MASTERARBEIT / MASTER'S THESIS

Titel der Masterarbeit / Title of the Master's Thesis

„Determinants of Bulgarians' attitude towards the euro"

How is Bulgarians' opinion on the common currency and on Bulgaria's accession to the euro area shaped?

verfasst von / submitted by

Margarita Radeva, B.A.

angestrebter akademischer Grad / in partial fulfilment of the requirements for the degree of

Master of Science (MSc)

Wien, 2022 / Vienna 2022

Studienkennzahl lt. Studienblatt / degree programme code as it appears on the student record sheet:	UA 066 914
Studienrichtung lt. Studienblatt / degree programme as it appears on the student record sheet:	Masterstudium Internationale Betriebswirtschaft UG2002
Betreut von / Supervisor:	Univ.-Prof. Alejandro Cuñat, Ph.D.
Mitbetreut von / Co-Supervisor:	Mag. Dr. phil. Lola Raich, M.A.

Abstract

Bulgaria joined the EU in 2007 and has consistently topped all the negative rank lists in the union. However, Bulgarians remain among the top EU supporters even though their expectations of higher incomes, less corruption, and improved status were not met after the accession to the union. This thesis shows that the support for the union does not affect the attitude of Bulgarians towards the euro. The country has been preparing to join the euro area since its EU accession but has yet to manage to fulfil all convergence criteria. The thesis explores how the recent crisis has changed the perceptions of the common currency inside and outside the eurozone. Since there are already some euro area members which share Bulgaria's characteristics they are used as examples - economically as well as regarding the reaction of the public. The reasons behind the slower progress of Bulgaria in comparison to the other SEE member states mainly stem from the lacking political will from Bulgarian politicians as well as the highly divisive way the media presents the adoption of the euro. Within the scope of the thesis, an online survey was conducted which aimed to find the determinants of public opinion towards the euro in Bulgaria. The results showed dependency on the demographic variables education, living area, and age as well as on the knowledge the respondents showed. However, it was established that Bulgarians know rather little about the topic of the euro and its adoption in the county is very low, despite their desire to be informed. This leads back to the way the issue is presented in national media, which is among the most used knowledge sources.

Zusammenfassung

Bulgarien ist der EU im Jahr 2007 beigetreten und führt seither alle negativen Ranglisten in der Union an. Dennoch gehören die Bulgaren nach wie vor zu den größten EU-Befürwortern, obwohl sich ihre Erwartungen an höhere Einkommen, weniger Korruption und einen verbesserten Status nach dem Beitritt zur Union nicht erfüllt haben. Diese Masterarbeit zeigt, dass die Unterstützung für die Union die Haltung der Bulgaren gegenüber dem Euro nicht beeinflusst. Das Land bereitet sich seit seinem EU-Beitritt auf den Beitritt zur Eurozone vor, hat es aber bisher nicht geschafft, alle Konvergenzkriterien zu erfüllen. In dieser Masterarbeit wird untersucht, wie die letzten Krisen die Wahrnehmung der gemeinsamen Währung innerhalb und außerhalb der Eurozone verändert hat. Da es bereits einige Mitglieder der Eurozone gibt, die die Merkmale Bulgariens teilen, werden sie als Beispiele herangezogen - sowohl in wirtschaftlicher Hinsicht als auch in Bezug auf die Reaktion der Öffentlichkeit. Die Gründe für die langsameren Fortschritte Bulgariens im Vergleich zu den anderen südosteuropäischen Mitgliedsstaaten liegen vor allem im fehlenden politischen Willen der bulgarischen Politiker sowie in der sehr gespaltenen Darstellung der Euro-Einführung in den Medien. Im Rahmen dieser Arbeit wurde eine Online-Umfrage durchgeführt, die darauf abzielte, die Determinanten der öffentlichen Meinung gegenüber dem Euro in Bulgarien zu ermitteln. Die Ergebnisse zeigten eine Abhängigkeit von den demographischen Variablen Bildung, Wohnort und Alter sowie vom Wissensstand der Befragten. Es wurde jedoch festgestellt, dass die Bulgaren recht wenig über den Euro wissen und dass die Akzeptanz des Euro im Lande sehr gering ist, obwohl sie sich gerne darüber informieren würden. Dies ist auf die Art und Weise zurückzuführen, wie das Thema in den nationalen Medien dargestellt wird, die zu den am häufigsten genutzten Wissensquellen gehören.

Table of Contents

List of figures

List of tables

List of abbreviations

BGN	Bulgarian lev
BNB	Bulgarian National Bank
BNS	Bulgarian National Union
BSP	Bulgarian Socialist Party
CBA	Currency board arrangement
CEE	Central and Eastern Europe
CVM	Cooperation and Verification Mechanism
DEM	Deutsche Mark
DPS	Movement for Rights and Freedoms
ECB	European Central Bank
EDP	Excessive Deficit Procedure
EEC	European Economic Community
EMU	Economic and Monetary Union
EMS	European Monetary System
ERM	Exchange Rate Mechanism
ERM II	Exchange Rate Mechanism II
ESM	European Stability Mechanism
EU	European Union
EUR	Euro
GERB	Citizens for European Development of Bulgaria
GDP	Gross domestic product
HICP	Harmonised Index of Consumer Prices
IMF	International Monetary Fund
ITN	There Is Such People

MIP	Macroeconomic imbalance procedure
NATO	North Atlantic Treaty Organization
NSI	National Statistical Institute
RRF	Recovery and Resilience Facility
SEE	Southeast Europe
SGP	Stability and Growth Pact
SSM	Single Supervisory Mechanism
TFEU	Treaty on Functioning of the European Union
USD	United States dollar
USSR	Union of Soviet Socialist Republics

1 Introduction

It has been 15 years since Bulgaria joined the European Union (EU) in the sixth enlargement round in 2007. The positive effects of the EU membership on the emerging economy of Bulgaria have been overwhelming. However, corruption in both the public and private sector is still overshadowing the country's progress, and it has remained the member state with the lowest GDP per capita (EuroStat, 2021). Still, Bulgarians' trust in the EU has been consistently high. Because of the high mistrust in the national government, citizen rely on the European institutions to keep the local authorities in check and if needed, to put them on the right track (European Commission, 2021).

Since the launch of the euro, the Bulgarian lev has been pegged to the common currency through a currency board arrangement (CBA). Even though the exchange rate between the two currencies is fixed, Bulgaria still has to comply with the convergence criteria and be part of the European Exchange Rate Mechanism (ERM) II for two years. The country joined the ERM II in July 2020 (Council of the EU, 2018). By doing the mechanism it showed willingness to continue its economic and EU integration and to enter the euro area. The membership in the mechanism was one of the only economic criteria for euro adoption the country failed to comply with. However, there are still some requirements mainly connected to the tackling corruption on all levels that are a prerequisite for receiving a positive answer from the Commission.

Every new step Bulgaria takes towards the euro is followed by a new wave of public discussions. Although the level of support for the EU has been consistently high over the years, Bulgarians remain not entirely convinced that the transition from the Bulgarian lev to the euro would have a positive impact on their lives (European Commission, 2021). Bulgaria's accession in the third stage of the EMU and its introduction to the euro are the topic of this master thesis. The focus of this study is how the Bulgarian citizen perceive the euro and the EMU at a time when the target date set from the Bulgarian government for its implementation (1st January 2024) is closer than ever.

1.1 Introduction to the problem

As the thesis revolves around Bulgaria, it would be useful to first look at the political and economic situation in the country over the last few decades. This will provide some background information needed to understand the processes that shaped the perception of generations of Bulgarians. This will be useful later when examining the public opinion in the country in an EU context.

After the World War II, Bulgaria became a Satellite state of the Union of Soviet Socialist Republics (USSR) and as such, part of the Eastern bloc. By 1948, the socialist regime in the country managed to swiftly nationalise the private sector. Following the Soviet model, a planned economy was established, which focused on developing the industrial sector (Spasov, Borisov, & Marinova, 2016). The Bulgarian government at the time proclaimed any sort of opposition to the regime as illegal and managed to impose its ideology on the whole society. Being part of the Eastern bloc meant that the Bulgarian economy could rely on the other countries in the bloc, which offered a sense of stability and belonging. This did not last long as by the late 70s Bulgaria had high amounts of debt in USD, which in combination with the worldwide recession led to a shift away from the Soviet and towards the Western model in the late 80s (Spasov, Borisov, & Marinova, 2016). Still, the strong bound to the Union remained and is to this day part of the Bulgarian identity.

The following period of transition was filled the economic difficulties that impacted the lives of many Bulgarians. The goal was clear - to achieve democracy in the political-social sphere and liberalisation of the market. However, the chaos and lack of experience of the leaders at the time made the process extremely harmful to the citizens (Angelov, et al., 2004). After 1991 the focus was on developing the private sector, which was done by draining the resources left by the previous regime. Because of high levels of corruption and debt, the previously nationalised enterprises were sold at record low prices. These practices only benefited selected individuals and only increased the struggles of Bulgarians (Ganev, 2020).

The Bulgarian economy was further destabilised by the processes in the banking sector at the time. The government loaned not only to the nationalised enterprises but also to private banks without exercising any control over how those resources were spent. In the span of just a few years around half of the loans were non-performing. Consequently, the confidence in the banking system declined and a large part of deposits were withdrawn. A further concern was the rising inflation, which in 1997 reached an accumulated rate of 310%. Furthermore, the

devaluation of the national currency, which started at the beginning of the decade also reached record levels. While at the end of 1995 one dollar could be bought for 71 BGN, in February 1997 the same dollar cost 3 000 BGN (Angelov, et al., 2004).

Overall, the events during the 90's led to an unprecedented recession that had an impact on the Bulgarian citizen and the country's economy for the years to come (Ganev, 2020). Although the economic consequences were devastating, the crisis had a great impact on the society. Many Bulgarians lost not only their savings and jobs, but also their trust in the banking sector and the political elite. One of the few positive outcomes from the crisis was the introduction of the CBA. The implementation of the mechanism was in effect in 1997 and the anchor currency was the Deutsche Mark with an exchange rate of BGN 1000 per DEM 1 (Angelov, et al., 2004). Furthermore, BNB's liabilities were to be fully backed by CBA's foreign currency's reserve and the central bank could no longer lend to the national government or and could act as a lender of last resort to national banks only in extraordinary cases (Ialnazov & Nanocsky, 2001). With the introduction of the single currency the lev was pegged to the euro leading to the rate that holds also today - BGN 1.95583 per EUR 1. The CBA in itself is believed to have had "a crucial role in reestablishing confidence in the national currency, the banking system and the government" (Ialnazov & Nanocsky, 2001, p. 8).

In total contrast to the last decade, at the start of the new century Bulgaria was thriving economically. The prospect of joining the EU motivated reforms that in combination with the calm political situation had a positive effect and ultimately culminated in the accession to the EU in 2007 (Ganev, 2020). In the 2010s, the ways to exploit state resources shifted: "While the first decade after 1989 was characterized with preying *on* the state as the single dominant wealth-holder in the country, the third decade after 1989 sees preying *through* the state by using it to secure rents." (Ganev, 2020, p. 20). Consequently, people in high positions of power enabled predatory entrepreneurship by giving specific favoured businesses and individuals advantages.

One case where those practises were exposed is the default of the fourth largest bank in the country - Corporate Commercial Bank, commonly known as Corpbank in 2014. The collapse of Corpbank was the biggest bank failure in the history of Bulgaria and caused a capital deficiency of 5% of GDP as well as considerable pressure to the Bulgarian banking system (Ganev, 2020). The panic and fear that emerged because of the failure reminded many Bulgarians of the events during the crisis in the late 90s.

In the most recent times the Bulgarian economy, as almost all other countries worldwide have been impacted by the COVID-19 pandemic. An interesting outcome of the pandemic has been the decision of the government of Boiko Borisov to finally apply for the ERM II. Although the idea was previously discussed, the step towards becoming a member of ERM II was never taken. At the time of the decision, Borisov presented it as advantageous because of the high amounts of EUR Bulgaria is set to receive from the recovery fund (European Commission, 2022; Reuthers, 2020).

In 2021, Borisov's party GERB (Citizens for European Development of Bulgaria) lost the elections for the first time since 2009, following mass protests during the prior year (Dimitrova E. , 2021). After the elections the newly elected officials struggled to make a compromise and form a government but finally, after two failed attempts at the end of 2021 a new government was put together. As though the new officials did not have enough on their plate, in February the war in Ukraine started. Expectedly, the war had a negative impact on the Bulgarian economy. It also showed once again how divided the society is – while a strong majority of citizens overwhelmingly supports Ukraine in the conflict, Bulgarians are undecided with only about a half of them condemning the actions of Russian officials (European Commission, 2022). The situation once again showed the differences between Bulgaria and the rest of the EU that makes one question whether the country is ready to deepen its EU integration yet.

1.2 Research question and hypotheses

Whilst keeping in mind the economic background of Bulgaria, in this master thesis we aim to answer the research question: *How is Bulgarians' opinion on the European Monetary Union (EMU) and on Bulgaria's accession to the eurozone shaped?* In order to find out what are the determinants of public opinion in the country, Blinder & Kruger's (2004) methodology will be applied.

During its first few decades because of the hope and excitement of the member states' citizens, the European project was receiving high levels of support, which slowly started decreasing after the Maastricht Treaty (Guerra & Trenz, 2019). The decline reached an all-time low amid the refugee crisis in 2015 but since than the EU has managed to regain the support of its citizens. The latest data show that 47% of Europeans trust the EU (European Commission, 2021). The reasons behind fluctuations in the level of trust unsurprisingly depend on global or national events and the reaction of EU institutions towards those. Still, there are some factors that tend to repeatedly play a role.

One such factor according to Guerra & Trenz (2019) is the national government and how it performs in the eyes of its citizens. On the one hand, when the national politicians are perceived as weak or uncapable, citizens tend to have a more positive opinion of EU institutions. On the other hand, high expectations in post-communist countries can lead to a drop in trust in the EU, when those expectations are not fulfilled. This in turn might be used by national officials to blame the EU for unpopular policy decisions (Guerra & Trenz, 2019). However, an important differentiation that is considered in the Eurobarometer and in the current research is between the public opinion towards the EU as a regime and the policies of that regime. Although the two generally depend on each other, the opinions regarding a policy tend to vary more often between member states (Hobolt & De Vries, 2016).

As already mentioned earlier Bulgarians tend to have more positive feelings towards the EU than towards the national officials, however recently the discourse in Bulgarian media has been relatively negative and has focused on trying to find as many if not more disadvantages than advantages of joining the euro area (Barzakov, 2022). Furthermore, previous research has shown that the crisis has impacted the public opinion towards the euro in non-eurozone countries negatively (Hobolt & Leblond, 2014). These trends lead us to the first hypothesis:

> *H1: Even though Bulgarians generally support the EU, when it comes to the accession of the country to the eurozone, the support is weaker.*

There is not only high intensity of coverage of the topic of Bulgaria joining the euro area but there is also a focus on the consequences of this action. Thus, there are expectations among Bulgarians that making that step of European integration will have an impact on their personal financial situation. Furthermore, since joining the union, Bulgaria has exclusively been a debtor member state. In return, the EU membership has become synonymous with economic development (Dimitrova A. , 2012). According to the utilitarian theory individuals that benefit from the EU, or in our case the single currency, have a predominately positive opinion towards it (Guerra & Trenz, 2019). McLaren (2002) also mentions that the attitude of people who are professionals or executives and have a high income level is typically influenced by their self-interest, which increases the support towards the EU. Thus, the second hypothesis is as follows:

> *H2: Bulgarians who expect their personal income to be positively impacted by the introduction of the euro, have a self-interest in it and are more likely to be in favour of it.*

A further factor Guerra & Trenz (2019) consider as fundamental for the shaping of public opinion is whether the individual assumes a European identity or is rather more inclined to stick to her national identity. Losing part of the national identity because of the adoption of the euro is a popular argument against the process in Bulgaria (Barzakov, 2022). Generally, the newer generations of Europeans tend to be more educated and knowledgeable about the union (Guerra & Trenz, 2019). This in turn acts as a premise to a more positive opinion of the European project and a deeper European integration (Down & Wilson, 2013). Furthermore, people from higher-educated segments are more likely to seek regular information about the EU, while audiences with lower levels of education show only little or no interest (Guerra & Trenz, 2019).

Lauterbach & De Vries (2020) find that the age alone cannot always indicate whether a person is in favour of the EU. Most importantly, the context, in which the individual experiences the EU, impacts the formation of the attitude. As the general attitude towards the EU in Bulgaria is positive, it would be of interest to see if the positive context leads to a corresponding opinion:

> *H3: Young Bulgarians tend to be in favour of the accession to the euro area, consequently, they show more interest in the topic and have a higher knowledge level.*

Finally, the national media and how the EU institutions and policy decisions are portraited in a national context have a detrimental role in shaping the opinions of Europeans (Guerra & Trenz, 2019). National media is often guilty of not only selective bias – focusing on national actors and agendas in the EU context, but also of negativity bias. The attention towards pan-European decisions is stronger "when they convey drama and conflict, when serious repercussions can be emphasized, when the integrity of EU actors and institutions can be undermined or when the news can be related to feelings of fear and scepticism" (Guerra & Trenz, 2019, p. 228). The situation in Bulgaria is further complicated as many media outlets are owned by oligarchs and follow their interests. Consequently, the media freedom in the country is one of the lowest in the EU (Reporters without borders, 2022). So, the final hypothesis refers to whether the increase and diversification of information sources, more specifically:

> *H4: Bulgarians who use a higher number of diversified sources tend to be more informed on the topic of the EMU, the euro, and the eurozone.*

By exploring the above noted hypotheses, the master thesis will define the determinants of public opinion towards the euro and the euro area in Bulgaria. It will help identify what

qualities supporters of the euro in Bulgaria share. Furthermore, it will show how knowledgeable Bulgarians are regarding the EMU and how they decide to inform themselves. The results will also contribute with insights on how the public opinion on further economic integration is created in a member state from Southeast Europe (SEE). The establishing of the main determinants will help understand how the EU can more effectively communicate its economic policies. This is of particular importance since the next accession round to the EU will most likely include Balkan countries.

1.3 Structure of the thesis

The master thesis begins with background information relevant to the topic. This part includes information on the EMU and the euro area and their development in times of crisis and previous accession rounds of countries comparable to Bulgaria. Additionally, the public sentiments towards the euro during and after the crisis as well as for the new member states before and after accession is presented. This part of the thesis offers information that is relevant for future eurozone member states like Bulgaria. Next, the relationship between Bulgaria and the EU is explored by tracking the country's integration so far. More specifically, the journey of the country towards the single currency is to be presented. After that, the structure and aim of the quantitative research and the applied model is to be explained and described. Next, the findings of the research will be presented and analysed through descriptive statistics and by applying the previously described econometric model. Finally, the findings from the model will be discussed in the context of the above-mentioned hypotheses.

