belonging has therefore a spatial dimension which is subjectively delimited. In other words, place matters.

Places may become sites for performing 'identities', which can be understood in many different ways i.e. as a basis or product of social and political action, as a specifically collective phenomenon, and as the evanescent product of multiple and competing discourses (Brubaker and Cooper, 2000), contributing to a sense of belonging (Savage, et al., 2005). Identity, as well as belonging, usually has an individual component of active choice coupled with a collective component where individuals orient themselves to one or more aggregate groups or collectivities which are either real or imagined (European Commission, 2012; Tomaney, 2015). The collectivities to which one orients depend upon context and can be multiple, so it is more accurate to speak of a mosaic of situation-specific identity rather than identities being nested on within another (European Commission, 2012). Identity has a relational character. In terms of geographical entities, the body to which one refers may be local, national, European and/or global. Geography/territory is only one of the multiple and mutually constitutive axes of collectivities (Tomaney, 2015). Other types of collectivities are gender, ethnicity, sexuality, socioeconomic status and affiliation with an organization or political party among others (European Commission, 2012). Collective identity, therefore, comprises social, economic, political and cultural processes which may give geographic dimension. It takes place and strengthens through a complex process to create a sense of belonging and the articulation of the community (Revilla, et al., 2013). Collective identity typically is based on the belonging to a certain territory that may contribute to a feeling of sameness (Revilla, et al., 2013). Geography and territory is stronger in the formation of

national (i.e. sub-European) and local identity than in the formation of supra-national (i.e. European) identity. However, there are strong interdependences between these identities.

An increase in European identity then may dent 'nationality' which is usually conflated with 'citizenship'. However, nationality and citizenship greatly differ: nationality is the legal concept that defines the legal membership of an individual of a state and citizenship is a practice, a form of belonging resting on legal, social and participatory entitlements, which may be conferred or denied irrespective of nationality (Tsaliki, 2007). European identity defines European citizenship, which is a condition by which people from different nations have similar rights towards European public courts and public officials (Lehning, 2001), and vice versa. European citizenship entails accountability not to the 'separate peoples of Europe', but to the 'people of Europe as a whole' instead, generating a 'shared citizenship identity' (Lehning, 2001; Tsaliki, 2007). European citizenship has been advanced to underpin the formation of a closer Union. It stimulates the emergence of a supranational loyalty and a sense of belonging to the EU (Tatransky, 2006). Nevertheless, there are critical voices regarding European citizenships (Aron, 1974; Meehan, 1997; Shore, 2004). Meehan (1997), for example, argues that European citizenship is symbolic and intends to camouflage the lack of real developments in the field of social rights. The success of the European citizenship policy depends critically on the capacity of the Union to meet the mainly pragmatic expectations of the citizens (Tatransky, 2006).

## ***2.2 Does decentralisation affect European identity?***

The question here is whether there is any relationship between decentralisation and European identity. In the literature on this subject, three hypotheses (i.e. theoretical strands) can be identified which present the main reasons through which decentralisation may affect identification with Europe.

*Hypothesis 1: There is a negative association between decentralisation and European identity*

Decentralisation and a greater regional say in areas of policy making closer to citizens' perceptions have often been linked to identity considerations (Moreno, 2003). It is likely to promote local attachments and territorial sense of belonging compared to a European sense of belonging. Economic liberalisation, political regionalism, fiscal decentralisation and the rise of powerful subnational actors have created the conditions under which more non-European (e.g. local and national) identities could emerge (Giddens, 1998). Regionalism and efforts to reinforce regional cultural identities are on the rise in Europe (Schild and Wrede, 2015). Regional governments enact social programmes that can favour the construction of a local identity distinct from the one associated with the central state (Beland and Lecours, 2004). Brancati (2006) argues that decentralisation may increase ethnic conflict and secessionism indirectly by encouraging the growth of regional parties which reinforce ethnic and regional identities but dent European identity. Secessionists call for increasing decentralisation and may identify the EU as an alternative to the nation state. Decentralisation has endowed regions with control over a wide range of areas related to economy, but it is likely to create a new form of 'regional citizenship' based on rights, participation and membership at the regional level which may differ with European citizenship (Hepburn, 2011).

Decentralisation brings government closer to the people by improving the provision of local public goods and services (Oates, 1972; Tiebout, 1956) and thus increasing the local sense of belonging in comparison with the European sense of belonging. Greater transfers of powers and resources to local governments can promote a better matching of public policies to local needs. Local decision makers and public officials may respond better and more efficiently to the desires of their constituents increasing citizens' satisfaction (Bjørnskov, et al., 2008; Díaz-Serrano and Rodríguez-Pose, 2012; Tselios, et al., 2012). Decentralisation also may increase social capital through greater voice and participation (Brenner, 2004; Le Galès, 2002; Tselios and Tompkins, 2017) and local social engagement, satisfaction and embeddedness (Tselios, et al., 2015). Decentralisation may promote

localness of social integration and localness of social belonging and identity and simultaneously may conceal European identity.

Generally, decentralisation – through local attachments and territorial sense of belonging – may erode a sense of belonging to the EU. Hence, local sense of belonging is likely to be against the European sense of belonging which means that there is a trade-off between local and European identity. Europeanisation is seen to entail an abandonment of strong claim to local and national belonging. Investments in regional cultural identities, through the beneficial effects on social capital, comes at the cost of Europeanisation. Therefore, an increase in decentralisation may decrease European identity.

*Hypothesis 2: There is a positive association between decentralisation and European identity*

This strand argues that local identity, through decentralisation, goes hand-in-hand with European identity. The collective dimensions of belonging are the interplay and intersection between the European and the local scale. Europe is likely to be a powerful promoter of local identity, and thus decentralisation, and vice versa. The EU, however, has to manage the fostering of the common cultural heritage without challenging local cultures (Sassatelli, 2002).

The whole process of Europeanisation, which refers to a hypothesized trend towards national institutions and nationally-based fields of activity or perspectives being supplanted by institutions or fields at the European level (European Commission, 2012), emerges a sphere of supranational governance which can be seen as cosmopolitan in nature (Delanty and Rumford, 2005). This cosmopolitan approach (Beck and Grande, 2007; Rumford, 2008; Sellar and McEwen, 2011) tend to show that the European actions, policies and norms have a powerful effect on local bureaucracies that in turn produce new identities including an integrated national/European one. The EU embeds supranational dimensions into national politics, and vice versa (Kuus, 2011a; b). The European challenges demand a transformation from ‘methodological nationalism’ to ‘methodological



cosmopolitanism' (Beck, 2006; Beck, et al., 2013). In other words, Europeanisation underpins the 'bleeding together' of national and supranational identities (Beck and Grande, 2007; Clark and Jones, 2009). According to Delanty (2006), nation-states outside the relatively small part of the world within the EU are losing power. The bottom-up and top-down flows of power are unintended side-effects that drive Europeanisation processes in a way that allows for the simultaneous promotion and regulation of European diversity and therefore the promotion of different local identities within the European context (Sellar and McEwen, 2011). Europeanisation does not just take place, but also originates within member-states (Clark and Jones, 2008; 2009). Cosmopolitanism, however, may be interpreted as a politics of space (Rumford, 2008). It concerns the multiple ways the local and the national is redefined as a result of interaction with the global (Delanty, 2006).