2 The European economic integration and Bulgaria

The next part of the work offers a background for the main portion of the thesis. First, some short information regarding the EMU, its development through the years as well as the accession process we will be presented. Next, we will discuss how attitudes towards the euro have changed during the years, most importantly during various crises. After that we will have a look at member states that recently joined the euro area that have similar characteristics to Bulgaria and whether the public opinion there shifted after the accession. Then the focus will be on Bulgaria, and we will explore how the public opinion towards the EU has evolved throughout the years. Finally, the country's way towards the eurozone will be discussed, including the public discourse in the Bulgarian media on the topic.

2.1 The EMU and the euro

The establishment of the EMU is one of the most exceptional accomplishments of the EU project. It was first identified as a goal of the community in the late 1960s. The turmoil on the international markets enabled the launch of the European Monetary System (EMS) in 1979. The aim of the EMS was to achieve stable but adjustable exchange rates and consequently to accomplish monetary stability across the member states of the European Economic Community (EEC) – the predecessor of the EU (European Commission, n.d.). The key instrument of the EMS was the Exchange Rate Mechanism (ERM), through which currency fluctuations were controlled. To participate in the ERM, currencies should not fluctuate more than ±2,25% from agreed parity. Still, exceptions had to be made for some member states like Italy (Verdun, 2019).

The realization of the EMS was a ground-breaking coordination of monetary policies between EU countries, which success lasted over a decade. The next natural step was the establishment of the EMU. The plan for the union came to life in the Delors Report from 1989, which was prepared by the president of the European Commission of the time and the governors of the national banks in the EEC. The plan included three stages leading to the achievement of the EMU (European Commission, n.d.). The first stage started in 1990 and introduced the freedom of capital transactions, improved cooperation of national banks and the economic convergence. The second stage began in 1994 and further developed the economic and monetary convergence and introduced preparatory steps for the third stage that started in 1999 (European Central Bank, n.d.).

With the agreement on the new Treaty on Functioning of the European Union (TFEU) in 1991 in Maastricht the member states also committed on implementing the Delors plan (European Central Bank, n.d.). Although there were some problems - mainly associated with the ERM exchange rates bands, the 11 member states successfully joined the EMU in 1999 and the third stage of the union started. The single currency - the euro - was launched in 12 EU countries three years later in 2002. The common currency was to be managed by the ECB, whose main goal is maintaining price stability (Verdun, 2019).

The TFEU also introduced the Stability and Growth Pact (SGP), which had to ensure that countries already in the EMU did not freeride and fiscal discipline was maintained. The SGP foresees penalties for countries who do not comply, namely through its Excessive Deficit Procedure (EDP). While the EDP is the so-called 'corrective arm' of the SGP, the pact also includes a 'preventive arm', which involves the multilateral budgetary surveillance. The preventive arm foresees policy advice for member states to reach their medium-term economic objectives (Verdun, 2019).

2.1.1 The Convergence criteria

The TFEU established the convergence criteria that member states had to fulfil in order to join the euro area and to have the euro as official currency. At least every two years or at the request of a member state the Commission and the ECB assess a euro area candidate's preparedness to adopt the single currency. The results are published in convergence reports. The requirements, which are often referred to as the Maastricht criteria, cover the following economic indicators:

- Price stability: the Harmonised Index of Consumer Prices (HICP)-inflation rate must not exceed by more than 1,5% the unweighted average of the HICP-inflation rates of the three best performing EU member states in terms of price stability.
- Public finances:
  - the government budget deficit must not exceed 3% of GDP and
  - the government debt-to-GDP ratio must not exceed 60%.
- Exchange rate: fluctuations of the local currency against the euro must be maintained within ±15% and the currency must be part of the ERM II for at least two years.
- Interest rates: the long-term interest rate must not exceed by more than 2% the unweighted average values of three reference states with lowest HICP-inflation rates (Article 140 TFEU, Protocol 12 and 13).

Additionally, the ECB also examines the national legislation and its compatibility with the Treaties. More specifically, the focus is on legislation regarding the independence of the national central banks and their independence (European Central Bank, 2022). After the

deepening of the EMU during the euro debt crisis the convergence reports also include evaluations regarding the new mechanisms, introduced during the crisis. Those are discussed at a later stage in the thesis.

Over the years, the Commission and the ECB established some exceptions to the rules in the convergence reports. Those were mainly due to imbalances caused by the crisis. For example, in the assessment in 2014 the HICP values of Greece, Bulgaria and Cyprus were well below the euro area average and were defined as outliers and consequently the HICP-inflation reference value was higher (European Central Bank, 2014). A similar outlier methodology is also applied to the long-term interest rates (European Central Bank, 2010). Regarding the government budget deficit there are some exceptions for ratios 0,5% above the reference value, but only in cases when they are caused by an exceptional circumstance or if there is an expectancy of decrease (European Commission, 2012).

A similar exemption applies also to countries with government debt-to-GDP ratios that are above 60%. If there is a positive tendency that is expected to continue, the non-compliance might be overlooked (European Commission, 2012). Such is the case most recently with Croatia, which in the 2022 convergence report was deemed ready to join the eurozone, although its government debt indicator is 75,3% - well above the reference value. However, it has been on a declining path over the last few years, which the ECB considered to be enough to fulfill the criteria (European Central Bank, 2022).

There have been indications that in the case of stable exchange rates the two-year ERM II participation criteria can be foregone, but the only precedence so far was granted to Italy, that was given the green light of joining after a 15-month membership (European Monetary Institute, 1998), (Commission of the European Communities, 2002). In the Bulgarian case - the CBA has ensured a fixated exchange rate between the lev and the euro since the introduction of the latter. Still, there were no indications that the country would be exempted from the rule for two-year ERM II membership. All this shows that the convergence criteria are often used as a tool to support a certain EU decision and can on a specific case be presented in a light that favours this decision even if the absolute values show otherwise.

Although the convergence criteria offer a nice framework that is easily presented in a report, they omit some considerations that are often country or region specific. For example, while the inflation rate is a condition to join the EMU, there is no criterion about inflationary conditions being similar (Arestis & Sawyer, 2011). Most recently, the restricted access to Russian energy sources has shown how much inflation can differentiate across the EU. Because of the

dependence on Russia some countries' economies, like Bulgaria, are hit more heavily and have in result increased inflation rates (Statista, 2022). Yet, the convergence criteria only consider the HICP-inflation rate and not the inflationary conditions. The flawed convergence conditions are just one of the problems with the EMU, in the following section some more criticisms of the union will be discussed in the light of the most recent crises and the public perception.

2.1.2 Times of crisis, criticism, and public opinion

From the get-go the EMU had a vital institutional design flaw - while the monetary part of the union offered supranational governance through ECB's mandate, the economic part always lacked centralised governance, leaving the fiscal policy decision to the member states (Howarth & Verdun, 2020). The disparities between the countries' fiscal policies proved to be problematic when the global financial crisis and the sovereign debt crisis started. Before the euro even had its ten-year anniversary it faced one of its biggest challenges to this day. The European sovereign debt crisis stemmed from the global financial crisis around 2009 and exposed the vulnerability of many international financial institutions, including in the EU (Ray, 2017). The effect of the global financial crisis in combination with some country-specific problems in Portugal, Ireland, Italy, Greece, and Spain led to extremely high levels of public debt which had an impact on the whole euro area and the single currency (Ray, 2017).

In the roughly five years the crisis lasted, a greater gap in the EMU formed - "between the member states of the Euro Area 'core' and those in the 'periphery'" (Howarth & Verdun, 2020, p. 288). Although the differentiation was there before the crisis, it contributed to its deepening. While the EU stepped in to offer bailouts to its problematic members, the need for improvement of the EMU became apparent. Amid the crisis the European Stability Mechanism (ESM) was created, the SGP was revised, and the European Semester and the Banking Union were established (Verdun, 2019). The creation of these instruments was not only the result of compromises and political will but also of the extraordinary conditions of the crisis (Epstein & Rhodes, 2016).

The sovereign debt crisis made the further European integration possible (Degner, 2019). On the one hand, governments saw the need to act collectively because of the common threat and even the ones originally against the measure eventually were reconciled (Epstein & Rhodes, 2016). On the other hand, the supranational activisms showed by EU institutions at the time proved to be of importance (Degner, 2019). Namely, the ECB took the possibility to expand its mandate and become not only a monetary policy decision-maker but also a supervisory body

(Heldt & Mueller, 2021). Admittedly, the economic integration that the crisis facilitated strengthened the EMU and sent out a positive message to financial actors that the union will stick together even in challenging times.

However, the development of the EMU had to not only confirm the economic stability of the region, but also to regain the trust of the citizen who carried the burden of the failure of the institutions. From the very beginning ECB's role as an exclusive and independent supranational institution brought up problems of legitimacy and accountability. Whether and if there are consequences for the central bank in a case of bad policy decisions remains questionable (Verdun, 2019). The instruments adopted during the sovereign debt crisis did very little to improve the democratic legitimacy in the EMU. Instead, they are mostly managed by technocratic bodies who control for the compliance to the expected framework (Crum & Merlo, 2020). At the end of the day, for any institution to work properly, it must have the support of the citizen who are affected by its decisions and the negative shift in public attitudes caused by the euro debt crisis on the European project and more specifically the EMU is still visible today.

Data from the Eurobarometer has shown that even though the euro and the ECB are connected, the levels of support towards them differs. While the single currency had the stable support of the citizens even in the crisis, attitudes towards the central bank became more negative (EuroStat, 2022). Bergbauer, Hernborg, Jamet, & Persson (2020) find that the more positive opinion of the euro is mainly value-based, while the perceived performance is of higher importance for the determination of an opinion towards the ECB. So, it is significant not only what decisions the ECB makes, but also whether and how they are understood by the public and what its expectations are (Farvaque, Hayat, & Mihailov, 2017). Furthermore, the support for the euro is connected to general European economic integration and the single currency as a whole and is therefore more resistant to short-term negative impacts. At the same time, the ECB is judged as part of the EU system and the citizens' trust is thus more volatile (Bergbauer, Hernborg, Jamet, & Persson, 2020).

Hobolt & Wratil (2015) find that the reasons for the consistently high support for the single currency within citizens of euro area member states have to do with rational cost–benefit considerations. People, whose countries have adopted the euro, naturally, want the euro to do well and thus have a positive attitude towards it. In contrast, public opinion towards the euro within eurozone outsiders has dropped in the crisis and national identity still has a strong impact on the opinion shaping (Hobolt & Wratil, 2015). These findings support the thesis that the euro and euro area participation is perceived as a regime and its participants look at it as a mean to

Economic stability and prosperity. The inference that the trust towards the euro has dropped in the countries outside the eurozone is relevant to the situation in Bulgaria and the subject of this thesis.

Although the level of public support for the euro and the ECB is positively correlated, it still differs with the ECB's image suffering more from the crisis (Bergbauer, Hernborg, Jamet, & Persson, 2020). The attitudes towards the central bank are of importance because they influence the trust in the EU project as a whole: "…when monetary policy follows the simple strategy of interest rate setting, it is unable to support trust in the EU, while when it intervenes with a variety of instruments to support the injection of liquidity and national fiscal policies, its efficacy appears to be greater as an inversion of the decline of trust is registered." (Liotti & Canale, 2021, p. 278). These findings implicate that the ECB must go beyond its mandate to secure a more positive opinion of the EU as a whole.

Kaltenhaler, Anderson, & Miller (2010) find that Europeans distrust the ECB because of their little knowledge of the institution and its competence but also because of concerns that the central bank's policies do not reflect their or their country's interest. This refers to the problem of ECB's accountability and legitimacy. Some further factors that influence the trust towards the central bank positively seem to be the high income level, higher achieved education and the centre-to-right wing political orientation (Farvaque, Hayat, & Mihailov, 2017). More importantly, while the perception of the national government seems to not be relevant for the attitude towards the ECB, citizen from member states that were hit by the euro debt crisis and negatively influenced by measurements that were taken, tend to have a more negative opinion of the central bank (Bergbauer, Hernborg, Jamet, & Persson, 2020). Finally, the decline in support of the ECB can be related in the loss of trust in banks and financial institutions, who were widely considered to have caused the global financial crisis (Bergbauer, Hernborg, Jamet, & Persson, 2020).

Not long after the sovereign debt crisis a new challenge that initially did not have an economic nature emerged. The COVID-19 outbreak which emerged in 2020 caused the second big turbulence in the history of the EMU by quickly becoming not only a health, but also an economic crisis. Once again, the emergency prompted collective action. The EU response came in the form of Next Generation EU - a plan for tackling the economic impact of COVID-19 and establishing more sustainable economies. The plan will be funded by mutual debt issuance (European Commission, n.d.). While the acceptance of debt mutualisation was ground-breaking, Next Generation EU is still a one-off measure that is a step towards further integration

but does not fill the gaps in EMU's architecture (Camous & Claeys, 2020; Spurga & Šreiberytė, 2021). During the COVID-19 crisis, the ECB did not have such a central role as the one it took amid the last crisis (Heldt & Mueller, 2021). However, this might be because other actors took the initiative - namely the Commission and officials from France and Germany (Camous & Claeys, 2020).

Ultimately, although the two crises have prompted some development of the EMU, the union remains unfinished and consequently asymmetric - with a functioning monetary side and an almost non-existent economic part. Moreover, the different economic impact of the crises on the core and periphery member states created a disparity in the union. Although the progress of deepening the EMU has been limited, the enlargement of the euro area has been somewhat successful with four accessions since 2009 - of Slovakia, Estonia, Latvia, and Lithuania with Slovenia, Cyprus and Malta preceding them (Verdun, 2019). In the next part the economic situation and the public perception of the euro and the EMU in these countries will be discussed. This will offer more insights into how citizen in a newly joined eurozone member state see their country's accession.

2.1.3 The euro area accession from the perspective of the "catching up" countries

Previous research has identified the potential in exploring the consequences of euro area accession in similar countries in order to find out the implication for a country that is considering an eurozone entry (Stateva, 2021). And there are enough analyses on the implications for countries looking to join the euro area. More specifically, when it comes to member states from Central and Eastern Europe (CEE), the comparison has been facilitated by the four most recently joined member states - Slovakia, Estonia, Latvia, and Lithuania. As those countries are close to Bulgaria and its development both in historical and economical context, their experience with the accession of the euro will be the focus of this part.

Until the early 1990s the three Baltic countries were part of the USSR and Slovakia was part of the Czechoslovak Socialist Republic, and consequently a satellite state to the USSR. The countries faced similar challenges in trying to reconstruct their planned economies to market ones. They also followed the same path of Western integration by joining the EU and the North Atlantic Treaty Organization (NATO) (Stateva, 2015). After the fall of the USSR the Baltic countries experienced high levels of immigration - a trend that continued after their EU accession and is also present in Bulgaria (The World Bank, 2019). Slovakia outperforms Bulgaria economically, but some of the main banks in Slovakia are related to international

ones, which also have subsidiaries in Bulgaria, which makes the banking sector in the two countries comparable.

Overall, we can see a lot of similarities between the CEE countries that joined the eurozone in the last 13 years and Bulgaria. However, the mentioned CEE countries focused on developing their economies and on tackling the issues that remained from the Soviet regime - something that Bulgaria mostly failed to achieve (Stateva, 2015). This is also visible when looking at the accession progress - Bulgaria was and regarding the eurozone still is behind its CEE peers.

Slovakia, Estonia, Latvia, and Lithuania all entered the ERM II relatively soon after joining the EU and aimed to adopt the euro as fast as possible. Like Bulgaria, Lithuania also had an established CBA, which pegged the national currency litas to the dollar at first and upon its introduction to the euro. Nevertheless, Lithuania's efforts at the time were not enough to meet the convergence criteria in the 2006 assessment and the country joined in 2015 after spending over 10 years in the ERM II (European Central Bank, 2006). Even though there was some relatively high volatility between the Slovak koruna vis-à-vis the euro, Slovakia managed to join the euro area in 2009 (European Central Bank, 2008). Estonia followed in 2011 after delaying its application to meet the inflation criteria (Dandashly & Verdun, 2020). Latvia faced similar problems in combination with an unfavourable election cycle but also managed to enter the euro area in 2014 (Dandashly & Verdun, 2020).

As already mentioned, the countries that joined the EU and consequently the euro area in the 2000s had different characteristics than the primary member states. This proved to be challenging in many cases but especially regarding the fulfilment of the convergence criteria. As discussed in the previous part of this thesis the requirements for joining the eurozone were initially designed to fit Western economies. However, the countries discussed in this section, as well as Bulgaria, fall under the category of "catching up" countries, which as expected by the name, aim to close the income gap between themselves and the wealthier countries. This is then usually at the expense of higher and more volatile inflation and/or volatile exchange rates (Brook, 2005).

The disadvantageous position of the catching up countries is further deepened by the loss of competitiveness due to increase in labour costs - an effect that was visible in Slovakia and can be expected in Bulgaria (Drastichová, 2012). The process of euro adoption for some catching up countries was connected with even further economic limitations, namely the inability to keep the exchange rates flexible. Taking away this tool may expose the country's price stability level (Brook, 2005). Having said that, Estonia and Lithuania had a CBA that pegged the

national currency to the euro before adoption, so they were unable to explore the benefits of a functioning exchange rate before accessing the euro, just like in the case of Bulgaria (Stateva, 2015).

As noted by Dulkys (2008), the accession to the euro implies not just economic but also political adaptation. In order to fulfil the requirement of compatibility of the national legislation with the Treaties, there must be political will for reforms. Furthermore, the government's commitment to achieving European integration must be constant and not fall behind because of national agendas. The Baltic states serve as an example in this sense, as the governments continued to seek euro adoption during the euro debt crisis, even though the International Monetary Fund (IMF) recommended the opposite (Dandashly & Verdun, 2020). The conviction with which national institutions in Estonia, Latvia and Lithuania acted is far from the rather timid stance Bulgarian officials have followed over the years (Stateva, 2015).

Now let us have a brief look at what changed in the new eurozone member states both regarding the economic state, as well as the opinion of the public. Overall, the introduction of the euro did have a positive economic impact in the examined countries. Although the negative trends still affected the catching up economies, the eurozone brought protection from high volatility even under the pressure of the crisis (Heller & Warzala, 2019). Žúdel (2016) notes that a big part of the positive development for Slovakia happened in the year prior to euro adoption, because of the anticipation effect.

A big concern for citizens outside the euro area is the possibility of an increase in inflation upon entering the single currency. Because some of the mentioned countries and also Bulgaria have a CBA, they are already dependent on the ECB, which defeats the argument. Nevertheless, there have been reports for increased prices because of the euro adoption but those effects mainly last during the transition period and are ultimately lower than the wage growth (Bank of Lithuania, 2019), (Eglitis, Krastev, & Weise, 2014), (Rõõm & Urke, 2014). Reportedly, the increase in prices mainly concerned the service sector (Stateva, 2021). Furthermore, as the main trade partner of all the countries discussed is the EU, unexpectedly the adoption of the euro improved their foreign trade balances (Heller & Warzala, 2019). Since Estonia was the first Baltic state to adopt the euro, the country proved itself as the leader in EU and international integration among the Baltic countries. The Bulgarian government tried to adopt a similar stance but has so far hindered rather than enabled the EU integration of the Balkan region in the case of Republic North Macedonia (Koceva, 2022).

All in all, one can say that the euro has been rather beneficial for the newly joined countries. However, when compared with peers in the CEE, for example Poland, the positive impact seems to not be that spectacular (Heller & Warzala, 2019). This might be because the advantages are rather seen in the long term or because of the euro debt crisis, during which all the discussed countries joined. In fact, there are indications that it might have been better for Slovakia to wait and join the euro area a year later to avoid the negative effects from the crisis (Žúdel & Melioris, 2016).

The public support for the euro was not predominantly positive before its adoption in none of the member states, it has however, always remained around the 50% mark. Expectedly, with the adoption of the euro the public opinion towards it improved in all discussed countries (European Commission, 2022). Interestingly, the support for the ECB generally follows the EU average and does not increase as much (EuroStat, 2022). This follows the pattern discussed earlier that the ECB and the euro tend to be evaluated differently even though they are part of the same policy. An expected trend is that the self-perceived level of knowledge of citizen increases as accession gets nearer (European Commission, 2022).

All in all, Slovakia, Estonia, Latvia, and Lithuania's experience with euro accession shows that it is possible for catching up countries to not only fulfil the convergence criteria but also to successfully integrate and secure advantages for their economies from the euro adoption. Also, the public attitudes in the countries show that even though there is some hesitation at first, which is mainly related to fear of increased inflation, ultimately the citizen recognize the positive impact of the euro area membership. Nevertheless, entering the euro area in times of crisis comes at a higher risk that will not be tolerated by a public that does not understand the long-term advantages that stem from it.

Bulgaria has been trying to position itself as the leader in EU integration in the SEE region, however the country is still behind the discussed "catching up" countries. To set the right example to its Balkan neighbours and to demolish its reputation as the poorest EU member, Bulgaria has expressed its wish to join the eurozone. The next part will discuss the country's progress in E(M)U integration so far, as well as the public discourse in national media on the matter.

2.2 Bulgaria and the E(M)U

Bulgaria joined the EU in 2007 together with Romania in the sixth enlargement round. Although the times were challenging because of the euro debt crisis, the country had hope to follow the example of the CEE countries from the previous accession round and develop and establish its Euro-Atlantic image. The following chapter examines how those hopes and wishes developed. To obtain a full picture, the political landscape in the country and its influence on the European integration will be presented. Furthermore, some of the main setbacks of the development of the country will be examined. Those include but do not end with corruption and outside influence. Next, we will have a look at whether the trend of increased Euroscepticism is also present in Bulgaria and how the country's membership has impacted the public opinion towards the union. Then the progress of the country towards the euro area will be analysed, including the ECB's convergence reports over the years. Finally, the public discourse surrounding the euro adoption will be discussed including the media coverage and the stances of main political figures. Overall, this chapter aims to present the Bulgarian perspective on the trends and theories from the last chapter and simultaneously offer a transition to the quantitative research in the next part of the thesis.

2.2.1 Bulgaria's European integration from 2007 to today

Bulgaria first declared its desire to join the EU in 1995 after some reluctance following the post-communist regime. However, due to the political and economic crisis in the country, it did not manage to make much progress in the following years, leaving the country far behind the other former USSR related countries in Europe (Stoyanov & Kostadinova, 2021). The years prior to Bulgaria's accession were filled with political turmoil with new parties swiftly entering the scene and convincing the Bulgarian citizens who were disappointed in the original parties. The EU related discourse at the time was mainly profit cantered with the main emphasis being the economic advantage the membership will bring to the post-communist country (Stoyanov & Kostadinova, 2021).

A year before Bulgaria's accession, the majority of the population (72%) was in favour of it, which was a consequence of the absence of an anti-European project in the country (Open Society Institute, 2006). A significant part of the expectations were as mentioned economically related - an increase of the foreign investments and of the employment possibilities. Bulgarians also expected the EU to help reduce the corruption in the country by holding national politicians

accountable. The third main expectation of the Bulgarian people was related to the Europeanization of the country, and the revamp of the image of their country. Ultimately, the combination of all of those factors were expected to improve the life standards of the Bulgarians (Open Society Institute, 2006).

In her assessment of whether those expectations were met a few years after accession, Dimitrova (2012) concludes that the EU mostly failed to deliver on what Bulgarians were looking forward to. However, the trend of Euroscepticism, which was gaining popularity in other member states still seemed to not have a significant influence in Bulgaria (Dimitrova A. , 2012). Although the EU has had critics from its inception, their voice gained momentum after the euro debt crisis. The distrust in European integration reached a peak with Brexit and continues to be significant in some member states like Poland and Hungary (Guerra & Trenz, 2019).

Euroscepticism in Bulgaria mostly relates to concerns that Bulgarians and their national interests are not properly represented in Brussels and that as a small country, Bulgaria does not have a say in the policy making (Smilov, 2008). Those fears already existed pre-EU accession and are mainly shared among people living in rural areas, people with lower achieved level of education as well as representatives of the older generation (Open Society Institute, 2006). In 2017, a group of the three main nationalist movements, which formed a pre-election coalition, managed to be part of the third government of GERB and its leader Boiko Borisov (Stoyanov & Kostadinova, 2021). Nationalist movements were gaining popularity, but their rhetoric about the EU can be classified as 'Soft Euroscepticism' since their main concern was with defending the Bulgarian interests in the EU. In contrast the 'Hard Euroscepticism' which indicates parties that are for the withdrawal of their country from the union (Guerra & Trenz, 2019).

Notably, the nationalist movements in Bulgaria are often pro-Russian. As previously discussed, the Russian influence is historically rooted in Bulgaria, but modern-day politics has expanded the dependence of the country from Kremlin by not willing to diversify the energy sector, which nowadays relies predominantly on Russian resources (Bechev, 2018). Russia is not the only international power that has influence in the Bulgarian politics since the Movement for Rights and Freedoms (DPS), which has strong connections to Turkey, has been part of the National Assembly since its inception (Dimitrova E. , 2021). However, while DPS has always at least publicly supported Bulgaria's international integration - through EU and NATO memberships, this has not always been the case with nationalist parties like Attack (Ataka). Still, Stoyanov & Kostadinova (2021) note that at least until 2019 most mainstream parties, although self-

proclaimed as pro EU, seem to put little emphasis on European integration in their election programmes. By focusing solely on domestic problems and not consistently promoting EU policies, the Bulgarian politicians have failed to highlight their importance to their voters. As a result, Bulgaria is once again lacking in its international integration.

The political parties and formations in Bulgaria run and sometimes even win elections through the promise to fight and stop the corruption in EU's poorest member state. Consequently, the repeated failures of the national politicians to fulfil this promise have decreased the trust in them. In contrast, the trust in EU institutions increased because Bulgarians perceive them as the opposite of the corrupted Bulgarian politicians and as a higher power that can hold national wrongdoers accountable. Because of that, Dimitrova (2012) notes that Bulgaria can be regarded as an exception regarding Euroscepticism.

However, the only EU tool for corruption control that operates after accession is the Cooperation and Verification Mechanism (CVM). The CVM is primarily a monitoring instrument and cannot sanction non-compliance once a country has joined. Yet, the mechanism has been found to facilitate compliance in Romania post-EU accession mainly by encouraging appropriate institution building and empowering domestic civil society actors (Lacatus & Sedelmeier, 2020). Although the neighbor countries share many similarities the success of the CVM in Romania did not happen in Bulgaria. The Bulgarian parliament also established anti-corruption institutions and the public had expectations regarding demolishing corruption, but ultimately those institutions did not deliver (Lacatus & Sedelmeier, 2020).

Corruption also had an impact of the economic advantages the EU had to offer to Bulgaria. As a debtor member state, upon accession Bulgaria started receiving financial injections in the form of EU funds. Those funds were meant to boost the Bulgarian economy and bring it closer to that of the Western member states. Surubaru (2021) notes that EU aid had a visible positive impact on the citizens, but the new member state had to improve in managing the funds. Furthermore, in Bulgaria those funds were one more way to use political power to benefit from public spendings (Surubaru, 2021). In accordance with this, the country's economy continued to be unsteady after the EU accession and thus Dimitrova (2012) argues that the expectations for economic prosperity were not met, because the economic situation in the country in the years after accession did not improve as expected.

Still, a study on the public opinion towards the EU membership 10 years after accession finds that 51% of the people think that Bulgaria has gained advantages because of its membership. The failure to tackle corruption has had a detrimental effect on Bulgaria, because it not only

undermines the support for national political actors but also has a visible impact on Bulgarians' lives, which after the accession lost not only national but also EU funds. In contrast and at the same time in line with the findings of Dimitrova (2012), 65% of the Bulgarians state that their situation has neither improved nor deteriorated because of the membership (Alpha Research, 2017).

Also connected to the corruption is the third main expectation Bulgarians had - mainly to improve their image on the international scene and to continue their country's international integration. So far, the country has not been given the green light to enter neither Schengen nor the euro area. This is mainly the result of corruption, but also of lacking political will. While the governments in the previously discussed Baltic countries have remained focused and persistent to join the eurozone, the Bulgarian officials only use EU integration when they need to deflect public scrutiny. For instance, in 2020, the prime minister Boiko Borisov reasoned Bulgaria's application to the ERM II by saying that "…those who are in the euro zone and in its 'waiting room' will have billions of euros for recovery. Those who are not will have to take on debt at high interest rates." (Reuthers, 2020). The access to the Resilience and Recovery Facility (RRF) is guaranteed to all EU member states, regardless of their eurozone membership status. Furthermore, because of the political crisis the country is in, and the political parties' inability to find a compromise and form a working government, Bulgaria has as of June 2022 not received any funding from the RRF (European Commission, 2022).

Although most people have reported an increased life satisfaction since entering the EU, the trend seems to only be short-term (Nikolova & Nikolaev, 2017). This is connected to the failure to meet the high expectations of many citizens prior to the accession, which were deemed unrealistic by researchers at the time (Open Society Institute, 2006). Nevertheless, Bulgarians remained EU fans even after their accession, with the main factor supporting that trend being their distrust in the national government. This is typical for countries with lower opportunity costs of transferring power to the EU and with high levels of political instability (Tanasoiu & Colonescu, 2008). Especially young Bulgarians seem to be among the group that encourages external authority from Brussels and even opponents of EU integration might support it because of the expected benefits for future generations (Tanasoiu & Colonescu, 2008).

According to data from 2018, 45% of Bulgarians evaluated their country's membership in the EU as positive. Notably, 27% are neutral regarding the membership. Furthermore, only a small portion (15%) declared that they would vote for a party that supports exiting the union. In regard to the demographic profile, the EU opponents do not seem to share a specific

characteristic. However, it is worth noting that most people with achieved primary level of education or lower (60%) and 33% of the people with elementary education could not decide whether they support the EU membership or not. These two groups of people represent 17% of the people between 25 and 64 in the country and their lack of knowledge is potentially due to their lacking knowledge of the union (Lesenski, 2018; National Statistical Institute, 2021).

National officials bear the fault of firstly not managing their citizen's expectations, secondly not fulfilling their promises to stop corruption, and thirdly using EU policies and integration as a way to show themselves in a good light. As a result, the integration of Bulgaria has been slow and inefficient. However, as shortly mentioned above, there has been more willingness to join the euro in most recent years. In the next part, we will examine Bulgaria's journey towards the single currency so far.

2.2.2 Bulgaria's progress towards the euro

The first Borisov government communicated their will to apply for ERM II membership in 2009 but dropped its plans by the end of the same year. By 2011 the finance minister at the time, Simeon Diankov, declared that Bulgaria will wait and see how the eurozone develops in the following years and then a decision will be made whether it is still economically beneficial for the country to join (Brüggmann, 2011). As can be seen in Table 2.1, since 2012 Bulgaria's non-membership of the ERM II has been the main reason for non-compliance with the Maastricht criteria. During the second Borisov government in 2015 the new finance minister Vladislav Goranov announced that Bulgaria will initiate talks for joining the ERM II (Euractiv, 2015).

Because of the political instability no progress was made until 2018 when the then third Borisov government announced Bulgaria's official intention for joining the ERM II (Council of the EU, 2018). By July 2018, the EU institutions answered Bulgaria's request positively, but outlined some conditions. Namely, the country was to join the Banking union at the same time as the ERM II, which in turn meant that the major banks in the country had to undergo a stress test conducted by the ECB. Furthermore, Bulgaria had to commit to improve the supervision of non-financial institutions and implement the EU anti laundering rules as well as to implement the reforms from the CVM. Bulgaria had been part of the CVM since its EU accession and had consistently failed to improve the Commission's recommendations. Non-compliance with CVM does not lead to sanctions and was also not mentioned as a precondition for joining the ERM II (Council of the EU, 2018).

In preparation of joining the Banking Union the banking sector in Bulgaria had to undergo a stress test by the ECB (European Central Bank, 2019). The Bulgarian National Bank (BNB) had performed a similar stress test after the default of Corpbank in 2016 The BNB assessment covered all the financial institutions in the country (Bulgarian National Bank, 2016). ECB's assessment focused on the six banks in Bulgaria, three of which subsidiaries of large international bank groups and three Bulgarian banks. ECB concluded that the credit institutions with foreign participation performed better than the domestic ones. Notably two of the domestic banks that did not perform convincingly in BNB's stress test also showed instability in 2019 (European Central Bank, 2019; Bulgarian National Bank, 2016). Following ECB's results the two banks improved their positions and in 2020, the Bulgarian government showed political will to join the ERM II as soon as possible. The positive answer from Brussels followed shortly after and since July 2020, Bulgaria is part of the ERM II and the Banking Union (European Commission, 2020).

If only the economical requirements were considered for euro accession, Bulgaria would have long adopted the single currency. As can be seen in Table 2.1 from 2012 until 2018 the country fulfilled the criteria for inflation, public finances, long-term interest rate and because of the CBA the exchange rate between lev and euro did not change. Bulgaria has been practising very sound fiscal policy, even though the CBA and the fixed exchange rate impose challenges in monetary and fiscal policymaking. However, because of the limited functions of the BNB the banking crisis did not cause severe damages to the Bulgarian financial system. In fact, the only default of a Bulgarian bank in recent history is that of Corpbank, which occurred because of political rather than economic reasons (Marinova T. , 2016).

It is worth noting that the euro accession process changed after the euro debt crisis. The new instruments, that were implemented at the time, also impacted the convergence analysis of candidate member states. Consequently, the ECB now does not only look for the nominal convergence but also measures real convergence and other economic indicators, which might make complying more challenging (Vasiloiu, 2019). For example, one of the tools for strengthening the fiscal surveillance for all EU Member States is the macroeconomic imbalance procedure (MIP), which is now presented for all countries in the ECB's convergence reports (European Central Bank, 2022). Additionally, the reports include evaluation of the preparedness of the candidates to join the Banking union with the focus being on the Single Supervisory Mechanism (SSM), which established ECB's supervisory powers. Under the

SSM, the ECB together with national central banks directly oversees the significant credit institutions in the euro area (European Central Bank, n.d.).

Table 2. 1: Convergence criteria fulfilment by Bulgaria 2012-2022

	2012	2013	2014	2016	2018	2020	2022
HICP inflation	2,7%	2,4%	-0,8%	-1,0%	1,6%	2,6%	5,9%
Reference value	Max 3,1%	Max 2,7%	Max 1,7%	Max 0,7%	Max 1,9%	Max 1,8%	Max 4,9%
Budget deficit to GDP	2,1%	0,8%	1,5%	2,1%	-0,9%	-2,1%	4,1%
Reference value	Max 3%						
Debt-to-GDP ratio	16,3%	18,5%	18,9%	26,7%	25,4%	20,4%	25,1%
Reference value	Max 60%						
ERM II member for min 2 years	No	No	No	No	No	No	No[1]
Reference value	Yes						
Change in exchange rate	0%	0%	0%	0%	0%	0%	0%
Reference value	Max ±15%						
Long-term interest rate	5,3%	3,89%	3,52%	2,5%	1,4%	0,3%	0,5%
Reference value	Max 5,8%	Max 5,5%	Max 6,2%	Max 4,0%	Max 3,2%	Max 2,9%	Max 2,6%
Compatibility of legislation	No	No	No	No	No	No	No
Reference value	Yes						

Data source: ECB; Own table
Note:[1] As of 25.05.2022 Bulgaria has been in the ERM II for 1 year and 10 months.

Although, as mentioned, Bulgaria fulfils the nominal convergence criteria, when it comes to the real convergence criteria, the country is still far behind with a big income gap compared to other member states and the lowest real GDP per capita in the union (EuroStat, 2021). Bulgaria has shown growth in recent years, but the crises and the political instability have again slowed the positive trends. Because of the low levels of real convergence, Kirova (2020) questions

whether it is wise for Bulgaria to seek euro adoption. When it comes to the MIP indicators, Bulgaria seems to be performing well except for the nominal unit labour cost, which indicates lower productivity at a higher cost (European Central Bank, 2022).

Bulgaria's argument for joining the euro weakens completely when it comes to the quality of institutions and governance. Although the country is now part of the SSM, the country still has not met the requirements for central bank independence, the monetary financing prohibition and legal integration into the Eurosystem (European Central Bank, 2022). Furthermore, in its most recent evaluation, the ECB (2022) places Bulgaria as last in institutional quality among the other member states that have not yet adopted the euro. Notably, Croatia, who received the green light for euro adoption is not performing that well either. However, the Croatian government has been dedicated to fulfilling the law and economic requirements, while Bulgarian politicians have been fighting for a place in parliament in the three elections in 2021 (European Central Bank, 2022).

All in all, the negative evaluation Bulgaria received in the last convergence report is not surprising. Not only did the country not fulfil two of the Maastricht criteria but the institutional system is still deemed to be lacking accountability. Because of the political crisis in the country the progress of the country has been slagging. Furthermore, the focus on the known national problems with corruption as well as the topic of Republic North Macedonia's accession to the EU has pushed the debate about the euro to the side. In the next part, we will examine how that debate looked over the recent years. This will in turn offer insights on how the topic is portrayed in the media and how political actors present it to their electorate. Finally, we will see how the debate on the matter influences public opinion on euro adoption in the country.