The European Community aims not only to increase decentralisation, and therefore to increase local identity through, for instance, better provision of local public goods and services and better matching of public policies to local needs, but also to strength citizens' sense of belonging to the EU and to reinforce dialogue between cultures through initiatives (e.g. the European Citizens' Initiative and the European Cities of Culture), through policies (e.g. the European Cohesion Policy), and through Treaties (e.g. the Maastricht Treaty and the Treaty of Amsterdam). For example, the European Citizens' Initiative is a mechanism aim at increasing direct democracy by allowing EU citizens to participate directly in the development of the EU policies. The European Cohesion Policy supports not only business competitiveness, economic growth and sustainable development, but also the improvement of citizens' quality of life. The Maastricht Treaty and the Treaty of Amsterdam aim to bring the common cultural heritage to the fore, but respecting the national diversity. Generally, most European initiatives, policies and Treaties aim at promoting European identity. They improve mutual knowledge among European citizens, increase their awareness of what they share in common and help develop a sense of cultural belonging to the EU (Tsaliki, 2007). All these actions reinforce solidarity among Europeans. Overall, an increase in decentralisation may increase European identity.

*Hypothesis 3: There is no association between decentralisation and European identity*

The third strand argues that decentralisation does not affect the European sense of belonging comparing to the national sense of belonging. The flows of power and influence between local, national and European level are complex. The scales (i.e. local, national or European) at which we belong may be multiple and changing (Tomaney, 2015). Decentralisation may affect the individual component of active choice of identity and the collectivities, such as gender, sexuality, socioeconomic status and affiliation with an organisation or political party, but may not affect the spatial/geographical collectivity. Belonging is likely to be formed in an intersectional context rather than in a spatial context (Crenshaw, 1989). Therefore, place does not play a crucial role in the formation of identity.

The potential benefits (e.g. devolved policies better reflect territorial preferences, improved knowledge of territorial economic potential, democratic accountability improves efficiency of policy formulation and implementation) and costs (e.g. additional administrative costs of additional layers of government, loss of scale economies in policy formulation, weaker disciplines of monitoring and evaluation) of decentralisation (Ashcroft, et al., 2005) may not directly affect European identity but only indirectly through institutional capacities and political factors. However, many studies have shown the indirect impact of decentralisation on economic outcomes (Rodríguez-Pose and Ezcurra, 2010; 2011; Tselios, et al., 2012). For instance, Rodríguez-Pose and Ezcurra (2010) have shown that decentralisation is not directly associated with regional disparities, but the impact of decentralisation depends on the level of economic development, the existing level of territorial inequalities and the fiscal redistributive capacity of the countries.

Recent theories in sociology see identity as mobile (achieved), dynamic, hybrid and relational (Easthope, 2009). Hence, these sociological theories support for the claim that identities are incomplete. The socio-historical theories argue that identity has changed nature underlying the rise

of reflexive individualism in late-modern times. Giddens (1991) and Bauman (1997; 2001) describe a shift over the last century from place-based (prescribed) identities to mobile (achieved) identities (Easthope, 2009). The socio-historical discourse holds that we are moving away from 'rooted identities' (place-based identities) to 'routed identities' (hybrid and flexible forms of identity) (Bauman, 1997; 2001; Giddens, 1991). Here, the geographical discourse of identification with place, which point to the continued importance of attachment to place in shaping our identities, weakens.

### **3. Data and variables**

#### ***3.1 European identity***

The data used in this paper to proxy European identity (variable name: *Identity*) are drawn from The Mannheim Eurobarometer Trend File 1970-2002 (Schmitt and Scholz, 2005). The Mannheim Eurobarometer Trend File, which is a collaborative effort between the Mannheimer Zentrum für Europäische Sozialforschung (MZES) and the Zentrum für Umfragen, Methoden und Analysen (ZUMA), combined the most important trend questions of the Eurobarometer surveys conducted between 1970 and 2002. The file consisted of 105 trend questions asked at least five times in standard Eurobarometer surveys. In this survey, people have been asked, among others, to indicate their European identity comparing to national identity. More specifically, in 1983, 1987, 1989, 1990, 1991 and 1992 (hereafter, period 1), citizens from 13 European countries (i.e. Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain and United Kingdom) have been asked whether they ever think of themselves not only as a national citizen but also as a citizen of Europe and whether this happen never, sometimes or often (variable name: *Identity1*). Of 72,982 respondents, 36,052 or 49.40 per cent never think of themselves as European citizens, 23,959 or 32.83 per cent sometimes think of themselves as European citizens, and 10,422 or 14.28 per cent often think of themselves as European citizens. The rest (2,549 or 3.50 per cent) either

did not answer or answered 'do not know'. In 1992, 1993, 1994, 1995, 1997, 1998, 1999, 2000, 2001 and 2002 (hereafter, period 2), people from 16 European countries (i.e. Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden and United Kingdom) have been asked whether in the near future they see themselves as nationality only, nationality and European (i.e. first nationality and then European), European and nationality (i.e. first European and then nationality), or European only (variable name: *Identity2*). Of 208,943 respondents, 90,481 or 43.30 per cent see themselves as nationality only, 89,433 or 42.80 per cent see themselves first nationality and then European, 12,518 or 5.99 per cent see themselves first European and then nationality and 7,907 or 3.78 per cent see themselves as European only. The rest (8,604 or 4.11 per cent) either did not answer or answered 'do not know'.

It should be noted here that both questions are subjective which means that respondents may differ in how they understand the key concept of 'citizen of Europe'/'European' and how they interpret the different categories i.e. 'never', 'sometimes' or 'often' for the *Identity1* variable, and 'nationality only', 'nationality and European', 'European and nationality', or 'European only' for the *Identity2* variable. Both variables are general subjective variables, because they are derived from questions that ask about the broad concept of 'citizen of Europe'/'European'.<sup>1</sup> When measuring well-defined concepts, the use of objective data, if it exists, is preferable, because specific subjective measures provide, at best, a noisy approximation of the facts; but when measuring broadly defined concepts, such as in this study, the use of objective data may not always be preferable insofar as the objective data overlooks implicit components to the variable of interest (Jahedi and Mendez, 2014).

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<sup>1</sup> The *specific subjective measures* are derived from survey questions that ask about well-defined concepts, while the *general subjective measures* are derived from questions that ask about broad concepts (Jahedi and Mendez, 2014).

The Mannheim Eurobarometer Trend File covers the period between 1970 and 2002. Hence, the time-series analysis in this paper (1983-2002) does not include the European shocks of enlargement, economic crisis of 2008-2011, refugees' crisis of 2015 and Brexit. However, it is not a disadvantage for the following reasons. First, in the 1983-2002 period, EU membership was limited to Western European countries, for whom belonging to 'Europe' was not a source of political debates. Instead, in the Central and Eastern European countries that joined in 2004 and 2007<sup>2</sup>, the identification as 'European' became an explicit political project aimed at mobilizing public opinion and attracting resources from the EU (Kuus, 2004). Eastern Europeans must constantly renegotiate their power relations providing the superiority of their 'being European' in relation to their competitors to Westerners (Sellar and McEwen, 2011). Moreover, there are great differences between 'Western' and 'Eastern' institutions. The European Commission plays a key role in distributing to privilege collaborative projects between 'Western' and 'Eastern' institutions (Sellar and McEwen, 2011). These funding projects are key ways in which the 'West' teaches the 'East' how to become fully European (Kuus, 2004). Hence, the 16 European countries, which are considered in this paper between 1983 and 2002, have a high degree of homogeneity in terms of institutional integrity. Second, the recent shocks of economic and financial crisis, refugees' crisis and Brexit raised questions and concerns about the future of EU and European identity. These shocks are related to Eurosceptic views and to an increase in national identity relative to European identity. Brexit, for example, relates to xenophobia, racism and nationalism which dent European identity. Henderson et al. (2017) have shown that immigration concerns played a major role in the Brexit referendum, alongside a general willingness to take risks, right-wing views, older age, and English national identity. Since 2008, Europe has been

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<sup>2</sup> The 2004 enlargement of the EU was the largest expansion of the EU. The accession concerned the countries of Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. Part of the same wave of enlargement was the accession of Bulgaria and Romania in 2007 who were unable to join in 2004.

embroiled in an economic and financial crisis that has been seen GDP per capita stagnate, public debt soar and unemployment reach record levels (Carl, 2017). This crisis increased national identity relative to European identity, because European citizens continue to identify more with their own nationalities than with Europe as a whole leading to further anti-EU sentiment (Carl, 2017). Moreover, European financial crisis and sovereign debt crisis exposed deep governance problems and construction flaws in the Eurozone which dents citizens' support for European integration to the point where Euroscepticism to be a popular vote-getter in virtually all EU countries (Wyplosz, 2015). Generally, the European shocks of 2004-2007 enlargements, the economic crisis of 2008-2011, the refugees crisis in 2015 and Brexit have transformed the geopolitical project of the EU.