2.2.3 Public opinions on the euro and the eurozone in Bulgaria

While researches have reached the consensus that the euro adoption will be beneficial to the country, this seems to not be the case with the Bulgarian media and pollical actors (Marinova T. , 2016), (Kirova, 2020), (Stateva, 2021). As previously discussed, nationalist parties are not a new phenomenon in Bulgaria. However, during the elections in 2021, the already existing nationalists had lost momentum and their place in the far right was taken by Kostadin Kostadinov's Revival (Vyzrazhdane). Revival is rumoured to be Russian funded and has therefore very pro-Russian opinions regarding the future of Bulgaria, including revaluating the country's membership in the EU and potentially leaving the union (BNT, 2022). As such the party can be described as a proponent of Hard Euroscepticism. Kostadinov's party only

received 4.86% from the popular votes in the last election but still made it into parliament and has a say on the country's European integration (Centralna izbiratelna komisiya, 2022).

It is worth noting that Bulgaria has set 2024 as the planned year to adopt the euro and the current government has kept the target for now. However, in order to be ready for euro adoption by then, there are some laws and policies that have to be adopted. Those can in turn only be ratified once the official plan for the euro adoption is accepted by the parliament. In May 2022, the current finance minister Asen Vasilev announced that he will be pushing the plan in the National Assembly so that the work on the technicalities can start as soon as possible (BTV, 2022). In response, some of the parties in parliament, notably also two from the governing coalition - the Bulgarian Socialist Party (BSP) and There Is Such People (ITN) declared they would not support the plan before BNB prepares and presents an analysis of the economic situation in other countries after their accession in the eurozone (BTV, 2022). Their reluctance to accept the euro can be explained by their populist agendas and by the older generation of voters both of the parties present (Gallup International, 2021). Yet it remains open why BSP and ITN do not commit to explaining the benefits of the euro adoption to their electorate and rather prefer to slow Bulgaria's integration.

According to the last Flash Eurobarometer in countries that have not yet adopted the euro, 44% of Bulgarians are in favour of the euro adoption, which is far from the highest percent of euro supporters in Romania (77%) but is the same as to Croatia (44%) (European Commission, 2021). The portion of supporters is also close to the numbers in Lithuania and Latvia right before euro accession (European Commission, 2022). Interestingly, a survey from 2018 shows that the opinions regarding Bulgaria's entry in the eurozone and the adoption of the euro drastically differ. The opponents of the euro area entry are only between 20-30% among all demographics. Here again it is notable that people with lower education tend to not have an opinion on the matter - possibly because of lacking knowledge. However, when it comes to opposing the changeover of the lev with the euro 56% of the respondents expressed their negative stance (Lesenski, 2018). Those results are in line with the Eurobarometer ones and confirm that the lowest level of support for the single currency is among the least educated, people above 60 and people living in villages (Lesenski, 2018; European Commission, 2021). Trust in the ECB has been generally stable with a few drops that coincide with drops in trust in other EU institutions (EuroStat, 2022).

One of the main thesis of euro opponents is that by adopting it, Bulgaria will lose its sovereignty and the control over its economic policy. This has been stated by Rivaval's leader Kostadin

Kostadinov but also by economist and currency reformer Prof. Steve Hanke (BTV, 2021), (Marinova E. , 2021). Hanke's interviews in Bulgarian media have been wildly spread. However, as Bulgaria already is in a CBA, the country has given up its monetary policy to the ECB and by adopting the euro no more power will be given over. As Barzakov (2022) notes, entering the euro area will ensure Bulgaria a seat at the table when deciding on monetary policies in the union.

Another common concern is the increase of prices, 76% of Bulgarians share that concern (European Commission, 2021). In connection to that, many people also believe that Bulgarians will become even poorer upon euro adoption. As presented in the previous parts of the thesis, evidence from previous accession rounds show there is no ground for those worries. Just before Bulgaria's entry in the ERM II, Prof. Hanke in an interview on the main national television in prime time expressed his opinion against Bulgaria's European integration and stated that the country risks to be in a situation like Greece during the euro debt crisis (BTV, 2020). This statement is again incorrect, simply because as indicated previously, Bulgaria exercises very strict and sound fiscal policy, something that Greece consistently did not do.

Often euro opponents, state that Bulgaria should have a referendum on the euro adoption and that the country is not lawfully committed to entering the euro area. By entering the EU every new member commits to fulfill its EMU integration, so Bulgaria has also agreed to those terms and additionally, a referendum on the topic is currently not permitted by national law (Barzakov, 2022). Overall, we can see that there is a lot of misinformation on the topic in the Bulgarian society which in turn leads to negative sentiments regarding the euro. Barzakov (2022) notes that the disinformation regarding the single currency favors the pro-Russian agenda and is mainly caused by the media coverage of the issue - serious information is lacking and the problem is framed as an argument with two sides, "for" and "against", no matter the value of the arguments.

Although the lev might be part of the Bulgarian identity, the economic advantages that come with the euro adoption outweigh the disadvantages and should therefore be the strongest argument for the single currency. Still, the euro adoption is a big change that might not always be for the best in times of crisis. Bulgarian politicians from pro-EU parties should focus on explaining the benefits of the euro to their voters and not question the need for European economic integration of the country. The experience from previous accession rounds shows that political will is incredibly important for successful euro adoption. However, since 2020

Bulgaria is in a political crisis and the ambiguity of the future seem to make the 2024 target of entering the euro almost impossible.

After having discussed the EMU, the euro adoption process, the experience of CEE countries with it and the state of European integration of Bulgaria, the quantitative part of the thesis follows. Accordingly, the methodology will be presented in the next chapter.

3 Methodology

The previous chapter presented an extensive overview of how public opinion in the EU is shaped according to the existing literature and having looked at some notable trends in how Bulgarians view the EU and the EMU. In the following part, the methodology of the study is described. After having discussed the theoretical background, it is time to look at how this study will contribute to the analysis of public opinion towards the euro in Bulgaria. First, the model of Blinder and Krueger (2004) will be presented. Then, the sample and the conducted survey and its components will be described.

3.1 Summary of the econometric model

As already mentioned, the model used in this study is based on the one by Blinder and Krueger (2004). Their study investigates how public opinion on different economic policy issues in the United States is formed and how people inform themselves on the matter. Since the research topic is similar to the topic of this master thesis, Blinder and Krueger's (2004) model is appropriate to investigate how public opinion in Bulgaria is formed. Furthermore, as the policy area of interest is close to the one handled in this thesis, the variables defining public opinion remain the same. Therefore, the model in question will be adapted easily.

According to Blinder and Krueger (2004), the opinion of a person (OP) is dependent on their self-interest (SI), their ideology or "values" (ID), their factual knowledge on the matter (K), their level of education (ED), as well as on some demographic variables, such as sex and age (X). Consequently, the basic model looks like this:

$$OP_i = f(SI_i, ID_i, K_i, ED_i, X_i) + e_{1i}$$

where e_{1i} is an error term.

The second topic of interest revolves around the level of knowledge of the individual and how and where the information is obtained. Blinder and Krueger (2004) argue that the variables that determine the economic knowledge of a person (K) are the education (ED), the desire to be informed on the topic (D), the sources used to obtain information (S), and how often information is seeked information (Q). So, the knowledge level of an individual can be expressed as followed:

$$K_i = g(ED_i, D_i, S_i, Q_i, X_i) + e_{2i}$$

where again e_{2i} is an error term.

Finally, to show the interdependence of the variables of the model, the authors (2004) try to explain how and why people choose to inform themselves:

$$S_i = h_1 (ED_i, D_i, SI_i, ID_i, X_i) + e_{3i}$$

$$Q_i = h_2 (ED_i, D_i, SI_i, ID_i, X_i) + e_{4i}$$

$$D_i = h_3 (ED_i, SI_i, ID_i, X_i) + e_{5i}$$

According to Blinder and Krueger (2004), the last three equations show that the person's self-interest, ideology, education, and desire to be informed are the variables, which influence the amount and the type of information they obtain. In combination with the desire to be informed and education, the economic knowledge of an individual can be determined, which in turn together with self-interest, ideology and knowledge construct the opinion of a person. As this study's main goal is to show what determines the public opinion in Bulgaria towards the country's accession to the EMU, the first equation can be considered the most important one.

3.2 Description of the sample and weighting

To obtain information on the public perception towards the euro and the euro area membership in Bulgaria, a survey was conducted between May and June 2022. The survey consisted of 28 questions in total and was hosted on the platform 'soscisurvey.de'. All the explanatory texts and the questions were in Bulgarian, and respondents took on average around 9 minutes to finish the survey. The number of interviews in total is 445, out of them 355 were fully finished. The survey aimed to find out Bulgarians' opinion so the sample was restricted to Bulgarian citizens or people that have been living in the country for at least 10 years. The last question in the survey gathered information on their status and consequently all the cases that did not have a positive answer to the question were excluded from the sample. This led to a sample with 351 valid cases.

Demographically the sample has the following dimensions. After grouping the cases in age groups, the most participants are between 15 and 29 (33,62%), followed by those aged from 30 to 44 (30,20%) and those between 45 and 59 years (25,36%). Only 10,83% of the respondents are above 60 years. When it comes to the gender of the respondents - 53,85% of the respondents identify with the female gender and 46,15% with the male one. The

predominant part of the sample (70,66%) has a main residence in a large town with a population of over 100 000 citizens. Medium-sized town with between 30 000 and 100 000 citizens and small town with under 30 000 citizens are the main residences of respectively 11,40% and 10,83%. Only 7,12% of the sample indicated village as their main residence. The next demographic related question concerned the education level, which for 67,24% of the sample is a first-level university degree or higher, 23,36% have obtained a high school diploma (12th grade) and 9,40% have finished just their compulsory schooling (8th grade). Lastly, respondents were asked whether they voted in the last elections for EU parliament. 58,40% answered positively, 31,91% negatively and 9,69% chose not to answer this question.

Although an effort was made to reach as a diversified group of people as possible, the obtained sample does not represent the Bulgarian population accurately. This can be observed when looking at the official data obtained by the National Statistical Institute (NSI) in 2021. When it comes to the age distribution, the largest group of Bulgarians is over 60 years old - 33,22%. The 45-59 age group represents 25,47% of the population and the two youngest groups considered in this study between 15 and 29, and 30 and 44 are respectively 16,52% and 24,79% of the Bulgarian population. When it comes to the gender distribution 2 801 030 (47,91%) of Bulgarians over 15 years identify as males and 3 044 842 (52,09%) as females. Where the sample distribution significantly deviates from the population are the indicators main residential area and the highest reached education level. As in the sample, the predominant residence areas are the large towns, where 30,49% of the Bulgarians live. However, next are the small towns with 29,29% and the villages with 22,24%. Finally, 17,98% live in medium towns with between 30 000 and 100 000 citizens. The education level of the population also differs from that of the sample with the largest group of Bulgarians over 15 having finished their education with the 12th grade in school - 53,78%. Among the population, 29,65% are holders of at least a university degree and 16,57% have an 8th grade degree as their highest achieved education (National Statistical Institute, 2021).

To tackle the differences between the sample and the population and to ensure meaningful results the responses from the survey were weighted to the Bulgarian population above 15 years old as of 2021, which amounted to 5 845 872. The survey's results were weighted to the official data of NSI for 2021 regarding age, sex, main residence area, and highest achieved education. Five different weight factors can be distinguished - for the demographic variables age, gender, residential area, and education level, as well as the cumulative factor of all the previous four parameters. The cumulative weight factor is the product of the four weight factors for the

demographic variables. This leads to a total of 351 weight factors, which is also the sample size. For the cumulative factor, each possible combination of demographic characteristics was weighted so that it would correspond to the number of times the combination is represented in the population. This was done by using the SPSS function 'Complex samples', which allowed each case to receive a weight coefficient, by which it was multiplied in the program. The weighting is done consistently for the presented findings - by either using one specific weight factor or by using the 'Complex samples' function. This ensures the meaningfulness of the findings in the following chapter and the conclusions thereafter. The weights can be found in Appendix A.

3.3 Description of the survey

The survey was done in Bulgarian and a translation to English can be found in the Appendix B. In the beginning, the aim of the study was introduced and a brief text with information on the topic was presented. The text established the main terms surrounding the topic and offered general information about the EMU and the euro accession process.

The survey can be divided in four distinctive parts. In the beginning a few questions were asked concerning the overall opinion regarding the EU and its institutions, the EMU, the eurozone, and the ECB and Bulgaria's involvement. These more general questions were followed by more specific ones aiming to determine the participant's level of self-interest, ideology as well as desire to be informed. Then, questions about the most frequently used sources were asked. In the second part of the survey, the respondent was asked to evaluate five statements concerning Bulgaria's accession to the eurozone. Next, a short knowledge test followed that consisted of factual questions regarding the EMU, the eurozone and Bulgaria's journey towards the euro so far. Finally, the fourth part includes questions on exogenous variables – gender, education, age, residential area, as well as whether the respondent voted in the last EU elections.

The opening questions of the survey had the purpose of establishing whether the respondent is in favour of the EU and its policies or rather Eurosceptic. First, the respondents were asked to indicate if they support the union and its institutions generally. The opening questions also aimed to determine the ideology variable (ID) from Blinder and Krueger's (2004) model. Since the political model in Bulgaria is different from the one in the USA, where Blinder and Krueger's model was applied, the ideology variable refers in the case of this study to the Euroscepticism. This was adopted in a previously conducted master thesis also related to the

EU, international trade and the public opinion in Austria and is also suitable for this study (Trautendorfer, 2020). Even though the topic is different, the variable still refers to the ideology of a person - either pro-European or anti-European. As already discussed, there are not many political parties and formations that are completely against the EU in Bulgaria. However, there are many political figures that do not explicitly support the full EU integration of the country. Furthermore, as the EU has a predominantly positive image in Bulgaria, it would be valuable to find out whether certain policies - in this case the EMU is as popular as the union itself. So, after that, questions about the opinion of the EMU and the trust towards the ECB were asked. The differentiation between the EU in general and the EMU, the euro and their corresponding institutions could help to establish whether a person who generally supports the EU might be against the euro and the economic policies of the EU.

To complete the picture of the respondent's opinion towards the EMU, two questions about the effect of the implementation of the euro were asked. On the one hand, about the perceived effect on the Bulgarian economy, and on the other hand on a personal level - about the respondent's everyday life. Next, by asking about the impact of the implementation of the euro on personal income the self-interest (SI) from Blinder and Krueger's (2004) model was determined. Then, the importance of being informed on the topic as well as the frequency and reasoning behind the decision to inform oneself were asked. That group of questions aimed to determine another key variable, namely the desire to inform oneself (D). Directly after that, the respondents were asked to indicate whether they use a certain source of information (S) and if yes, how often (Q).

The second part of the survey consisted of six statements about Bulgaria's entry into the euro area. The participants had to indicate how much they agree or disagree with each of them. Half of the statements indicated a positive attitude towards the euro and the other three showed more negative attitudes towards the common currency. Among the positive ones were for example such statements that correspond to the benefits promoted by the EU. For example, *The membership in the euro area will contribute to the creation of more jobs*. Among the negative ones were such sentiments that correspond to the fear of some Bulgarians. For example, *Bulgarians' savings will decrease as a result of euro area entry*.

The third part of the survey consisted of a knowledge test about the EMU and Bulgaria's journey towards the euro so far. The results from the test would refer to the variable of knowledge level from the model (K). The short test aimed to evaluate how much information the participants have obtained. The first few questions focused on the functioning of the EMU

and the role of the ECB and included questions like: *Which of the following is not part of the convergence criteria for joining the euro area?* The last three questions focused rather on the Bulgarian perspective and included questions like: *What is the planned adoption date for the euro in Bulgaria, announced by the Bulgarian government?* Most of the questions were intentionally more complicated. Still, since the aim of the study is to evaluate the knowledge of everyday citizens, some questions could be easily answered by an average regular news watcher.

The last part of the survey included questions on the demographic variables (X) - education (ED), age, area of residence, and gender. This part also included a question on whether the participant voted in the last EU elections. In the end, the respondent had to confirm to either being a Bulgarian citizen or having lived in Bulgaria for at least 10 years.

The next part presents the results from the conducted survey. Following Blinder and Krueger's study (2004) first some descriptive statistics regarding the variables in the model will be presented. Next, the results after applying the model will be discussed to find out what are the determinants of public opinion toward the euro in Bulgaria.

4 Findings

This chapter will present and discuss the results of the conducted study. First, some insights concerning the main variables - desire to be informed, sources, and knowledge level will be discussed. Then, the findings from Blinder and Krueger's (2004) model on public opinion and knowledge will be presented.

4.1 Descriptive statistics

First, following Blinder and Krueger's (2004) methodology, some findings about the desire to be informed, sources, and knowledge level of the participants in the study will be presented. As already discussed, the sample size is 351, and weights were added for a more accurate representation. Just as in Blinder and Krueger's (2004), the first variable to be analysed will be the desire to be informed (D).

4.1.1 Desire to be informed (D) about the euro in Bulgaria

The desire to be informed (D) is one of the key variables in the model and the results on it will be presented first. Most of the respondents indicated that it is either 'Rather important' (28,53%) or 'Very important' (40,11%) for them to be informed on the topic of Bulgaria's accession to the eurozone. This is in strong contrast to the total of 31,37% of the sample who indicated that gaining information on the topic is 'Rather not important' or entirely 'Not important'. The first step in the analysis is running χ^2-tests of independence for the demographic variables. It can be concluded that there are no significant differences by gender and age, as both χ^2-tests showed p-values above the 10%. There are observed differences by education level (χ^2=107,38, p<0,001) with people with higher achieved education finding information on the topic more important. Furthermore, differences in the main residential area seem to be relevant (χ^2=74,49, p<0,001).

To determine the ideology variable (ID) the survey included questions in the beginning on whether the participants considered themselves supporters of the EU and whether they trust the EU institutions. This first question helped identify the Eurosceptics among the respondents. As anticipated, based on the statistical data from the previous part, the majority answered that they support the EU - with 'Yes' (23,59%) or 'Rather yes' (36,78%). As expected, there is a relationship between whether the respondent is a supporter of the EU and the importance of

staying informed (χ^2=95,21, p<0,001). A further question related to the ideology of the respondent asked whether she trusts the EU institutions, here the answers are divided almost evenly with 48,49% answering negatively. The respondents that indicated that they rather trust or trust the EU institutions amount to 47,81% and 3,70% have not thought about it. The trust in the EU institutions also relates to the importance of staying informed on the topic at hand (χ^2=58,00, p<0,001).

Following the model, it would further be of interest whether the desire to be informed is related to self-interest (SI). As Blinder and Krueger (2004) also mentioned, it is quite challenging to identify the self-interest of a person. In the conducted survey, the approach they suggested was applied and the self-interest variable was identified by asking whether the eurozone membership will have a positive impact on the person's income. To this question the majority had a negative answer - 58,43% said 'No' and 15,75% said 'Rather no'. Of the rest, only 3,93% answered with 'Yes' and 17,61% with 'Rather yes'. 4,29% of the sample said they have not thought about it. Crosstabulations and χ^2-tests show that there is a relation between the variables (D) and (SI) (χ^2=102,28, p<0,001).

Having discussed the desire of the respondents to be informed, it would also be of interest to see whether they feel well-informed enough on the topic of Bulgaria's future eurozone participation and the euro adoption in the country. Keeping in mind the high levels of importance the participants indicated, it is quite surprising to see that the majority does not feel well informed on the topic of the euro and Bulgaria's progress towards it so far - 60,23% answered that they evaluate themselves as at least rather not well informed. The part of the people who have not thought about it is 13,43%. 21,57% said they were rather well informed and only 4,78% answered completely positively. Here it is relevant to note that out of the respondents that find being informed about the topic at hand as 'Very important', 56,20% indicated that they are not well informed. Furthermore, 61,90% of the respondents that said it is rather important to be informed do not feel like they know enough about the topic.

Another question connected to the desire to be informed was whether and how often the respondents actively seek information. The biggest part of the sample (38,07%) says they never seek information on the topic followed by the 29,44% that sometimes seek information actively. Only 8,66% reportedly seek information daily. A large group of people (23,83%) said they receive their knowledge on their topic without actively seeking it. Expectedly, there is a relationship between the importance of keeping informed and how frequently one actively

seeks information (χ^2=233,05, p<0,001). Namely, the people that find the topic is not important, also tend to actively inform themselves less.

Following Blinder and Krueger's (2004) approach, the next step was to run a probit ordinal regression model with the dependent variable (D) using all variables that were previously identified as significant: education level, main residential area, whether the respondent supports the EU (ID) and whether the respondent will have a personal gain from the euro area membership (SI). The regression is presented in Table 4.1 below. The education, main residential area, and the support for the EU proved to be significant predictors of the desire of individuals to inform themselves on the topic. A higher achieved level of education, living in larger towns, and supporting the EU in general increase the desire to be informed.

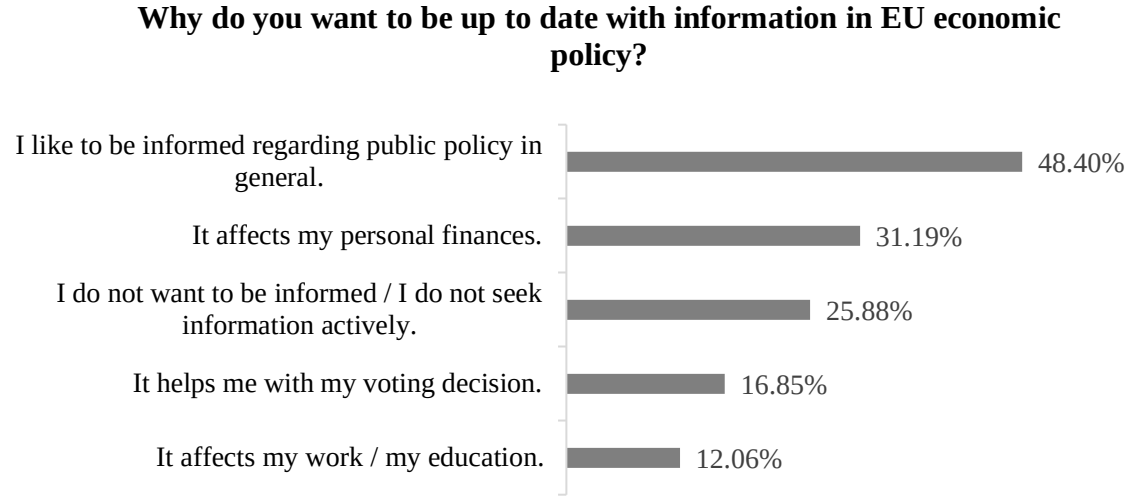
Having established what factors determine the desire to be informed, it would also be of significance to see what the respondents indicate as their reasoning for keeping up to date with news and information on the economic policies, the euro, and the eurozone. Figure 1 shows that almost 50% state that their interest in EU economic policies stems from their general desire to be informed regarding public policy. Notably, 31,19% stated that the topic impacts their personal finances. In contrast, only 12,06% follow the news on the topic because of their work or education. It is also noteworthy that a significant part of the respondents said they do not wish to follow the topic, namely 25,88%. Only 16,85% state that the information on the topic impacts their voting decision. The question about the desire to be informed also included a possibility to add an open answer. Some of the respondents said their interest is mainly to maintain common knowledge and some noted that although they wish to keep informed, they struggle because of the not that many reliable sources on the matter.

Table 4. 1: Ordinal probit regression with dependent variable desire to be informed (D)

Independent variable	4.1-1
Main residential area	
Large town[1]	0,757***
	(0,105)
Medium large town	1,127***
	(0,121)
Small town	1,106***
	(0,113)
Level of education	
High school diploma[2]	0,520***
	(0,049)
First-level university degree or higher	1,350***
	(0,113)
Is there self-interest?	
No[3]	0,312***
	(0,108)
Rather no	0,338***
	(0,092)
Rather yes	0,147***
	(0,052)
Yes	0,262***
	(0,072)
Supporter of the EU?	
No[4]	-0,139
	(0,220)
Rather no	0,183
	(0,128)
Rather yes	0,319
	(0,383)
Yes	1,411***
	(0,482)
Pseudo R^2 (Nagelkerke)	0,453

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
*Note: The dependent variable is the desire to be informed *** denotes significantly different from zero at the 1 percent level; ** denotes significantly different from zero at the 5 percent level; * denotes significantly different from zero at the 10 percent level.*
[1] omitted category is 'Village'.
[2] omitted category is 'Compulsory schooling'.
[3, 4] omitted categories are 'I have not thought about it'.

Figure 4. 1: Reasons for keeping informed on the topic of European economic policies



Source: Data from author's survey.

Note: Numbers sum to more than 100% as multiple answer choices were possible.

Looking for differences based on demographics, when it comes to the gender of the respondent, there was no significant difference other than a bigger part of the male respondents indicating they want to be informed because the topic impacts their personal finances. Most of the people with only compulsory education said they do not wish to be informed at all and respectively only a few checked any other answers. The youngest group of respondents showed the highest desire to be informed. Furthermore, people living in villages differentiated significantly from any of the citizens with their low desire to be informed on the topic. It is also worth noting that among the people that said they voted in the last EU elections, only 22,10% answered that they keep informed on EU economic policies because it helps their voting decision.

4.1.2 Sources (S) used for gaining knowledge and their intensity of the usage (Q)

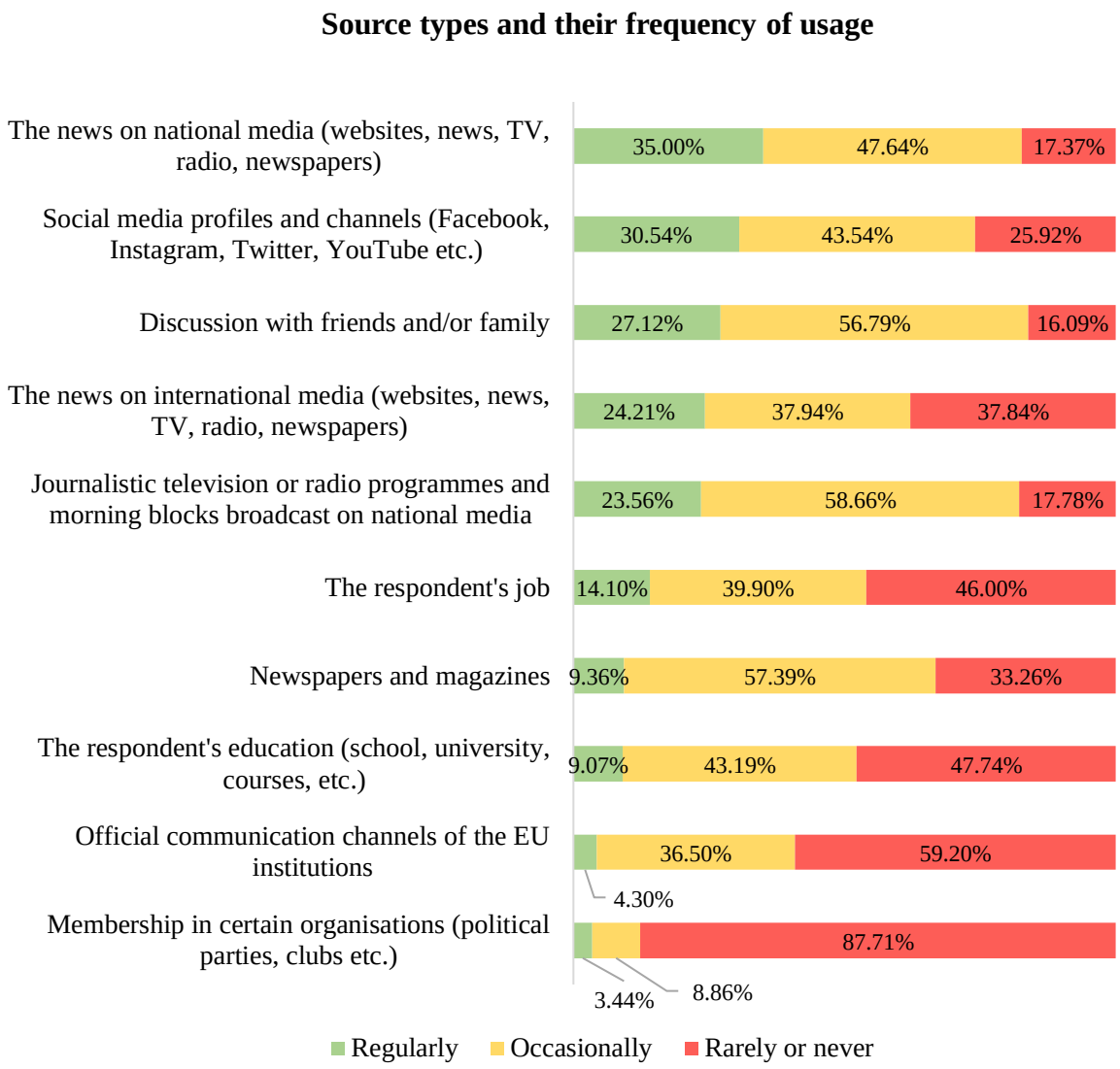
Following Blinder and Kruger's (2004) method, a portion of the survey asked participants to indicate whether and how often they use 10 different information source types. Some of the source types were kept from the original study, but since Blinder and Kruger's (2004) paper is 18 years old, some of the source types were adopted to those popular in the 20s. For example, the inclusion of social media was necessary. Furthermore, as the study at hand handles EU matters, the official communication channels of the EU were included as a possible knowledge source. Keeping in mind the differences in information presentation of EU issues in national media, the differentiation had to be made between national and international media. It is also

noteworthy that debates about the advantages and disadvantages of the euro often take place in television or radio programmes or morning blocks on national television. Therefore, specifically, this kind of programmes was included as a possible source. The results can be seen in Figure 4.2.

As can be seen in Figure 4.2, the most regularly used source is the news on national media. Furthermore, over 30% of the sample regularly use social media as a knowledge source. Discussions with friends and family are the third most used source but over 50% of the sample indicated that they occasionally use them as a source. News on international media is overall less used as a knowledge source by Bulgarians and television and radio programmes and morning blocks are the most used source on an occasional basis. Among the least used sources are the memberships in certain organisations and more notably the official communication channels of the EU institutions. Around 50% of the respondents indicated that they never get their information from their education or their job. Only around 30% said they never or rarely get their information from newspapers and magazines. Here again, it was possible to specify a source or to add one that was not in the selection. Some of the respondents mentioned they follow economists or politicians online or listen to podcasts.

Demographic indicators as well as whether the individual has self-interest in the euro adoption and whether they are Eurosceptic had little significance in the choice and the frequency of usage of a source. Overall, the gender did not influence the choice of source type. Expectedly, the respondents with higher education level indicated their education or their job as a source more often. Notably, individuals with a lower achieved level of education most commonly use the national media as a source. The same trend can be seen among the age group of respondents over 60 years, who choose national media more often than the youngest age group of 15- to 29-year-olds, who more frequently use international media as a knowledge source. When it comes to the living area, it is notable that people in large towns more commonly use their education or job as a knowledge source. At the same time, people living in villages rely strongly on discussions with friends and family as their source of knowledge on the topic. Whether the respondents were Eurosceptic and had self-interest in the adoption of the euro proved irrelevant for their source selection. However, it is noteworthy that even among the supporters of the EU, the official communication channels of the EU institutions were not a popular choice for a source.

Figure 4. 2: Knowledge sources and their frequency of usage



Source: Data from author's survey.

Following Blinder and Krueger's (2004) model, to evaluate the theoretical variable Q_i, two measures of how often each respondent used a certain source were constructed. The intensity of usage was determined by setting the number of sources used "regularly or often", "occasionally," or "rarely or never" as respectfully s_1, s_2, s_3. Then the total number of sources can be set to s, which is the sum of $s_1+s_2+s_3$. "Then define Q_H ("quantity high") and Q_L ("quantity low") respectively as s_1/s and s_3/s. Q_H and Q_L thus measure the intensity of information use and lack of intensity, respectfully." (Blinder & Krueger, 2004, p. 15).

Table 4.2 shows the frequency distributions of the two variables in the weighted sample. For Q_H (high intensity) the frequency distribution is predominately in the low range. Over 44% of the respondents have a frequency of Q_H lower than 0,1. This shows that most of the population

does not use their sources in an overly manner. Namely, only around 15% of the respondents have a Q_H greater than 0,5, which would suggest a more frequent usage of their sources. As can be seen in the table, the distribution of the variable Q_L (low intensity) is rather in the low end - over 65% of the respondents have Q_L below 0,5. This somewhat contradicts the previous findings for Q_H which indicated that the sources are not used so frequently.

Examining the intensity of the source usage in relation to the demographic variables and the self-interest and identity variable did not prove to be of great use. There are some indications that EU supporters tend to have higher frequencies of Q_H and people with higher achieved education have lower Q_L, but the results are rather inconclusive. This raises the concern that was also mentioned by Blinder and Krueger (2004), namely that the way in which the intensity of source usage is determined might be flawed.

Table 4. 2: Frequency of usage of sources

Range	**Frequency for Q_H**	**Frequency for Q_L**
$0,0 \leq Q_i < 0,1$	44,80%	5,93%
$0,1 \leq Q_i < 0,2$	13,12%	17,90%
$0,2 \leq Q_i < 0,3$	9,53%	13,78%
$0,3 \leq Q_i < 0,4$	11,30%	12,75%
$0,4 \leq Q_i < 0,5$	6,14%	14,75%
$0,5 \leq Q_i < 0,6$	4,26%	7,02%
$0,6 \leq Q_i < 0,7$	7,47%	9,54%
$0,7 \leq Q_i < 0,8$	3,25%	9,34%
$0,8 \leq Q_i < 0,9$	0,05%	0,74%
$0,9 \leq Q_i < 1,0$	0,07%	8,26%

Source: Data from author's survey.

4.1.3 Bulgarians' knowledge (K) on the topic of the EMU, its institutions, the euro, and the country's euro adoption journey

As already mentioned earlier, the third part of the survey consisted of a knowledge test that aimed to determine whether and how well the respondents were informed on the topic. The test consisted of seven questions, four of which were on the topic of the EMU, its institutions, the eurozone, and the euro as well as three further questions on Bulgaria's journey towards euro adoption. Table 4.3 below shows all the questions, and the correct answers are accordingly highlighted. Furthermore, the response rates for each answer are shown with the percentage of the most often chosen answer again being highlighted.

Table 4. 3: Knowledge questions with correct answers and answer rates

1. By whom are banks in eurozone countries supervised?	
o All banks continue to be supervised by the national banks (in Bulgaria by the Bulgarian National Bank).	7,87%
o All banks are supervised by the ECB.	16,83%
o Some banks are supervised by the ECB, while others by the national banks the supervision authority changes every two years.	5,67%
o Highly important banks are supervised by the ECB while smaller banks stay under the supervision of the national bank.	8,03%
o I do not know	61,60%
2. Which of the following is not part of the convergence criteria for joining the euro area?	
o HICP inflation.	7,65%
o Government budget deficit.	1,08%
o Government debt-to-GDP ratio.	7,96%
o Exchange rate stability.	6,08%
o Short-term interest rates.	15,45%
o I do not know	61,78%
3. For at least how long does a country need to be part of the ERM II in order to be considered for an accession to the EMU?	
o For at least two years	12,50%
o For at least five years	6,24%
o There is no time frame	15,12%
o For however long the ECB decides	9,33%
o I do not know	56,81%
4. What is the main objective of the ECB?	
o Offer advisory to national governments on fiscal policy.	15,12%
o Maintain price stability.	14,76%
o Lower the unemployment rate.	5,38%
o Prevent banks in the union from defaulting.	9,52%
o I do not know.	55,22%
5. When did Bulgaria join the ERM II?	
o When the country joined the EU in 2007	6,04%
o In 2010	2,71%
o In 2020	23,99%
o Bulgaria has not joined the ERM II yet	15,86%
o I do not know	51,41%
6. What is the relationship between the lev and the euro?	
o The exchange rate between the two is flexible.	0,72%

o The lev is pegged to the euro through a currency board since 1999.	41,78%
o The lev is pegged to the euro through a currency board since Bulgaria joined the EU.	18,16%
o The exchange rate between the two is fixed without a currency board.	5,16%
o I do not know.	34,18%
7. What is the planned adoption date for the euro in Bulgaria, announced by the Bulgarian government?	
o The government has not announced a specific date yet.	1,90%
o Bulgaria is set to adopt the euro on 01.01.2024.	46,80%
o Bulgaria is set to adopt the euro on 01.01.2023, at the same time as Croatia.	8,30%
o Bulgaria is set to adopt the euro on 01.01.2026.	0,60%
o I do not know.	42,40%

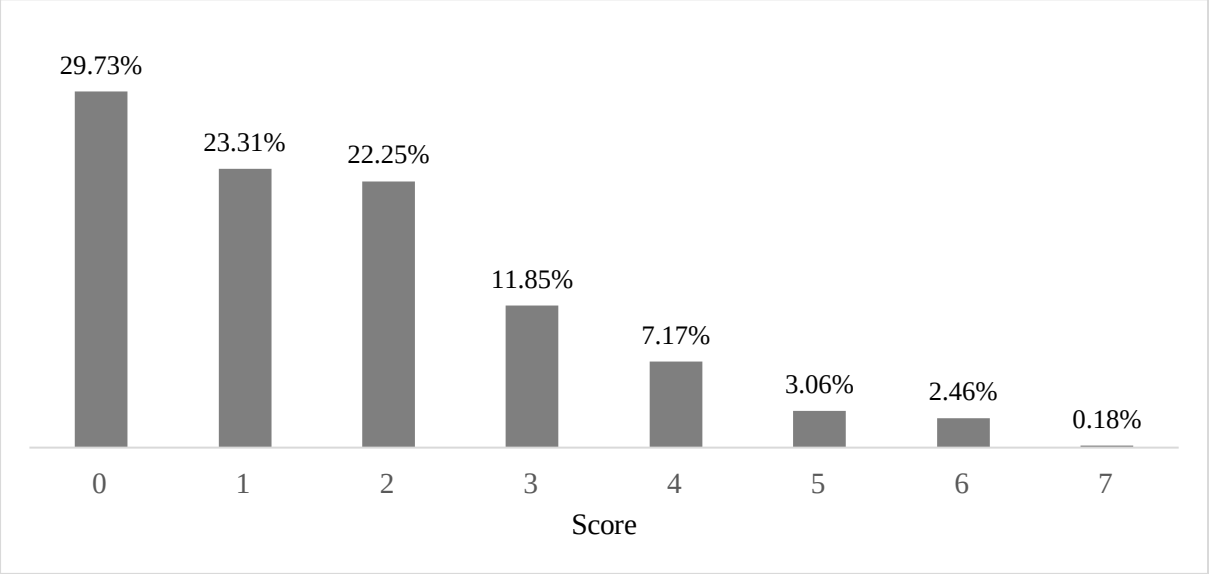
Source: Data from author's survey.