Figure 1 displays the distribution of the two proxies for European identity by country. Considering the question of whether people never, sometimes or often think of themselves as European citizens, in Belgium, Denmark, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Spain and the United Kingdom most people answered that they never feel European, and in Luxembourg and Portugal most people answered that they sometimes feel European. The differences between the 'never' and 'sometimes' answers are not statistically significant for Norway and Spain.<sup>3</sup> We observe that British, Irish and Dutch citizens are the most nationals (i.e. relatively high percentages of citizens who never feel European), and Luxembourgers, Portuguese, Spanish, Greeks and French are the most Europeans (i.e. relatively high percentages of citizens who sometimes or often feel European). As for the question of whether people in the near future see themselves as nationality only, nationality and European, European and nationality, or European only, in Austria, Denmark, Finland, Germany, Greece, Ireland, Norway, Portugal, Sweden and the United Kingdom most people feel nationality only, while in Belgium, France, Italy, Luxembourg, the Netherlands and in Spain most people feel first

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<sup>3</sup> We created a dummy variable for the 'never' answer and a dummy variable for the 'sometimes' answer and then we used a *t* test on the equality of the means of these dummies.

nationality and then European. The differences between the 'nationality only' and 'nationality and European' answers are statistically significant for all countries. Despite the small differences in the percentages between the 'European and nationality' and 'European only' answers, these differences are statistically significant for all countries. Based on this question, we observe that British, Swedish and Finnish are the most nationals (i.e. relatively high percentages of citizens who feel nationality only), and Luxembourgers, Belgians, French and Italians are the most Europeans (i.e. relatively high percentages of citizens who feel European, which is nationality and European, European and nationality or European only). Overall, British are the most nationals and Luxembourgers are the most Europeans.

*Insert Figure 1 around here*

### **3.2 Fiscal and political decentralisation**

The data used in this paper to proxy fiscal decentralisation (variable name: *FiscalDec*) are drawn from the International Monetary Fund in its Government and Finance Statistics database. Since, fiscal decentralisation involves shifting some responsibilities from expenditures and/or revenues to lower level of governments, we use two indicators: a) the subnational share in total government expenditure (variable name: *FiscalDec(Exp)*) and b) the subnational share in total government revenue (variable name: *FiscalDec(Rev)*) (Rodríguez-Pose and Ezcurra, 2011). According to Rodríguez-Pose and Ezcurra (2011), none of these indicators perfectly reflects all the dimensions and the complexity of the processes of fiscal decentralisation such as the identification of the degree of expenditure autonomy of subnational governments, the differentiation between tax and non-tax revenue sources and the determination of what proportion of intergovernmental transfers are discretionary and conditional. Figure 2 displays the distribution of the two proxies for fiscal decentralisation by country for the two periods: a) in period 1 for 13 European countries, and b) in period 2 for 16 European countries. For period 1, Denmark has the highest fiscal decentralisation level and Portugal the lowest. There are no

great differences between the subnational share in total government expenditure and the subnational share in total government revenue for all countries apart from Norway. For period 2, Denmark still has the highest fiscal decentralisation level and Portugal and Luxembourg the lowest. Moreover, the time-series variation in fiscal decentralisation for both proxies between the two periods is very small.

*Insert Figure 2 around here*

We proxy the level of political decentralisation (variable name: *PolitDec*) of the European countries using the Hooghe et al (2016) regional authority index. This index, known as *RAI-total*, is the sum of an index which measures the authority exercised by a regional government over those who live in the region (known as *self-rule*) and an index which measures the authority exercised by a regional government or its representatives in the country as a whole (known as *shared-rule*). In other words, *self-rule* has to do with the degree of independence of the regional government from the influence of central authorities and the scope of regional decision-making, while *shared-rule* measures the capacity of the regional government to determine central decision-making (Ezcurra and Rodríguez-Pose, 2013). Hooghe et al (2016) evaluate five dimensions (questions) of *self-rule*, i.e. institutional depth (how independent is a regional government from central state control?), policy scope (what is the range of a regional government's authority over policy within its jurisdiction?), fiscal autonomy (what authority does a regional government have over taxation within its jurisdiction?), borrowing autonomy (does a regional government have authority to borrow on financial markets?) and representation (is a regional government endowed with representative institutions?); and five dimensions of *shared-rule*, i.e. law making (to what extent can a regional government co-determine national policy making?), executive control (can a regional government co-determine national executive policy in intergovernmental fora?), fiscal control (can a regional government co-determine how national tax revenues are distributed?), borrowing control (can a regional government co-determine the restrictions placed on borrowing?) and constitutional reform (can a regional government initiate or constraint constitutional reform?). *RAI-total* includes a much larger set of dimensions than previous attempts at measuring



political decentralisation, its time coverage is greater, and it introduces a very important novelty with respect to all previous indices and for those interested in breaking the stronghold of ‘methodological nationalism’ (Ezcurra and Rodríguez-Pose, 2013).<sup>4</sup> Figure 3 displays the distribution of political decentralisation by country for the two periods. For period 1, Germany, Belgium and Spain have the highest level of political decentralisation and Luxembourg, Greece, Ireland and Portugal the lowest. For period 2, Germany, Belgium and Spain still have the highest level and Luxembourg, Ireland and Portugal the lowest. The *self-rule* level is higher than the *shared-rule* level for all countries and for both periods. Finally, the variation of political decentralisation between the two periods is very small apart from Greece which has an increase of 3,90 per cent (*RAI-total*).

*Insert Figure 3 around here*

### **3.3 Controls, descriptive analysis and correlations**

We examine the influence of fiscal and political decentralisation on European identity after controlling for some individual and national characteristics. The individual level controls are collected from The Mannheim Eurobarometer Trend File and are gender, age, education<sup>5</sup>, marital status and life satisfaction, and the country level control is drawn from the Penn World Table (PWT) (Feenstra, et al., 2015) and is GDP per capita and degree of openness. All control variables were chosen after considering the literature and the empirical studies on identity literature as well as the data availability.

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<sup>4</sup> For a review of the most common political decentralisation indices see the work by Ezcurra and Rodríguez-Pose (2013).

<sup>5</sup> Education is proxied by the question ‘How old were you when you finished your full-time education?’.