As can be seen in Table 4.3, in five out of the seven cases the majority of the sample did not answer correctly. It is also noteworthy that the two questions, in which the most answered statement is the correct one, are related to Bulgaria and its relationship to the euro. When it comes to the question about the currency board, the high number of correct responses is probably due to the high number of people that use the euro and are aware of the exchange rate of the Bulgarian lev (European Commission, 2021). The high percentage of correctly answered the last question about the planned euro adoption date could be explained by the timing in which the survey was conducted. Namely, in May 2022 the finance minister at the time Asen Vasilev announced that the government will try and maintain the timeline for euro adoption in 2024 (BTV, 2022). The percentage of correctly chosen answers for the other question varies but seems to be lowest for the first question, which concerns the supervision of the banks in the euro area.

In order to determine the knowledge level of each respondent (K), following Blinder and Krueger's (2004) methodology an individual knowledge score was calculated for each respondent. Consequently, every correctly answered question brought one point, and every false or "I do not know" answer brought zero points to the respondent. So, the minimum obtainable score was zero, and the maximum was seven. Figure 4.3 shows the distribution of the knowledge scores among the respondents. Calculations show that the mean is 1,63 with a standard deviation of 0,052. The mode is 0 and the median is 1, meaning that half of the sample achieved a score below one and the other half above it. The distribution of the knowledge

scores shows a rather alarming picture of a population with rather little knowledge on the topic of the euro.

Figure 4. 3: Knowledge score distribution across the sample

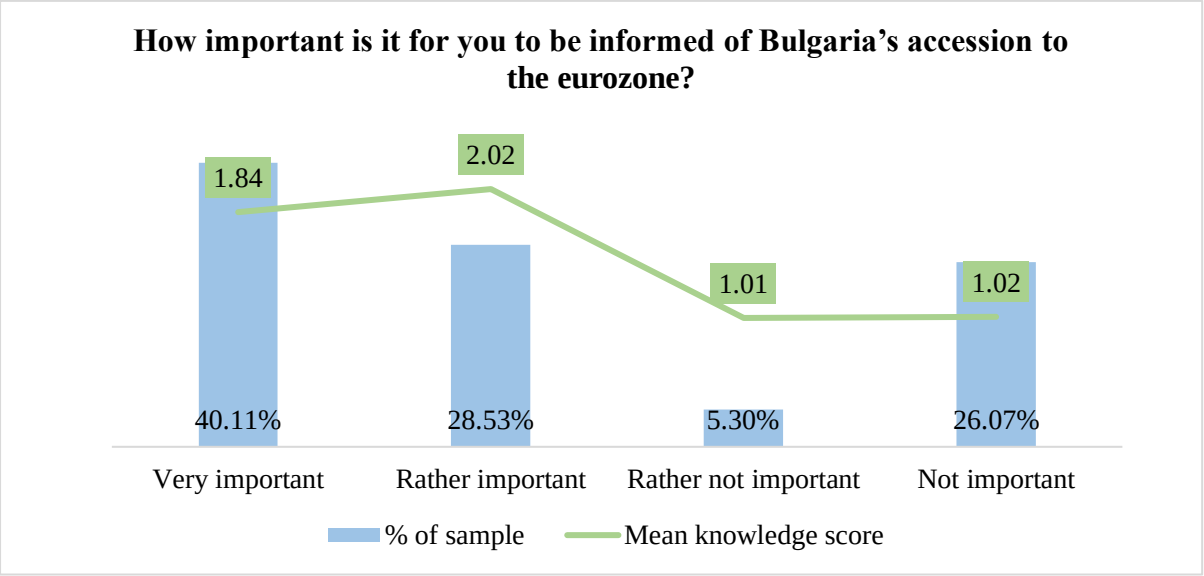


Source: Data from author's survey.

Crosstabulations showed that the age and education variables as well as the Euroscepticism and self-interest variables have significant relations with the knowledge scores of the participants. The best performing age group was the one between 15 and 29, who scored on average 2,45 points, while the worst performing are respondents over 60, who scored 1,81 on average. People with higher achieved education expectedly achieved higher scores. Namely, the respondents with achieved at least a first level of higher education had 2,77 correct answers on average while people with high school and compulsory schooling diplomas had accordingly, 1,62 and 0,69 points on average. The EU supporters and people that expected to be positively impacted by the euro introduction also achieved higher results on the test. It is noteworthy that people who said they voted in the last EU election consistently performed better than those who chose not to answer or answered negatively.

People who stated it is at least rather important to be informed on the topic also performed better. As can be seen in Figure 4.4, the group of respondents that stated it is very important to keep informed did not achieve the highest score on the knowledge test. Still, people who stated it is at least rather important to keep informed on the matter did 0,91 points better than the people that find the topic at least rather not important. This shows that although the overall knowledge level is pretty low, evaluation keeping up with the topic as important leads to higher knowledge scores.

Figure 4. 4: Knowledge score by importance of keeping informed



Source: Data from author's survey.

In a next step, the quality of the sources of information needed to be evaluated by establishing the mean knowledge score of their users. Table 4.4 shows the mean knowledge scores of respondents that indicated they used a source 'regularly'. Notably, people that said they regularly inform themselves through the official communication channels of the EU seem to achieve scores way above the sample's mean. However, as already discussed this source is not that popular (only 4,30% of the sample are regular users). Consumers of national and international media as well as of social media profiles and publications on the topic also perform better than the average. Those sources are also among the most used by the respondents, so their being in the upper part of the table is a positive trend. It is noteworthy that education does not seem to be a very reliable source in this context.

When examining the results, it is important to keep in mind that the knowledge quiz was very limited - it included only seven questions. As such, it cannot really be used to evaluate the reliability and quality of the information sources at hand. However, the quiz included a variety of questions, and some conclusions about the users of specific sources can be obtained. For example, the higher knowledge score of people regularly using official EU communication channels as a source can be explained by their higher interest in the topic. Since this source is very specific, it could be expected that people, who use it regularly are more up to date with their information. It is also interesting that discussions with friends and family do not lead to higher knowledge scores in this case. This could be because this source is used wildly by respondents living in villages, who also achieved lower knowledge scores overall.

Table 4. 4: Achieved knowledge score by used sources

Source type	Mean knowledge score	% of sample
Official communication channels of the EU institutions	2,76	4,30%
The news on national media (websites, news, TV, radio, newspapers)	2,16	35,00%
The news on international media (websites, news, TV, radio, newspapers)	2,05	24,21%
Social media profiles and channels (Facebook, Instagram, Twitter, YouTube etc.)	2,05	30,54%
Journalistic television or radio programmes and morning blocks broadcast on national media	1,86	23,56%
The respondent's job	1,85	14,10%
The respondent's education (school, university, courses, etc.)	1,83	9,07%
Newspapers and magazines	1,71	9,36%
Discussion with friends and/or family	1,60	27,12%
Membership in certain organisations (political parties, clubs etc.)	1,41	3,44%

Source: Data from author's survey.

[1] Numbers sum to more than 100% as multiple answer choices were possible.

Next, following Blinder and Krueger's methodology (2004), the impact of using more sources on the individual knowledge score was examined. Namely, as can be seen in Table 4.5, the higher the number of regularly used sources, the higher knowledge score was achieved. Especially, respondents who reportedly use more than five sources on the regular tend to achieve especially high results in comparison with the rest of the sample - over double the sample's mean.

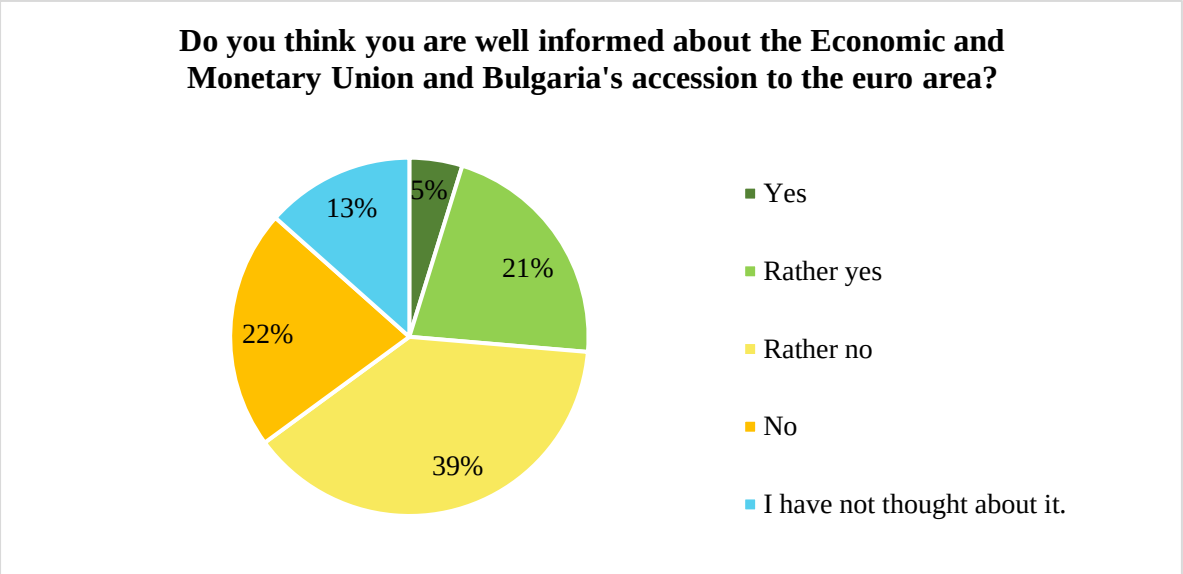
Table 4. 5: Knowledge score, by number of sources used regularly

Number of used sources	Mean knowledge score	% of the sample
0	1,19	44,80%
1	1,90	13,12%
2	2,31	9,53%
3	1,91	11,30%
4	2,51	6,15%
5 or more	3,44	15,10%

Source: Data from author's survey.

All in all, the knowledge of Bulgarians on the topic of the EMU, the eurozone, and the country's journey towards the euro seems to be rather lacklustre. This in part corresponds to the results presented in Figure 4.5 about how informed the respondents feel. Only about a quarter of the respondents feel informed, while the majority do not feel confident with their knowledge on the topic.

Figure 4. 5: Self-reported level of knowledge



Source: Data from author's survey.

Although the findings on the knowledge of Bulgarians on the topic of the euro and its adoption are disappointing, there are some positive trends, namely that the higher number of sources increases the knowledge significantly and that people who identify the topic as important tend to inform themselves better. In the next part, the focus will go back to the core of the thesis - namely the public opinion on the topic and the general feelings on the topic of further EU integration.

4.1.4 Public opinion (OP) on the EU, the euro and perception of the euro adoption

At the beginning of the survey, a few questions were asked to evaluate how the respondents feel regarding the EU in general, the eurozone, and the euro adoption in Bulgaria. As previously mentioned, the first two questions were regarding whether the respondents are supporters of the EU and whether they trust the EU institutions. 60,37% answered positively on the first question and 47,81% said they rather trust or trust the EU institutions. The negative answers were 34,55% and 48,49% for each question accordingly. Around 4% of the respondents indicated they have not thought about it. Those results confirm the earlier established positive

attitudes towards the union in Bulgaria. They also are in line with the results of the Eurobarometer and other sociological research on the topic.

The next two questions are more specific about the EMU and the ECB. Remarkably, here the results are predominately negative, with 45,49% saying they do not support policies such as the EMU and 45,42% indicating they do not trust the ECB. The percentages of respondents answering with 'rather yes' and 'yes' were in total 39,35% and 39,89% for the respective question. An interesting observation is that a rather high percentage said they have not thought about whether they support such policies and trust the ECB. This could be because the question is not really on the front pages - there are other problems that have been more discussed recently. However, there could also be a portion of the people who do not have enough knowledge about the EMU and the ECB. This proposition would be in line with the previously presented findings from the knowledge quiz.

The outcomes from the first few questions were further confirmed by the only 26,81% that answered 'rather yes' or 'yes' when asked whether they think it is important for Bulgaria to join the euro area. A much larger percentage 70,66% responded negatively and 2,53% did not have an answer. When it comes to the expected effect of the euro adoption, just 21,54% said they expected it to be positive for Bulgaria and only 18,78% expect a positive impact on their everyday life. The percentages of the respondent with negative expectations are much higher - 76,48% expect negative outcomes for the country's economy and 73,95% for themselves. A higher percentage (7,27%) have not thought about the consequences for themselves, in comparison, only 1,97% have not thought about the effect on the country after entering the euro area. The results from these last few questions show that the expectations regarding the euro in Bulgaria are rather negative. Those results are also in line with previous research that showed that when it comes to the euro and its adoption, there is a strong uncertainty and negative opinions amongst Bulgarians. This contrasts with the expectations prior to the EU entry that was predominately positive.

In a next step, the relationships between the results from the above discussed questions and the previously presented demographic variables, as well as the introduced variables for self-interest, Euroscepticism, knowledge, and used sources will be explored. Crosstabulations show that as expected, whether a person is an EU supporter or not influences their opinion on the euro, the eurozone, and the adoption of the currency in Bulgaria. Notably, the self-interest variable is also significant and people with higher self-interest tend to be more in favour of the euro. From the demographic variables, only education did not prove to be highly significant

when it comes to the question 'Do you consider yourself a supporter of the EU?'. However, the variable still showed significance (p=0,001) and will be included in further research. Overall, the crosstabulations showed that women from the age group 60+ who live in large towns tend to have a more positive attitude towards the EU and the euro. The number of used sources is also significant for a person's opinion - a higher number of sources seems to increase the likelihood of supporting the euro. χ^2-tests for the knowledge score show that it also has a significant relationship with whether the respondents support the EU and the euro or not.

In a later part of the survey the participants were asked to evaluate whether and how strongly they agree with six different statements - three sentences with statements in favour of the euro adoption and three against. Table 4.6 shows the results of the evaluations. The highest percentages of the three positive sentences are highlighted in green while the highest percentages of the three negative sentences are highlighted in red.

As can be seen, the majority of the sample disagrees that the euro adoption will help to converge the Bulgarian economy towards the Western European ones - 50,06% 'totally disagree' and 19,88% 'somewhat disagree'. This shows that the argument in favour of the euro is not really accepted amongst Bulgarians. 37,80% of the respondents neither agree nor disagree with the statement that the euro will improve the stability of the bank sector in the country. What is more, 34,23% 'somewhat disagree' or 'totally disagree'. Since there has been some instability in national Bulgarian banks in recent years, improving bank stability should in theory speak in favour of the euro. However, the argument seems to not hold in the eyes of Bulgarians. This could be because of the euro debt crisis which showed the drawbacks of the euro area membership for some national banks. Another strong argument in favour of the accession of the euro - the possibility of creating new jobs, is not really accepted by the respondents either - 31,40% neither agree nor disagree but 54,09% answer negatively. This confirms the overall insecurity on the positive sides of the euro adoption, which is in contrast with the perceived negative sides.

All the negative statements have a higher percentage of agreement than disagreement. The highest percentage is for the statement that prices will increase upon euro adoption - 55,06% 'totally agree' and 25,79% 'somewhat agree'. Although, as previously discussed, there is a trend of small price increases in countries that enter the euro, the difference does reportedly not hold in the long term. The price increase is prevented by obliging vendors to show the prices in both currencies, which should protect the customers and offer transparency. The last statement is somewhat connected to the one about the prices and also has a high percentage of

support - 59,61% of the respondents expect to have fewer savings because of the euro adoption. This argument is quite popular in the media debates about the euro in the country, but it is false - the Bulgarian lev and the euro are pegged with a currency board. So, as explained earlier in the thesis there is no risk of devaluation. Finally, the statement 'By joining the euro, Bulgaria will lose part of its national identity' seems to be the most divisive one - 47,60% agree and 44,14% disagree, while 8,26% of the respondents are neutral. The statement is also popular amongst euro proponents and is purely an emotional one. The division shows that although some people still hold on to their purely national identity, and hence to the lev as a symbol of it, there are people that have moved on from that mentality.

Crosstabulations showed highly significant relationships between the independent variables and the six statements in almost all cases (p-values below 0,001). The only exception was education and the fourth sentence, which showed lower significance (p=0,003). The outcomes of the crosstabulations with the demographic variables did not yield much information on what the relationship with the answers regarding the statements might be. However, once again the reliability of the Euroscepticism variable and the variable that indicates self-interest in euro adoption was proven. Self-proclaimed supporters of the EU and people with higher self-interest agreed more with the euro's positive statements and tendentially rejected the three arguments against the euro.

Table 4. 6: Results from evaluation of statements

	Totally disagree	Somewhat disagree	Neutral	Somewhat agree	Totally agree
Joining the euro area would minimize the possibility of national bank failures.	19,11%	15,12%	37,80%	13,74%	14,23%
Participation in the euro area will contribute to the creation of more jobs.	35,31%	18,78%	31,40%	8,60%	5,92%
Access to the euro as a national currency will lead to increased prices.	10,25%	4,07%	4,82%	25,79%	55,06%
Entry into eurozone will bring Bulgaria`s economy closer to that of the Western Europe.	50,06%	19,88%	9,79%	14,05%	6,21%
By joining the euro, Bulgaria will lose part of its national identity.	28,09%	16,05%	8,26%	13,42%	34,18%
Bulgarians` savings will decrease as a result of joining the euro area.	28,10%	4,86%	7,42%	14,38%	45,23%

Source: Data from author's survey.
Note: Percentages for statements with negative connotations are coloured red.