We then merge the identity variables with the fiscal and political decentralisation variables and the control variables. Table 1 displays the number of observations, mean, standard deviation, minimum and maximum value of the continuous variables and the number of observations and the per cent of each category for the categorical variables, for the two periods. There are no great differences in the values of the explanatory factors between the two periods apart from educational attainment of respondents. For period 1, 49.01 per cent of respondents are male, the mean age of respondents is 42.51, 27.66 percent of respondents have finished full-time education up to 14 years old, 58.58 per cent of respondents are married and 54.15 per cent of respondents are fairly satisfied with their life. For period 2, 48.60 per cent of respondents are male, the mean age of respondents is 43.82, 20.24 percent of respondents have finished full-time education up to 14 years old, 52.97 per cent of respondents are married and 56.92 per cent of respondents are fairly satisfied with their life.

*Insert Table 1 around here*

The statistical analysis performed in this merged database is weighted by the size of national populations. We use weighting in order to make statistics computed from the datasets more representative of the population and to indicate how much each observation (i.e. citizen) will count in the statistical procedure. Weighting by the population of each country allows us to reconfigure the sample of the Mannheim Eurobarometer Trend File survey as if it was a simple random draw of the total population, and hence yield accurate population estimates for the parameters of interest.

As a preliminary step of statistical analysis, we calculate the Pearson correlation coefficients weighted by national populations. The correlation coefficient between the two proxies for fiscal decentralisation is 0.7165 in period 1 and 0.9684 in period 2. Hence, an increase in the subnational share in total government expenditure is likely to imply an increase in the subnational share in total government revenue, and vice versa. The positive and high correlation is hardly surprising because if local governments are to carry out fiscal decentralised functions effectively, they must have not only an

adequate level of revenues (either raised locally or transferred from the central government), but also the authority to make decisions about expenditures.<sup>6</sup> The correlation coefficient between the *self-rule* and the *shared-rule* is 0.5934 in period 1 and 0.5745 in period 2. This positive correlation is likely to imply that the authority exercised by a regional government over those who live in the region goes hand-in-hand with the authority exercised by the regional government or its representatives in the country as a whole. In other words, countries which increase institutional depth, policy scope, fiscal autonomy, borrowing autonomy and representation are also more likely to increase law making, executive control, fiscal control, borrowing control and constitutional reform, and vice versa, than other countries. Finally, the correlation coefficient between the transfer of resources to subnational tiers of government and the transfer of powers to subnational tiers of government is 0.4883 (between *FiscalDec(Exp)* and *RAI-total*) or 0.5088 (between *FiscalDec(Rev)* and *RAI-total*) in period 1, and 0.6205 (between *FiscalDec(Exp)* and *RAI-total*) or 0.6722 (between *FiscalDec(Rev)* and *RAI-total*) in period 2. On the one hand, the positive correlations are somehow surprising because, according to Rodríguez-Pose and Gill (2003), top-down process of decentralisation is usually characterised by a mismatch between a significant transfer of powers (political decentralisation) and a limited transfer of resources (fiscal decentralisation) to subnational tiers of government. On the other hand, the positive correlation is likely to denote that fiscal decentralisation depends on the extent to which subnational entities are given autonomy to determine the allocation of their expenditures and their ability to raise revenue. Moreover, the Hooghe et al (2016) regional authority index includes dimensions which refer to fiscal decentralisation such as fiscal and borrowing autonomy and fiscal and borrowing control.

#### 4. Model and results

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<sup>6</sup> <http://www1.worldbank.org/publicsector/decentralization/fiscal.htm>

#### 4.1 Multinomial logistic regression

We use the following function in order to examine the influence of fiscal decentralisation and political decentralisation on European identity after controlling for individual, national and global characteristics.

$$Identity_{it} = f \left( \begin{array}{c} FiscalDec_{st}, PolDec_{st}, Gender_{it}, Age_{it}, AgeSq_{it}, Educ_{it}, Marriage_{it}, Satisf_{it}, GDPpc_{st}, Open_{st} \\ Nat_s, Time_t \end{array} \right)$$

where  $i$ ,  $s$  and  $t$  denote individual (respondent), country (i.e. Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden and United Kingdom) and year (i.e. 1983, 1987, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1997, 1998, 1999, 2000, 2001 and 2002), respectively. *Identity* is a proxy for European identity (either *Identity1* or *Identity2*) and is a categorical (polytomous) response variable. More specifically, the *Identity1* variable has three categories (i.e. ‘never’, ‘sometimes’ and ‘often’) and we set aside category ‘never’ as the baseline category, and the *Identity2* variable has four categories (i.e. ‘national’, ‘national and European’, ‘European and national’ and ‘European’) and we set aside category ‘national’ as the baseline category. For both variables, national identity is the baseline category, because we want to compare European identity with national identity. *FiscalDec* and *PolitDec* denote the fiscal and political decentralisation level for the country where the individual lives in. Both variables are continuous variables. *Gender* denotes the gender of respondent and is a binary variable with ‘male’ as the baseline category. *Age* denotes the age of respondents and it is in quadratic form. *Educ* denotes the educational attainment of respondent. It is a ten-level categorical variable with ‘up to 14’ as the baseline category, *Marriage* denotes the marital status of respondent and is a six-level categorical variable with ‘single’ as the baseline category, and *Satisf* is the life satisfaction of respondent and is a four-level categorical variable with ‘very satisfied’ as the baseline category. *GDPpc* is the GDP per

capita for the country where the individual comes from. *Open* is the degree of openness of the country. *Nat* is the unobservable national-specific effects (i.e. spatial fixed effects). This variable captures the combined effect of the first-nature of geography characteristics (e.g. topography, climate, latitude, mountains, water, weather, physical geography of coasts, and endowment of natural resources) which are time-invariant characteristics. This variable also captures the proximity of each country with the geographical center of the EU, which is usually a time-invariant characteristic. Finally, *Time* represents the unobservable time effects (i.e. time-period fixed effects) which denote year-dummies and are likely to control for global economic environment (e.g. global business cycle). It is very important to control for these global effects, because the feeling of belonging to the EU of an individual is affected not only by the intrinsic characteristics of the individual and the national characteristics, but also by the global economic environment.

Since the dependent variable is a nominal outcome variable, we will use multinomial logistic regression. This regression takes into account the log odds of the outcomes. For example, let us say that the outcome is the *Identity1* variable and the probability of 'never' is  $a$ , of 'sometimes' is  $b$  and of 'often' is  $c$  ( $a+b+c=1$ ). The odds of 'sometimes' is defined as the ratio of the probability of 'sometimes' over the probability of 'never' which is the baseline category. The odds of 'sometimes' is therefore  $b/a$ . The log of odds is the logarithm transformation of odds, e.g. the log odds of 'sometimes' is  $\log(b/a)$ . We use a logarithmic function to restrict the probability values to (0,1). In the multinomial logistic regression, the log odds of the outcomes are modelled as a linear combination of the predictor variables. The regression will be calculated using maximum likelihood estimation. Since the parameter estimates are relative to the referent group, the standard interpretation of the multinomial logistic is that for a unit change in the predictor variable, the logit of an outcome (i.e. 'sometimes') relative to the referent group (i.e. 'never') is expected to change by its respective parameter estimate given the variables in the model are held constant. In other words, the parameter shows how a one unit change in an explanatory variable effects the log of odds when the other variables in the model held constant.

For the *Identity1* dependent variable, the multinomial model estimates 2 logit equations, while for the *Identity2* dependent variable, the multinomial model estimates 3 logit equations.

Overall, taking into account the multinomial logistic regressions, a) if the coefficient on decentralisation is negative and statistically significant for the 'sometimes' and 'often' categories of the *Identity1* variable or for the 'nationality and European', 'European and nationality' and 'European only' categories of the *Identity2* variable, an increase in decentralisation is associated with a decrease in European identity relative to national identity (i.e. fail to reject Hypothesis 1); b) if the coefficient on decentralisation is positive and statistically significant for the 'sometimes' and 'often' categories of the *Identity1* variable or for the 'nationality and European', 'European and nationality' and 'European only' categories of the *Identity2* variable, an increase in decentralisation is associated with an increase in European identity relative to national identity (i.e. fail to reject Hypothesis 2); and c) if the coefficient on decentralisation is not statistically significant for the 'sometimes' and 'often' categories of the *Identity1* variable or for the 'nationality and European', 'European and nationality' and 'European only' categories of the *Identity2* variable, a change in decentralisation is not associated with a change in European identity relative to national identity (i.e. either fail to reject Hypothesis 3 or reject Hypothesis 1 and 2).

#### **4.2 Regression results: *Identity1***

Table 2 displays the multinomial logistic regression results when the dependent variable is *Identity1*. More specifically, it shows the possible influence of fiscal and political decentralisation on whether people ever think of themselves not only as national citizen but also as a citizen of Europe and whether this happen never, sometimes or often, after controlling for sex, age, education, marital status, life satisfaction, GDP per capita, openness, countries' specific effects and time-period specific effects. In all regressions, the likelihood ratio chi-square (LR chi2) with the p-value (Prob>chi2) tell us that our model as a whole fits significantly better than an empty model (i.e. a model with no predictors). In all

regressions, we report the log likelihood of the fitted model and the Pseudo R2 which is the McFadden's pseudo R-squared.

*Insert Table 2 around here*

Regressions 1 and 2 show that an increase in the variance of decentralisation (either fiscal or political decentralisation) is associated with an increase in the relative log odds of people think of themselves (either sometimes or often) not only as national citizen but also as a citizen of Europe *versus* never think of themselves as a citizen of Europe. For example, Regression 1 points out that a one-unit increase in the variance *FiscalDec(exp)* is associated with a 2.4216 increase in the relative log odds of 'sometimes' *versus* 'never' and with a 2.0868 increase in the relative log odds of 'often' *versus* 'never'. Regressions 1 and 2 are likely to indicate that both fiscal and political decentralisation are powerful promoter of European identity (i.e. fail to reject Hypothesis 2). Fiscal and political decentralisation create the conditions under which more local identities can emerge. There is no evidence that local attachments and territorial sense of belonging leads to exclusion from the belonging to the EU and thus there is no evidence that there is a trade-off between local and European identity.

All controls matter for European identity. We observe that men, middle-aged people, highly-educated people, single and people who are very satisfied with their life feel more European than others. Hence, policy makers could strength European identity through education and social welfare. Policy makers, however, should convince young and old people as well as married and those who are not very happy with their life about the benefits of the EU in order to feel more European. Generally, all citizens should reap the socioeconomic benefits of the EU, not only men, middle-aged people, highly-educated people, single and people who are very satisfied with their life. It is surprising that people who live in economically advanced European countries or in countries with high degree of openness feel less European (i.e. they have answered either 'sometimes' or 'often') than those who live in less economically advanced European countries (i.e. they have answered 'never'). Hence, policy makers

should also inform people about the benefits of the EU in the economic development and degree of openness of their country. Overall, both compositional and contextual factors shape European identity.

#### **4.3 Regression results: Identity2**

Table 3 displays the multinomial logistic regression results when the dependent variable is *Identity2*. It shows the possible influence of fiscal and political decentralisation on whether in the near future people see themselves as nationality only, nationality and European, European and nationality, or European only, after controlling the same variables as in Table 2.<sup>7</sup> In all regressions, the LR chi2 with the Prob>chi2 tell us that our model as a whole fits significantly better than an empty model.

*Insert Table 3 around here*

Regressions 1 and 2 show that an increase in the variance of fiscal decentralisation (either an increase in the subnational share in total government expenditure or an increase in the subnational share in total government revenue) is associated with an increase in the relative log odds of people seeing themselves European (nationality and European, European and nationality, or European only) *versus* nationality only. However, an increase in the variance of political decentralisation (an increasing in *RAI-total*) is associated with a decrease in the relative log odds of people seeing themselves European (nationality and European, European and nationality, or European only) *versus* nationality only. Therefore, fiscal decentralisation seems to be a powerful promoter of European identity (i.e. fail to reject Hypothesis 2), while political decentralisation seems to dent citizens' European identity (i.e. fail to reject Hypothesis 1). As for the control variables, we notice, once more, that men, middle-aged people, highly-educated people, single and people who are very satisfied with their life feel more

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<sup>7</sup> It should be noted here that there are no data for marital status in 1993 and for life satisfaction in 1993 and 1995. However, the results are robust to the exclusion of marital status and life satisfaction.



European than others. But now, both economic development and openness do not matter for European identity.

## **5. Conclusions**

This paper examined the influence of fiscal and political decentralisation on whether people ever think of themselves not only as national citizen, but also as a citizen of Europe, between 1983 and 1992, and whether in the near future people see themselves as having a national identity only, national and European identity, European and national identity, or European only, between 1992 and 2002. In other words, this paper examined whether the transfer of resources to subnational tiers of government (i.e. fiscal decentralisation) and/or the transfer of powers to subnational tiers of government (i.e. political decentralisation) affect a European sense of belonging in comparison with national feeling. The results show that fiscal decentralisation strengthens citizens' sense of belonging to the EU and is likely to promote European identity for both periods. The European Community, which supports fiscal decentralisation, also supports Europeanisation and thus European identity. However, there is no strong evidence that political decentralisation has promoted European identity. The results show that the influence of political decentralisation is either sensitive to the period of analysis, i.e. political decentralisation seems to have reinforced European identity between 1983 and 1992 and to have dented it between 1992 and 2002, or sensitive to the proxy for European identity, i.e. between 1983 and 1992 people have been asked whether they ever think of themselves not only as national citizen but also as a citizen of Europe and whether this happen never, sometimes or often, while between 1983 and 1992 people have been asked whether in the near future they see themselves as nationality only, nationality and European, European and nationality, or European only. Other results show that men, middle-aged people, highly-educated people, single people and those who are very satisfied with their life, feel more European than others. Finally, the influence of the level of economic

development of a country and its degree of openness is sensitive either to the proxy for European identity or to the period of analysis.

The analysis of this paper has three limitations which could be addressed by future studies. The first limitation has to do with the spatial level of analysis of the Eurobarometer database. The unit of analysis of this paper are individuals within the framework of different European countries. This implies the assumption that fiscal and political decentralisation is symmetrical within countries and that all regions have a saying powers and resources at their disposal. However, this assumption does not take into account that in some countries, such as in Spain, Italy or the United Kingdom, decentralisation is asymmetrical.<sup>8</sup> A multilevel model, where an individual is nested within a region which is nested within a country, could address this limitation, but both identity and decentralisation variables should be proxied at a sub-national geographical unit. The second limitation has to do with the time-series analysis of the Eurobarometer database. This paper considers the period 1983-2002, but it could also be interesting to see whether the findings of this paper are still valid for the period 2003 to present and, especially, whether the shocks of the 2004-2007 enlargements, the economic crisis of 2008-2011, the refugee crisis in 2015 and Brexit<sup>9</sup> have changed these findings. The third limitation has to do with the European countries under consideration. This paper examines the decentralisation-identity relationship for 16 European countries (i.e. within Western Europe), but it could also be interesting to see this relationship within Eastern Europe.