All in all, public opinion on the euro adoption in Bulgaria is rather negative. This is in contrast with the relatively high support of the EU and its institutions in general. Those results were further confirmed by the evaluation of different statements that are popular arguments in favour of and against the euro. Again, the results showed a predominately negative attitude towards the euro and the consequences for Bulgaria and its citizen after the adoption of the common currency. This concludes the part of the analysis that presented the results from the survey regarding the variables determining public opinion. The next chapter extends the findings so far and focuses on the model from the underlying paper of Blinder & Krueger (2004).

4.2 The econometric model for establishing the determinants of public opinion

The following chapter discusses the results from the five-equation regression model of Blinder & Krueger (2004) that was presented in the methodology part of the master thesis. The analysis aims to determine not only the factors that influence Bulgarian's opinion and knowledge of the euro and its adoption in the country but also, to estimate the relative roles of each of the variables. While the results presented in the thesis are all weighted, the unweighted regression tables can be found in Appendix C. In Appendix C the unweighted results of the opinion-related questions form the survey can also be found.

4.2.1 Determinants of Bulgarians' knowledge level (K)

Starting with the second equation from the Blinder & Krueger model (2004), the following section aims to determine whether and how the quantity and nature of the information sources, the desire to be informed, education, and other demographic variables determine the knowledge level (K) of the respondents. Blinder & Krueger's model (2004) introduces the variables Q_L and Q_H to evaluate the information sources. They also attempted introducing dummy variables for each of the sources used 'regularly' or 'occasionally', which in their case proved not to be fruitful. In the case of the master thesis, the introduction of dummy variables for the ten information sources proved to also not have significant results - only five out of the 22 variables were significant at the 10 percent level and the other results hardly changed. Therefore, just like the authors, this linear regression model will be omitted.

Table 4.7 shows the three linear regression models with the knowledge scores from the quiz (K) as the dependent variable. The first column (4.7-1) shows the first regression which includes the demographic factors as well as Q_L and Q_H as the independent variables. The second column (4.7-2) than presents a regression in which the desire to be informed is added as an independent variable. The final column (4.7-3) presents the third regression which includes all the independent variables so far and the ideology variable or in this case whether the person is a supporter of the EU (or whether there was Euroscepticism) was added. Just like Blinder & Krueger (2004), a fourth regression was run but as already mentioned its results neither proved to be significant nor did they improve the model. Therefore, it was not included in the table below.

Table 4. 7: Regressions Explaining Respondents' Knowledge Scores

Independent variable	4.7-1	4.7-2	4.7-3
Age	-0,092*	-0,079	-0,023
	(0,052)	(0,049)	(0,047)
Female[1]	-0,412***	-0,444***	-0,301***
	(0,111)	(0,119)	(0,108)
Level of education			
High school diploma[2]	0,187***	0,106**	0,361***
	(0,045)	(0,044)	(0,062)
First-level university degree or higher	1,638***	1,375***	1,938***
	(0,123)	(0,122)	(0,115)
Main residential area			
Small town[3]	-0,336***	-0,543***	-0,174
	(0,117)	(0,115)	(0,137)
Medium-large town	-0,314**	-0,558***	-0,372**
	(0,145)	(0,155)	(0,171)
Large town	-0,023	-0,191	0,082
	(0,118)	(0,119)	(0,151)
Intensity of usage			
Q_H	-0,479**	-0,405*	-0,213
	(0,236)	(0,223)	(0,180)
Q_L	0,627**	0,280	0,644**
	(0,283)	(0,335)	(0,323)
Desire to be informed			
Rather important[4]		0,598***	0,426**
		(0,162)	(0,207)
Very important		0,491***	0,248
		(0,124)	(0,191)
Supporter of the EU			
Rather yes[5]			0,457***
			(0,113)
Yes			0,906***
			(0,180)
Adjusted R^2	0,234	0,247	0,643

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
Note: The dependent variable is the knowledge score.
**** denotes significantly different from zero at the 1 percent level; ** denotes significantly different from zero at the 5 percent level; * denotes significantly different from zero at the 10 percent level.*
[1] ommited category is 'Male'.
[2] omitted category is 'Compulsory schooling'.
[3] omitted category is 'Village'.
[4] omitted categories are 'Rather not important' and 'Not important'.
[5] omitted categories are 'I have not thought about it', 'Rather no' and 'No'.

At the first glance, the significance of the achieved level of education is noticeable. Although expected, it is even more positive that people with a first-level university degree or higher achieved education achieve considerably higher scores. Furthermore, it seems that people living in villages did better on the knowledge test than those in small and medium cities. However, when discussing the results, it is important to keep in mind that the presented regressions are run with already weighted data, which might skew some of the results, especially of categories that were not represented as well, like the village as the living area. Those assumptions might be further supported by the lack of significance for the values of people living in large cities, which are somewhat overrepresented in the sample. Regarding the demographic variables, it is also noteworthy that women did in fact worse than men on the quiz.

Moving on to the three added independent variables, one can observe that they seem significant at different levels in almost all the cases. Starting off with Q_H and Q_L, which measure the intensity of usage of sources, the results of both the variables were significant at the 5% level in the first model, only Q_H was significant at the 10% level in the second model and Q_L was again significant in the final model ($p<0,05$). The results indicate that the higher the Q_L, i.e., the higher the number of sources used rarely or never, the higher the knowledge score. This is alarming since one would expect it to be the other way around. However, what is not accounted for in that model is the quality of the sources, which might have something to do with the positive values for Q_L and the negative values for Q_H.

The second introduced variable is the desire to keep informed, which as expected has a positive impact on the knowledge score. In the case of the final regression, evaluating the desire to be informed on the topic as 'rather important' meant 0,426 points more on the knowledge test. In the third regression, both categories indicating support for the EU were statistically significant ($p<0,001$). Furthermore, people who indicated yes on the question of whether they are an EU supporter achieved 0,906 points more than the Eurosceptics.

Overall, the three regression models show an increasing adjusted R^2, which is to be expected. However, the third model achieves a satisfactory adjusted R^2 of 0,643, which supposes that the dependent variable can be estimated relatively well by using the discussed significant independent variables.

4.2.2 Determinants of public opinion (OP) in Bulgaria

Following Blinder & Krueger's (2004) methodology, this part seeks to evaluate equation (1) in the model. It states that public opinion is dependent on the self-interest of the individual, whether the person is a supporter of the EU (or a Eurosceptic), the level of knowledge they have on the topic as well as on some demographic characteristics, including the achieved level of education. Thus, two of the introductory questions on the opinion on the EMU and the expected effect for the respondent and the country, as well as the five statements that the respondents had to evaluate, are analysed with ordinal probit regressions. The regression approach follows the one of Blinder & Krueger (2004). All the regressions are formatted such as *** denotes significantly different from zero at the 1% level; ** denotes significantly different from zero at the 5% level; * denotes significantly different from zero at the 10% level.

The first regression can be seen in Table 4.8 and relates to the question of whether the respondent supports the economic policies of the EU such as the EMU - which final stage includes participation in the euro area. The possible answers can be seen in Appendix A and are on an ordinal scale with 'I have not thought about it.' being the lowest category followed by 'No', 'Rather no', 'Rather yes', and 'Yes'. The categories are coded in ascending order, so the positive values in the table below show higher support, and the opposite holds for the negative coefficients. Here again, independent variables are added stepwise, which provides oversight on the coefficients' variations and significance.

The table includes three columns, the first one includes the demographic characteristics, including whether the respondent indicated they voted in the last EU elections. The voter variable might offer limited insight, since the voting turnout for Bulgaria was reportedly 32,64% (Central Election Commission, 2019), while 53,49% of the sample stated they voted for European Parliament in 2019. Still, the variable might offer insight into electoral attitudes. Following the trend from the previously presented results, a higher achieved level of education leads to higher support for the EU economic policies. Both coefficients for a high school diploma and a first-level university degree or higher are significant at the 1% level. The residential area also plays a role in determining the dependent variable - respondents from all types of towns are more supportive than respondents from the reference category which is villages (all significant at the 1% level). Voters in the EU elections in 2019 were less supportive than non-voters regarding the EMU. And women are slightly more supportive than men (significant at the 10% level). Age is not a significant variable in all three regressions.

Table 4. 8: Ordinal probit regressions for "Do you support EU economic policies such as the EMU?"

Independent variable	4.8-1	4.8-2	4.8-3
Age	0,047	0,079	0,016
	(0,054)	(0,057)	(0,052)
Female[1]	0,180*	0,357***	0,481***
	(0,098)	(0,117)	(0,096)
Level of education			
High school diploma[2]	0,223***	0,148***	0,106***
	(0,036)	(0,039)	(0,039)
First-level university degree or higher	0,721***	0,174	-0,041
	(0,108)	(0,111)	(0,122)
Main residential area			
Large town[3]	0,657***	0,669***	0,425***
	(0,100)	(0,115)	(0,101)
Medium-large town	0,947***	1,063***	0,554***
	(0,146)	(0,184)	(0,126)
Small town	0,738***	0,848***	0,431***
	(0,106)	(0,102)	(0,125)
Voted in the last EU elections	-0,460***	-0,486***	-0,385***
	(0,093)	(0,092)	(0,095)
Level of knowledge			
Knowledge score		0,336***	0,249***
		(0,044)	(0,039)
Is there self-interest?			
No[4]			-0,035
			(0,166)
Rather no			0,334**
			(0,130)
Rather yes			0,335***
			(0,095)
Yes			0,316***
			(0,109)
Supporter of the EU?			
No[5]			0,811***
			(0,261)
Rather no			0,666***
			(0,166)
Rather yes			2,198***
			(0,515)
Yes			3,437***
			(0,489)
Pseudo R^2 (Nagelkerke)	0,161	0,299	0,605

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
Note: The dependent variable is whether the respondent supports the EMU, where 'I have not thought about it'=1, 'No'= 2, 'Rather no'= 3, 'Rather yes'= 4 and 'Yes'= 5.
Omitted categories: [1] 'Male'; [2] 'Compulsory schooling'; [3] 'Village'; [4,5] 'I have not thought about it'.

The regression in the second column also takes the knowledge score of the respondent into account. The Pseudo R^2 improves from the first regression (from 16,1% to 29,9%) which confirms the fit of the regressors. The knowledge score of the respondents is also highly significant (at the 1% level) and has a positive impact on whether the respondent is supportive of the EMU or not. The significant categories only slightly change - the coefficient for 'First-level university degree or higher' is no longer significant while the gender variable gains significance (at the 1% level). Notably, people living in medium large towns are 1,063 more supportive than people living in villages.

Finally, column 4.8-3 shows the final model which includes all the previously discussed variables as well as whether the person has a self-interest in the implementation of the euro in Bulgaria and whether the person is a supporter of the EU or not. The model fit notably improves (60,5% of the variance in outcome can be explained by the independent variables). Furthermore, the significance of the previously discussed categories remains as in the previous regression. The added variables are significant at the 1% level in almost all categories (except for the category 'No' in the self-interest question).

For self-interest, the coefficients differ neither in their sign nor in values. People that indicated they rather have or have a self-interest in the adoption of the euro and those who rather do not, are more supportive of the EMU than people who have not thought about it. The results are similar for the variable for support of the EU. However, in this case, there is a key difference - people that are strongly in favour of the EU, in general, are also very strongly in favour of the EMU, namely 3,437 times more than those who answered, 'I have not thought about it'. Being a supporter of the EU, having a self-interest in the implementation of the euro, living in towns, and having higher education and higher knowledge leads to more support for the economic policies of the EU like the EMU.

In Table 4.9 on the next two pages, two further regressions are presented. The first one in column 4.9-1 relates to the effect the respondent expects for the country after joining the eurozone. Column 4.9-2 presents the expected effect on the respondent's everyday life. In both cases the answers were coded in ascending order, again starting with 'I have not thought about it' = 1 and 'Positive' = 5. Since the two questions are similar, it would be useful to see whether and how respondents' answers deviate when related to themselves versus Bulgaria and its economy. There are some differences between the two models, which could indicate that the respondents evaluate the effect of the implementation of the euro on Bulgaria and themselves personally differently.

Table 4. 9: Ordinal probit regression for "What effect will the implementation of the euro have on Bulgaria and its economy versus on your everyday life?"

What effect will the implementation of the euro have on…	...Bulgaria and its economy?	...your everyday life?
Independent variable	4.9-1	4.9-2
Age	-0,114**	-0,061
	(0,050)	(0,042)
Female[1]	0,300***	0,096
	(0,098)	(0,095)
Level of education		
High school diploma[2]	-0,342***	-0,162***
	(0,040)	(0,032)
First-level university degree or higher	-0,139	-0,063
	(0,166)	(0,135)
Main residential area		
Large town[3]	-0,188	-0,125
	(0,128)	(0,130)
Medium-large town	-0,285**	0,464***
	(0,126)	(0,125)
Small town	-0,249**	-0,182
	(0,123)	(0,119)
Voter in the last EU elections	-0,387***	-0,006
	(0,136)	(0,116)

Note: Table continues on the next page.

From the demographic variables in column 4.9-1, it can be noted that age is a significant variable at the 5% level and participants from the older age groups expect a more negative effect. On the contrary, female respondents have more positive expectations for the country after the implementation of the euro. Interestingly, for both questions, high school diploma holders have more negative expectations than respondents with only compulsory schooling (significant at the 1% level). Living in a small or medium-large town also has a negative effect on the respondents' expectations for Bulgaria, in comparison with villagers (significant at the 5% level). In contrast, citizens of medium-large towns have a more positive attitude (significant at the 1% level).

The knowledge score only slightly influences positively the expectations for the country. The last two variables - self-interest and support for the EU show similar results as in the previous model. Strong supporters of the EU also expect more positive effects for Bulgaria but also for themselves. Notably, people who indicated the adoption of the euro will not have a positive effect on their personal income also expect a negative effect on the country (significant at the

10% level). When it comes to the expected effect for themselves, having no self-interest and having self-interest yield positive coefficients, which means those respondents have more positive expectations than those who indicated they have not thought about it. Overall, the results in table 4.9 show that respondents evaluate the effect of the euro adoption on the country and themselves differently and the evaluation is influenced by different factors. Still, being a supporter of the EU still remains the strongest positive factor determining the opinion of the public.

Table 4. 9: Ordinal probit regression for "What effect will the implementation of the euro have on Bulgaria and its economy and your everyday life?" Continued

What effect will the implementation of the euro have on…	...Bulgaria and its economy?	...your everyday life?
Independent variable	4.9-1	4.9-2
Level of knowledge		
Knowledge score	0,087**	-0,009
	(0,040)	(0,043)
Is there self-interest?		
No[4]	-0,385*	0,514**
	(0,232)	(0,261)
Rather no	0,157	0,581***
	(0,171)	(0,190)
Rather yes	0,339***	0,591***
	(0,122)	(0,145)
Yes	0,292**	0,533***
	(0,127)	(0,139)
Supporter of the EU?		
No[5]	-0,211	-0,095
	(0,246)	(0,156)
Rather no	0,060	-0,070
	(0,156)	(0,094)
Rather yes	0,977**	0,875***
	(0,465)	(0,298)
Yes	1,149**	0,763**
	(0,488)	(0,309)
Pseudo R^2 (Nagelkerke)	0,593	0,453

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
Note: The dependent variable is the respondents' opinion on the effect of the euro adoption where 'I have not thought about it'=1, 'Negative'= 2, 'Rather negative'= 3, 'Rather positive'= 4 and 'Positive'= 5. Omitted categories: [1] 'Male'; [2] 'Compulsory schooling'; [3] 'Village'; [4,5] 'I have not thought about it'.

In the next tables, the statements that the respondents evaluated are analysed. In each regression, the responses are coded in ascending order - 1 stands for 'Totally disagree' and 5 for 'Totally agree'. The positive statements are presented first. In table 4.10 two ordinal probit regressions are shown. One is for the statement about increased bank stability because of the euro area membership which can be seen in column 4.10-1. Column 4.10-2 presents the results for the statement that by joining the eurozone the employment possibilities in the country will increase.

Again, women seem to agree with both positive statements more than men. Remarkably, age has a significant negative coefficient for the second statement (at the 1% level). This means that older respondents agree less that joining the euro will contribute to the creation of jobs. In contrast to the previous regression examples, in Table 4.10, the higher achieved education leads to less agreement with both statements. A similar trend can be observed when it comes to the main residential areas. In the models below people living in larger cities are more likely to disagree than people living in villages.

Table 4. 10: Ordinal probit regressions for "Joining the euro area would minimize the possibility of national bank failures." (Column 4.10-1) and "Participation in the euro area will contribute to the creation of more jobs." (Column 4.10-2)

Independent variable	4.10-1	4.10-2
Age	-0,009	-0,142***
	(0,041)	(0,049)
Female[1]	0,240**	0,661***
	(0,103)	(0,109)
Level of education		
High school diploma[2]	-0,224***	-0,552***
	(0,039)	(0,040)
First-level university degree or higher	0,070	-0,690***
	(0,132)	(0,154)
Main residential area		
Large town[3]	-0,280**	-0,372***
	(0,136)	(0,118)
Medium-large town	-0,503***	-0,863***
	(0,111)	(0,128)
Small town	-0,365***	-0,302**
	(0,131)	(0,122)
Voter in the last EU elections	-0,216**	-0,017
	(0,098)	(0,127)

Note: Table continues on the next page.

Table 4.10: Ordinal probit regressions for "Joining the euro area would minimize the possibility of national bank failures." (Column 4.9-1) and "Participation in the euro area will contribute to the creation of more jobs." (Column 4.9-2) Continued

Independent variable	4.10-1	4.10-2
Level of knowledge		
Knowledge score	0,010	-0,046
	(0,037)	(0,042)
Is there self-interest?		
No[4]	0,177	-0,319**
	(0,147)	(0,133)
Rather no	0,327***	0,292***
	(0,115)	(0,107)
Rather yes	0,388***	0,433***
	(0,084)	(0,079)
Yes	0,277***	0,345***
	(0,085)	(0,100)
Supporter of the EU?		
No[5]	0,107	-0,321
	(0,223)	(0,230)
Rather no	0,265**	0,101
	(0,127)	(0,162)
Rather yes	1,077***	0,967**
	(0,387)	(0,482)
Yes	1,391***	0,953**
	(0,389)	(0,474)
Pseudo R^2 (Nagelkerke)	0,354	0,594

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
Note: The dependent variable is the respondents' evaluation of the statement, where 'Totally disagree'= 1, 'Disagree'= 2, 'Neutral'= 3, 'Agree'= 4 'Totally agree'= 5.
Omitted categories: [1] 'Male'; [2] 'Compulsory schooling'; [3] 'Village'; [4,5] 'I have not thought about it'.