European identity promoting policies tend to be context specific because identity has been operationalised in highly diverse ways. Despite the vagueness in the definition of identity, we are able to make only a limited number of generalisations on the effects of fiscal and political decentralisation

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<sup>8</sup> We would like to thank a reviewer for this comment.

<sup>9</sup> Nevertheless, the fact that our findings show that British are historically the most nationals, it may be a determinant of Brexit.

on European identity. An important policy implication that emerges from this paper is that there is a strong relationship between decentralisation and European identity. Identity policies may be inadequate without more serious institutional transformation and without greater capacity on the part of governments to design and implement appropriate policy interventions. Decentralisation policies not only affect economic growth, disparities and inequalities (e.g. Rodríguez-Pose and Ezcurra, 2010; 2011; Tselios, et al., 2012), but also shape people's attitudes about Europe. There is evidence that policies which transfer resources to subnational tiers of government promote European identity while the implications of policies which transfer powers to subnational tiers of government to identity are sensitive either to the period of analysis or to the proxy for European identity. Overall, we hope that this paper provides information to policymakers about the extent and main causes of European identity.

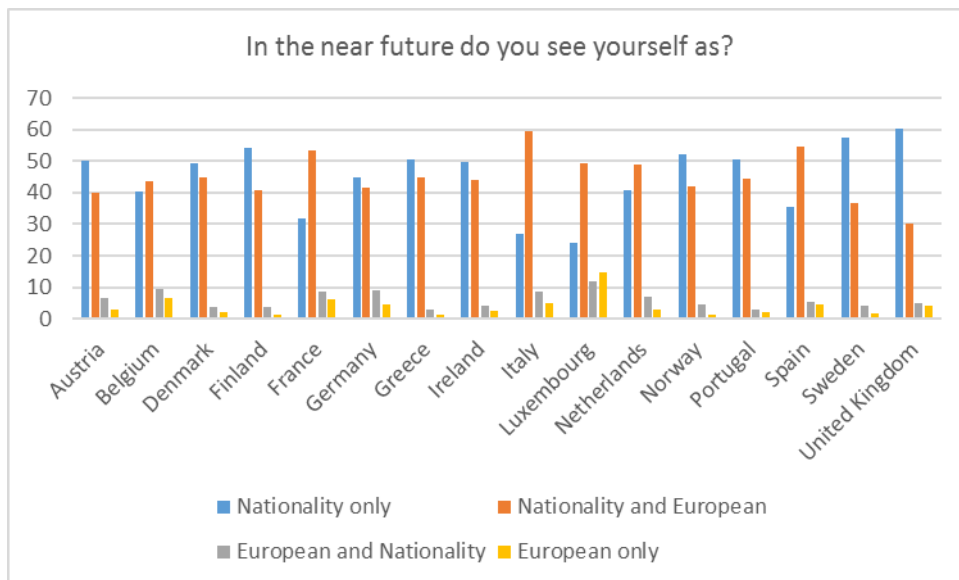
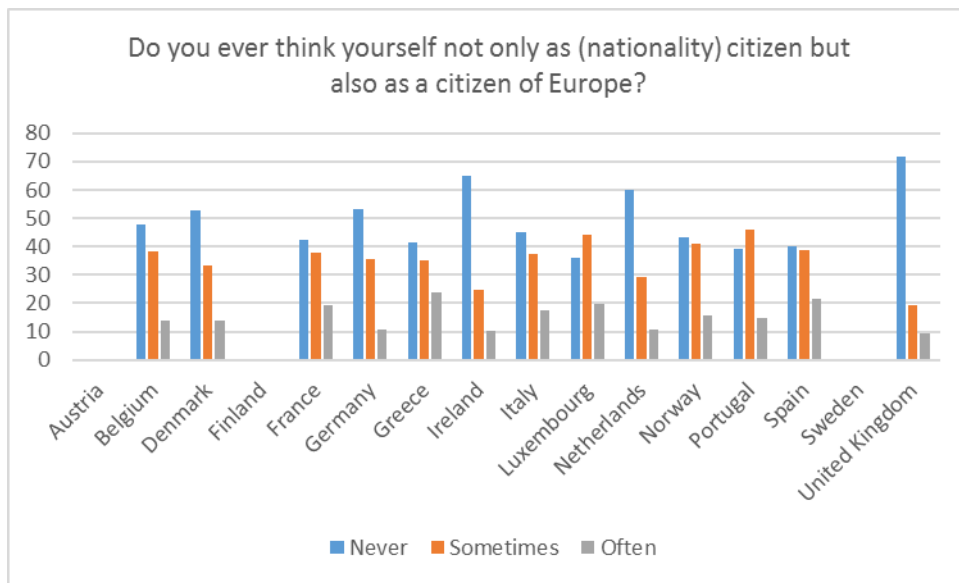
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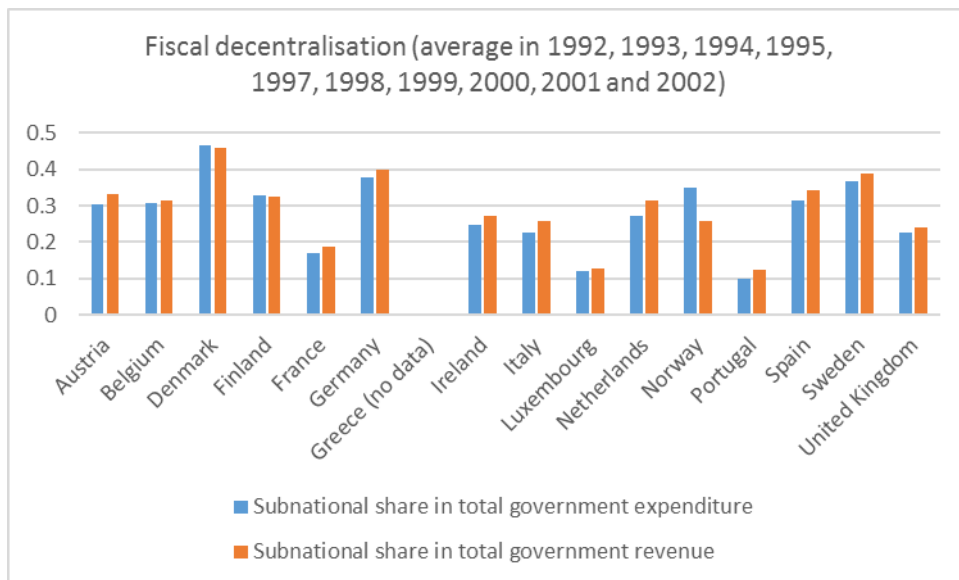
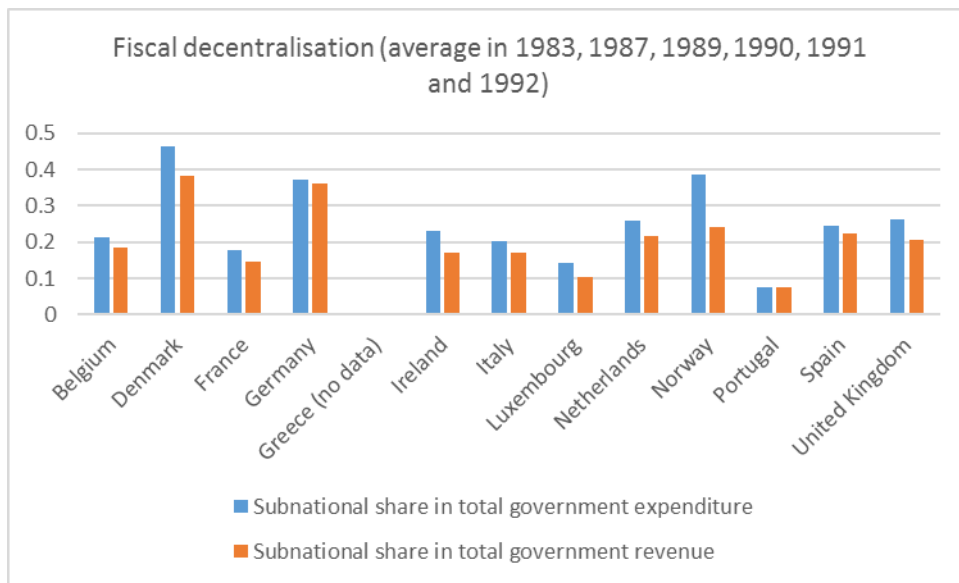
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**Figure 1: Distribution of European identity by country**

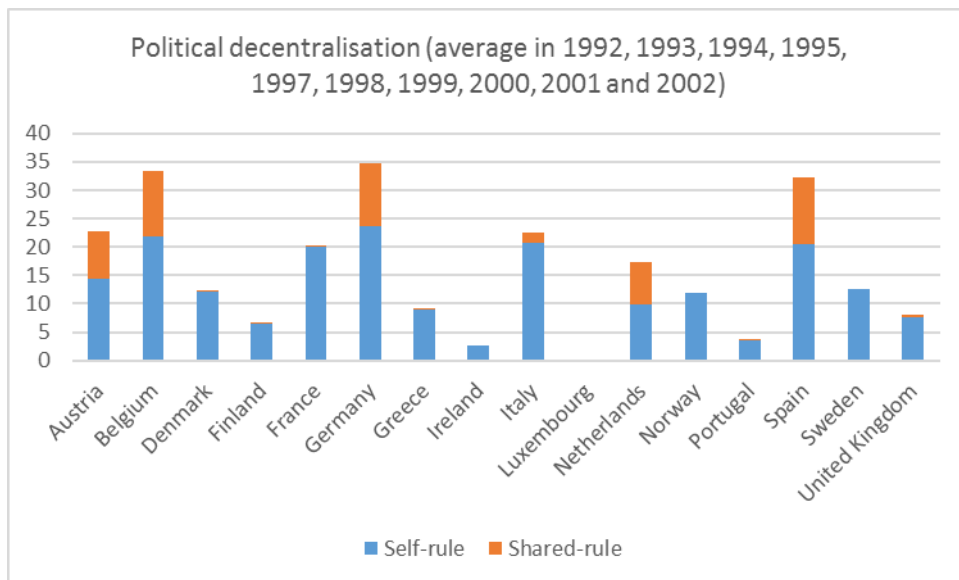
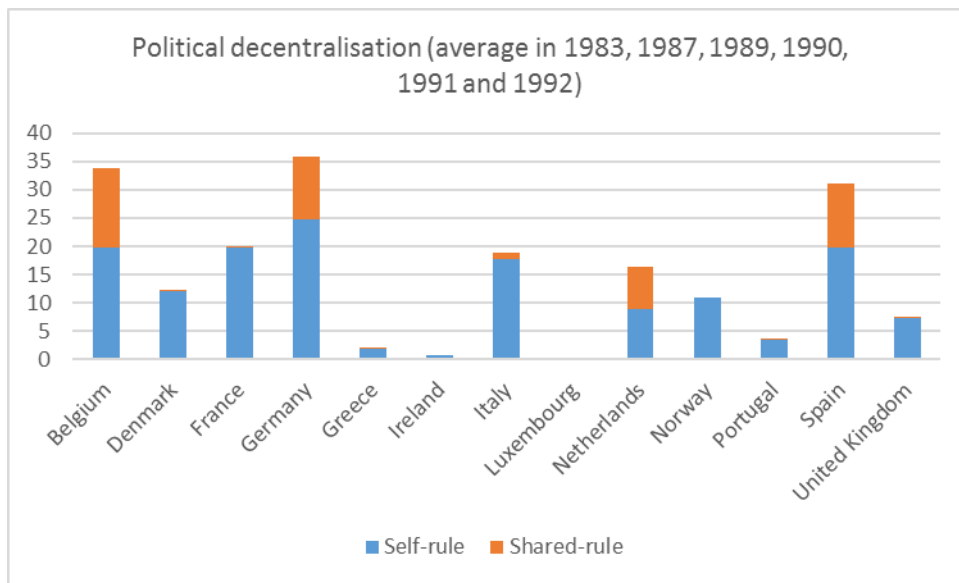


**Figure 2: Distribution of fiscal decentralisation by country**





**Figure 3: Distribution of political decentralisation by country**



**Table 1: Descriptive analysis of the variables*****Period 1: 1983, 1987, 1989, 1990, 1991 and 1992***

	Obs	Mean or percent	Std. Dev.	Min	Max
Identity 1	70,433				
• <i>Never</i>	36,052	51.19			
• <i>Sometimes</i>	23,959	34.02			
• <i>Often</i>	10,422	14.80			
Fiscal Dec (exp)	64,607	0.2582	0.1054	0.0643	0.4910
Fiscal Dec (rev)	64,607	0.2204	0.1202	0.0451	0.4597
Polit Dec	70,433	16.1536	12.3126	0	36.9514
Sex	70,416				
• <i>Male</i>	34,511	49.01			
• <i>Female</i>	35,905	50.99			
Age	70,385	42.50643	17.92475	15	98
Education	70,068				
• <i>Up to 14</i>	19,384	27.66			
• <i>Up to 15</i>	6,296	8.99			
• <i>Up to 16</i>	8,066	11.51			
• <i>Up to 17</i>	5,165	7.37			
• <i>Up to 18</i>	7,187	10.26			
• <i>Up to 19</i>	3,262	4.66			
• <i>Up to 20</i>	2,839	4.05			
• <i>Up to 21</i>	2,279	3.25			
• <i>22 or older</i>	8,284	11.82			
• <i>Still studying</i>	19,384	27.66			
Marriage	70,372				
• <i>Single</i>	18,300	26			
• <i>Married</i>	41,227	58.58			
• <i>Live as married</i>	2,791	3.97			
• <i>Divorced</i>	2,063	2.93			
• <i>Separated</i>	720	1.02			
• <i>Widowed</i>	5,271	7.49			
Satisfaction	70,013				
• <i>Very satisfied</i>	19,943	28.48			
• <i>Fairly satisfied</i>	37,911	54.15			
• <i>Not very satisf.</i>	9,074	12.96			
• <i>Not at all satisf.</i>	3,085	4.41			
GDP per capita/1,000	70,433	27.17152	7.176949	16.0297	58.82397
Openness	70,433	55.37937	34.36475	24.88051	206.5396

**Table 1: Descriptive analysis of the variables (cont.)***Period 2: 1992, 1993, 1994, 1995, 1997, 1998, 1999, 2000, 2001 and 2002*

	Obs	Mean or percent	Std. Dev.	Min	Max
Identity 2	200,339				
• <i>Nat</i>	90,481	45.16			
• <i>Nat &amp; Europ</i>	89,433	44.64			
• <i>Europ &amp; Nat</i>	12,518	6.25			
• <i>Europ</i>	7,907	3.95			
Fiscal Dec (exp)	187,407	0.2852	0.0978	0.0846	0.4800
Fiscal Dec (rev)	187,407	0.2987	0.0922	0.1116	0.4794
Polit Dec	200,339	17.3232	11.4303	0	36.1848
Sex	200,337				
• <i>Male</i>	97,363	48.60			
• <i>Female</i>	102,974	51.40			
Age	200,334	43.82489	17.90851	15	99
Education	182,129				
• <i>Up to 14</i>	36,869	20.24			
• <i>Up to 15</i>	14,436	7.93			
• <i>Up to 16</i>	21,758	11.95			
• <i>Up to 17</i>	13,364	7.34			
• <i>Up to 18</i>	22,376	12.29			
• <i>Up to 19</i>	10,874	5.97			
• <i>Up to 20</i>	8,757	4.81			
• <i>Up to 21</i>	6,754	3.71			
• <i>22 or older</i>	28,024	15.39			
• <i>Still studying</i>	18,917	10.39			
Marriage <sup>¥</sup>	184,499				
• <i>Single</i>	46,657	25.29			
• <i>Married</i>	97,732	52.97			
• <i>Live as married</i>	13,450	7.29			
• <i>Divorced</i>	9,343	5.06			
• <i>Separated</i>	2,531	1.37			
• <i>Widowed</i>	14,786	8.01			
Satisfaction <sup>¥¥</sup>	165,587				
• <i>Very satisfied</i>	42,712	25.79			
• <i>Fairly satisfied</i>	94,248	56.92			
• <i>Not very satisf.</i>	22,815	13.78			
• <i>Not at all satisf.</i>	5,812	3.51			
GDP per capita/1,000	200,339	32.77745	7.578601	19.32138	65.04891
Openness	200,339	74.59826	42.86752	31.14156	265.252

Note: ¥ no data for 1993, ¥¥ no data for 1993 and 1995

**Table 2: Dependent variable is *Identity1***

	Never (1)	Sometimes	Often	Never (2)	Sometimes	Often
FiscalDec (exp)		2.4216***	2.0868***			
FiscalDec (rev)					1.6103***	2.3050***
PolitDec (RAI index)		0.0461***	0.0276*		0.0324**	-0.0101
Sex						
Male		base	base		base	base
Female		-0.2384***	-0.4079***		-0.2392***	-0.4090***
Age		0.0332***	0.0682***		0.0331***	0.0683***
Age <sup>2</sup>		-0.0003***	-0.0006***		-0.0003***	-0.0006***
Education						
Up to 14		base	base		base	base
Up to 15		0.2569***	0.2923***		0.2512***	0.2842***
Up to 16		0.4020***	0.6517***		0.3977***	0.6460***
Up to 17		0.5455***	0.8654***		0.5404***	0.8580***
Up to 18		0.7120***	0.9633***		0.7078***	0.9574***
Up to 19		0.7467***	1.1734***		0.7421***	1.1684***
Up to 20		0.8441***	1.2534***		0.8407***	1.2488***
Up to 21		1.1573***	1.5425***		1.1569***	1.5400***
22 or older		1.1473***	1.8464***		1.1439***	1.8429***
Still studying		0.9996***	1.4938***		0.9979***	1.4920***
Marriage						
Single		base	base		base	base
Married		-0.0738**	-0.2580***		-0.0693**	-0.2542***
Live as married		-0.1401**	-0.0905		-0.1250**	-0.0738
Divorced		-0.0530	-0.0601		-0.0455	-0.0519
Separated		-0.2290**	-0.1448		-0.2223**	-0.1379
Widowed		-0.1633***	-0.2655***		-0.1561***	-0.2586***
Satisfaction						
Very satisfied		base	base		base	base
Fairly satisfied		0.0499**	-0.3586***		0.0505**	-0.3583***
Not very satisf.		-0.2058***	-0.6286***		-0.2026***	-0.6250***
Not at all satisf.		-0.4593***	-0.4636***		-0.4542***	-0.4577***
GDP per capita		-0.0486**	-0.1593***		-0.0978***	-0.2049***
Openness		-0.0169**	0.0012		-0.0163**	0.0031
Year-dummies		yes	yes		yes	yes
Country-dummies		yes	yes		yes	yes
Constant		-0.3343	-0.6604		1.5358**	1.6490
Observations	61,912			61,912		
LR chi2	7,885.78			7,903.18		
Prob>chi2	0.0000			0.0000		
Pseudo R2	0.0641			0.0642		
Log likelihood	-57,596.749			-57,588.05		

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 3: Dependent variable is *Identity2***

	National	National & European	European & National	European	National	National & European	European & National	European
	(1)				(2)			
FiscalDec (exp)		4.1788***	3.1530***	6.3883***				
FiscalDec (rev)						3.3482***	2.9967***	4.5738***
PolitDec (RAI index)		-0.0305***	-0.0614***	-0.0859***		-0.0213***	-0.0546***	-0.0700***
Sex								
Male		base	base	base		base	base	base
Female		-0.1195***	-0.3164***	-0.3969***		-0.1197***	-0.3165***	-0.3968***
Age		0.0353***	0.0233***	0.0252***		0.0354***	0.0233***	0.0251***
Age <sup>2</sup>		-0.0004***	-0.0003***	-0.0004***		-0.0004***	-0.0003***	-0.0004***
Education								
Up to 14		base	base	base		base	base	base
Up to 15		0.0928***	0.0120	0.1825***		0.0930***	0.0121	0.1834***
Up to 16		0.2548***	0.2848***	0.1949***		0.2550***	0.2848***	0.1952***
Up to 17		0.4691***	0.5999***	0.4219***		0.4685***	0.5991***	0.4212***
Up to 18		0.6344***	0.7009***	0.5533***		0.6345***	0.7006***	0.5542***
Up to 19		0.7418***	1.0415***	0.6450***		0.7436***	1.0426***	0.6486***
Up to 20		0.8726***	1.1749***	0.9490***		0.8722***	1.1742***	0.9486***
Up to 21		1.0944***	1.2462***	1.0434***		1.0948***	1.2463***	1.0443***
22 or older		1.2590***	1.7538***	1.3233***		1.2593***	1.7539***	1.3239***
Still studying		1.1561***	1.4747***	1.2206***		1.1560***	1.4747***	1.2198***
Marriage								
Single		base	base	base		base	base	base
Married		0.0043	-0.1381***	0.0009		0.0054	-0.1374***	0.0023
Live as married		-0.0864***	-0.0773	0.1012*		-0.0845***	-0.0757	0.1036*
Divorced		-0.0650*	-0.1607**	0.1023		-0.0669*	-0.1621**	0.0995
Separated		-0.0332	0.0911	0.2974***		-0.0343	0.0899	0.2969***
Widowed		-0.1587***	-0.4341***	-0.4232***		-0.1572***	-0.4330***	-0.4217***
Satisfaction								
Very satisfied		base	base	base		base	base	base
Fairly satisfied		-0.0059	-0.1264***	-0.3084***		-0.0047	-0.1257***	-0.3065***
Not very satisf.		-0.4095***	-0.4239***	-0.3314***		-0.4071***	-0.4222***	-0.3277***
Not at all satisf.		-0.8859***	-0.7678***	-0.2536***		-0.8797***	-0.7632***	-0.2443***
GDP per capita		-0.0081	0.0312	0.0138		-0.0292**	0.0133	-0.0188
Openness		-0.0003	-0.0135**	-0.0034		0.0067*	-0.0072	0.0060
Year-dummies		yes	yes	yes		yes	yes	yes
Country-dummies		yes	yes	yes		yes	yes	yes
Constant		-1.2232***	-2.1173***	-3.3871***		-1.1951***	-2.2598***	-3.0915***
Observations		123,148				123,148		
LR chi2		20,321.83				20,267.15		
Prob>chi2		0.0000				0.0000		
Pseudo R2		0.0787				0.0785		
Log likelihood		-118,896.15				-118,923.49		

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1