From the introduced variables the one for knowledge is not significant for both statements. Self-interest and support of the EU have a similar effect as in the earlier models. The latter remains the variable that influences the opinions most positively. As can be seen from Table 4.10 although the models related to different sentiments about the euro - one about the bank stability and one about the employment possibilities, their results were influenced similarly, and the models also yielded similarly high Pseudo R^2 values. This does not apply for the regression for the next positive statement in Table 4.11.

Table 4.11 presents the results for the ordinal probit regression for the statement that Bulgaria's economy will come closer to that of Western Europe after joining the eurozone. From the table, it is noteworthy that the demographic variables have a very strong significance in comparison to the rest of the variables in the model, which was not the case in the previous analyses.

Table 4. 11: Ordinal probit regression for "Entry into the Economic and Monetary Union will bring Bulgaria`s economy to that of the Western Europe."

Independent variable	4.11-1	4.11-2	4.11-3
Age	-0,144***	-0,130***	-0,269***
	(0,040)	(0,042)	(0,043)
Female[1]	0,385***	0,443***	0,582***
	(0,100)	(0,099)	(0,114)
Level of education			
High school diploma[2]	0,053	0,021	-0,133
	(0,046)	(0,051)	(0,083)
First-level university degree or higher	0,692***	0,495***	0,201
	(0,072)	(0,092)	(0,150)
Main residential area			
Large town[3]	0,861***	0,866***	0,501***
	(0,103)	(0,106)	(0,139)
Medium large town	0,781***	0,800***	0,227*
	(0,080)	(0,080)	(0,129)
Small town	0,996***	1,025***	0,501***
	(0,117)	(0,114)	(0,131)
Voter in the last EU elections	-0,526***	-0,518***	-0,259*
	(0,111)	(0,110)	(0,133)
Level of knowledge			
Knowledge score		0,104***	-0,037
		(0,029)	(0,031)
Is there self-interest?			
No[4]			-0,713***
			(0,155)
Rather no			-0,063
			(0,102)
Rather yes			0,155**
			(0,069)
Yes			0,075
			(0,082)
Supporter of the EU?			
No[5]			-0,486**
			(0,218)
Rather no			-0,094
			(0,139)
Rather yes			-0,521
			(0,412)
Yes			-0,225
			(0,394)
Pseudo R^2 (Nagelkerke)	0,209	0,224	0,519

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
Note: The dependent variable is the respondents' evaluation of the statement, where 'Totally disagree'= 1, 'Disagree'= 2, 'Neutral'= 3, 'Agree'= 4 'Totally agree'= 5.
Omitted categories: [1] 'Male'; [2] 'Compulsory schooling'; [3] 'Village'; [4,5] 'I have not thought about it'.

Notably, age is significant at the 1% level in all three levels of the model, with the already discussed trend of older generations being more sceptical against the euro. The influence of the main residential area and of the education level remains high as in the previous models. However, in the final model, neither of the education categories is significant. The knowledge score is also not relevant in the final regression. Even more noteworthy is the lack of significance of the categories of the last two variables - self-interest and support for the EU.

The only significant coefficients at the 1% level are the answers to 'No' for both questions. Because of the negative signs in front of the coefficients, these results are still somewhat in line with the previous findings. Namely, people that do not have self-interest are 0,713 times more likely to disagree with the statement that Bulgaria's economy will be brought closer to that of Western European countries after joining the euro area. People that are not supporters of the EU, in general, are 0,486 times more likely to disagree with the statement. Again, all three models had satisfactory Pseudo R^2 values.

With that, the analyses of the three positively formulated questions ends and the three remaining models will be related to negative statements about the euro introduction in Bulgaria. The answers are again coded in ascending order, which will change the interpretation of the coefficients. The negative values will indicate disagreement with a negatively conjugated sentence which would in turn mean a more positive stance towards the euro and its adoption in the country. As previously mentioned, the negative sentences are some of the more discussed anti-euro sentiments and their trueness is questionable. Therefore, it would be interesting to see how the knowledge variable and the education variable influence the opinions in these cases. Furthermore, it will of interest whether the self-interest and the support of the EU variables continue to have the same impact. And lastly, whether the demographic profile of euro supporters and opponents remains consistent.

In Table 4.12 the regression models for two of the negative sentences can be seen. Since both sentences relate to the Bulgarians' finances it was suitable for them to be presented together. Column 4.12-1 shows the results for the statement 'Access to the euro as a national currency will lead to increased prices for Bulgarians and column 4.12-2 presents the results for 'Bulgarians` savings will decrease as a result of joining the euro area'. Again, it can be observed that the demographic variables are highly significant in both models, with some minor exceptions like the voter variable and the category of a small town for the main residential area. As expected from the previous findings, the people with higher achieved education and people living in larger towns disagree more with the two negative sentences. Particularly eye-catching

is the coefficient for people with a first-level university degree or higher, who are 1,804 times more likely to disagree that people's savings will decrease because of the euro introduction. However, the similarities when it comes to demographic characteristics stop there, because it seems that in both cases older people tend to disagree more (the coefficients in both regressions are significant at the 1% level). Women also tend to agree with both negative statements, although the results so far have shown them to be more likely EU supporters.

Table 4. 12: Ordinal probit regression for "Access to the euro as a national currency will lead to increase prices for Bulgarians." (Column 4-12.1) and "Bulgarians` savings will decrease as a result of joining the euro area." (Column 4-12.2)

Independent variable	4.12-1	4.12-2
Age	-0,208***	-0,174***
	(0,054)	(0,040)
Female[1]	0,617***	0,418***
	(0,107)	(0,096)
Level of education		
High school diploma[2]	-0,512***	-0,942***
	(0,059)	(0,052)
First-level university degree or higher	-1,229***	-1,804***
	(0,201)	(0,155)
Main residential area		
Large town[3]	-0,288**	-1,262***
	(0,136)	(0,120)
Medium large town	-0,470***	-1,385***
	(0,136)	(0,143)
Small town	-0,114	-0,893***
	(0,168)	(0,108)
Voter in the last EU elections	-0,218*	-0,108
	(0,126)	(0,106)

Note: Table continues on the next page.

When moving over to the next page, where the rest of the variables are shown, it is positive to see that the knowledge score variable has a negative coefficient and is significant at the 1% level for the second statement. This indicates that more knowledgeable people tend to disagree with the statement, however, the impact is very minimal (-0,091). The results for the last two variables are rather controversial and surprising. The variable for self-interest has a few significant categories - 'Rather yes' is significant for both regressions at the 1% level, 'Yes' is significant for both statements at the 10% level and 'No' is significant for only the first statement at the 10% level. From the results, it can be observed that people with self-interest tend to still agree with the negative sentences and people with no self-interest disagree with the first sentence. This contradicts the expectations that people who expect economic benefit for

themselves - i.e., who have self-interest, would disagree with such negative statements. There is a possibility that people could view themselves as an exception or agree with the statement for the Bulgarians overall but expect a different picture for themselves. However, the validity of the self-interest variable is again questionable in the two regressions in Table 4.12.

Table 4.12: Ordinal probit regression for "Access to the euro as a national currency will lead to increase prices for Bulgarians." (Column 4-12.1) and "Bulgarians` savings will decrease as a result of joining the euro area." (Column 4-12.2) Continued

Independent variable	4.12-1	4.12-2
Level of knowledge		
Knowledge score	0,032	-0,091***
	(0,038)	(0,033)
Is there self-interest?		
No[4]	-0,252*	-0,084
	(0,147)	(0,117)
Rather no	-0,008	0,099
	(0,122)	(0,080)
Rather yes	0,265***	0,299***
	(0,082)	(0,060)
Yes	0,161*	0,155*
	(0,088)	(0,085)
Supporter of the EU?		
No[5]	-0,470	0,288*
	(0,334)	(0,171)
Rather no	-0,028	0,193**
	(0,221)	(0,098)
Rather yes	0,208	1,342***
	(0,672)	(0,291)
Yes	0,205	1,229***
	(0,658)	(0,302)
Pseudo R^2 (Nagelkerke)	0,404	0,478

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
Note: The dependent variable is the respondents' evaluation of the statement, where 'Totally disagree'= 1, 'Disagree'= 2, 'Neutral'= 3, 'Agree'= 4 'Totally agree'= 5.
Omitted categories: [1] 'Male'; [2] 'Compulsory schooling'; [3] 'Village'; [4,5] 'I have not thought about it'.

Finally, looking at the supporter of the EU question, none of the categories significantly influence the outcome of the first model. For the second model, all the categories are significant at different levels with 'Yes' and 'Rather yes' yielding the highest significance at the 1% level. As can be seen from the table, people who support or rather support the EU, in general, tend to agree with the statement that Bulgarians will lose some of their savings because of the euro adoption 1,229 and 1,342 times more accordingly. This contrasts with the previous findings, according to which support of the EU in general also led to more positive attitudes toward the euro introduction in Bulgaria. The high coefficient values in comparison to the earlier

regressions indicate for the first time in this part of the thesis, that EU support, in general, does not automatically transform to euro support. The evaluation of the first two negatively formulated sentences showed that the so far established demographic profile of the euro supporters in Bulgaria persists while the rest of the variables' effect remains questionable. Those findings will be further investigated in the final regression.

In Table 4.13 the results from the last ordinal probit model can be seen. The sentence relates to claims that after joining the euro Bulgaria will lose part of its national identity. The relevancy of the larger residential area and the higher education level persists. So, people with those characteristics tend to be more against the statement. Although only at the 5% level age keeps its significance in the final model. The knowledge score is highly significant at the 1% level so people with higher knowledge scores disagreed 0,115 times more with the statement. When it comes to the variables for self-interest and support of the EU, they again show questionable outcomes. Only one of the categories from self-interest is significant (at the 1% level) and the coefficient is again with a positive sign. This means that even people that have self-interest are agreeing with the negative sentence. When it comes to the last variable for support of the EU again the 'Rather yes' and 'Yes' categories are significant at the 1% level but have a positive coefficient.

Overall, the analysis of the last three statements showed that the effect of some variables, although sometimes not as strong, remains consistent. At the same time, the inconsistency of the variables for self-interest and support of the EU shows their possible unreliability to be factors in impacting the public's opinion on the matter. In the next short section, the outcomes from the analysis in this chapter will be summed up and briefly discussed.

Table 4. 13: Ordinal probit regression for "By joining the euro, Bulgaria will lose part of its national identity."

Independent variable	4.13-1	4.13-2	4.13-3
Age	0,010	0,013	-0,108**
	(0,051)	(0,051)	(0,047)
Female[1]	0,408***	0,428***	0,416***
	(0,086)	(0,088)	(0,089)
Level of education			
High school diploma[2]	-0,578***	-0,591***	-0,728***
	(0,040)	(0,040)	(0,047)
First-level university degree or higher	-1,367***	-1,442***	-1,695***
	(0,060)	(0,074)	(0,139)
Main residential area			
Large town[3]	-0,461***	-0,466***	-0,775***
	(0,105)	(0,106)	(0,115)
Medium large town	-0,195***	-0,191***	-0,742***
	(0,061)	(0,062)	(0,105)
Small town	-0,134	-0,132	-0,469***
	(0,108)	(0,108)	(0,125)
Voter in the last EU elections	-0,338***	-0,335***	-0,215**
	(0,094)	(0,092)	(0,106)
Level of knowledge			
Knowledge score		0,040	-0,115***
		(0,025)	(0,033)
Is there self-interest?			
No[4]			-0,016
			(0,152)
Rather no			0,109
			(0,107)
Rather yes			0,257***
			(0,081)
Yes			0,094
			(0,083)
Supporter of the EU?			
No[5]			-0,026
			(0,178)
Rather no			-0,030
			(0,102)
Rather yes			0,923***
			(0,306)
Yes			1,150***
			(0,321)
Pseudo R^2 (Nagelkerke)	0,217	0,219	0,428

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
Note: The dependent variable is the respondents' evaluation of the statement, where 'Totally disagree'= 1, 'Disagree'= 2, 'Neutral'= 3, 'Agree'= 4 'Totally agree'= 5.
Omitted categories: [1] 'Male'; [2] 'Compulsory schooling'; [3] 'Village'; [4,5] 'I have not thought about it'.

4.3 Discussion of the findings

The fourth chapter consisted of the presentation and discussion of the results from the analyses of the public perception of the euro in Bulgaria. Even though the results are somewhat limited, the crosstabulation analysis and the regression models offered enough evidence for and against the hypotheses and for answering the research question. In the following the results will be briefly discussed and summed up, starting with the first hypothesis:

> *H1: Even though Bulgarians generally support the EU, when it comes to the accession of the country to the eurozone, the support is weaker.*

The first hypothesis was based on the already existing results from the Eurobarometer, which has shown consistently that Bulgarians are not Eurosceptics in general but are rather against the euro introduction in the country. This outcome was again confirmed by the survey results. The high contrast between the positive opinion on the EU in general and the negative attitudes towards the euro and its institutions specifically was rather stark. Bulgarians expect the euro adoption to have a negative impact on the country's economy but also on their everyday life. Those findings contrast with the expectations before joining the EU, which were predominantly positive towards the union as discussed in the second chapter. The support for the EU project before joining the union was a preliminary condition for the overall positive attitudes about the EU in the country. Those can also be confirmed by the lack of a strongly Eurosceptic party in the Bulgarian parliament since joining the union. However, nowadays anti-EU parties are gaining support and popularity. To sum up, the results of the survey supported the first hypothesis and confirmed the negative attitudes towards the common currency in Bulgaria.

Following the negative attitudes towards the euro, Bulgarians also expect the euro to have an impact on their personal lives and finances. The findings showed that the majority expect a rather negative development, which somewhat also explains the negative opinions towards the common currency. The regression analysis showed some evidence that people with self-interest have a more positive attitude towards the euro, however, the results showed that the self-interest variable hardly ever impacted the opinion of the respondents negatively. Therefore, the second hypothesis must be rejected:

> *H2: Bulgarians who expect their personal income to be positively impacted by the introduction of the euro, have a self-interest in it and are more likely to be in favour of it.*

The validity of the variable self-interest should also be critically observed. In the case of this study, self-interest is purely related to a financial interest connected to the respondent's income. This approach was also used in the underlying paper, however, having an interest in something does not always imply that it brings a financial gain. Furthermore, the regression results showed that even people that do not expect an increase in their income also have a positive expectation of the euro, which is somewhat contradictory.

The third hypothesis was based on the expectation that young Europeans tend to be more pro-EU than the older generations, mainly because of their better understanding and knowledge of the union:

> *H3: Young Bulgarians tend to be in favour of the accession to the euro area, consequently, they show more interest in the topic and have a higher knowledge level.*

However, the results proved the first part of the hypothesis to be wrong - in the regression analysis, the higher age had a positive influence on the attitude about the euro. So, older generations were the more pro-EU ones. This is somewhat contrary to the expected outcome for younger generations who grew up with pan-European values. Nevertheless, the second part of the hypothesis was supported by the results of the study - younger people did better on the knowledge test. Reasons for that maybe lie in their more diversified usage of sources and the stronger usage of international media as a resource. Even though the second part of the third hypothesis proved to be correct, the beginning of the statement was rejected, so the hypothesis is also rejected.

The final hypothesis was related to the usage of sources and how much they increase the knowledge of an individual:

> *H4: Bulgarians who use a higher number of diversified sources tend to be more informed on the topic of the EMU, the euro, and the eurozone.*

As discussed in the analysis, the increased frequency of usage of a source plays a positive role in increasing the knowledge level. The higher the number of used sources, the higher the achieved knowledge score. However, the quality of the source also plays a role. The analysis showed that usage of sources like the EU official communication channels, and the national and international media increase the achieved knowledge score. Sources such as memberships in organizations and discussions with friends and family led to less satisfactory results. The fourth hypothesis was supported by the findings in the study even though the achieved knowledge scores were not very impressive. The low knowledge on the topic is especially

relevant since understanding the implementation process and what that would imply for Bulgaria and its citizens is crucial for improving the public opinion on the topic of the euro.

Knowledge also proved to be highly dependent on the level of education. This was somewhat expected but also at least confirms that education is a reliable and important source of information. Further determinants of knowledge are whether the person supports the EU or not and lastly, whether there is a desire to be informed on the topic. The analysis also showed that people that find being informed to be more important also achieve higher knowledge scores. A notable observation is that the majority of respondents answered negatively when asked whether they felt well-informed on the topic.

The higher knowledge score had a positive impact on the opinion of the EU. The demographic variables also proved to be highly significant factors in influencing public opinion on the matter. Most notably, having achieved higher levels of education and living in larger towns led to more positive attitudes towards the euro. This is somewhat expected but also worrisome because people living in villages make up over a fourth of the population and people with compulsory education are about a fifth of Bulgarians. As already discussed, older generations proved to be more in favor of the euro, this also held for women, who in most cases also had more positive attitudes than men. The introduced voter variable, unfortunately, did not offer much insight.

5 Conclusion

In 2022, the euro turned 20 and the ECB and the Commission announced that the community will be welcoming the 20th eurozone member Croatia next year. The accession of Croatia comes seven years after the last euro area accession round. During that time Bulgaria and its officials have sent mixed signals about the adoption of the euro. From deeming it as necessary to expressing doubt about whether it is the right moment to make the move because of the euro debt crisis or the COVID-19 crisis. This master thesis dealt with the public attitude towards the euro in Bulgaria and the factors that determine it. To do that the thesis consisted of two main parts - the first one presented the structure and accession process of the eurozone, discussed how the euro implementation has impacted other SEE member states, and offered an overview of the Bulgarian history of EU integration. The second part presented the results of an online survey conducted among Bulgarians and used descriptive statistics and an econometric model to determine the main opinion-building factors.

From looking at previous accession rounds, it became obvious that the convergence criteria are not always consistently applied and political will can tip the scales in an advantageous way for the country that is looking to join the euro area. However, the drawback in member states that are willing to join the euro has been evident in the last few years. This is in part due to the euro debt crisis, that in many ways brought the eurozone members closer to each other - because they all wanted the euro to survive. But the crisis also showed the disadvantages of the common currency and how poor governance in one member state can put all the members in danger. Even during the crisis SEE countries choose to join the euro area. The main findings from the experiences of those countries are that the euro area membership has a positive impact on the country's economy in the long term. Another valuable insight from the SEE accession rounds is the public opinion on the euro in those countries - even though citizens especially of the Baltic countries were predominantly against the common currency, the governments were convinced this was the right path and followed through with it.

Bulgaria has had a rocky past with the EU - being the poorest member state ever since joining, consistently not implementing the recommendations of EU institutions on improving governance and failing to fight corruption on all levels. Bulgarians' expectations when joining the EU were high - all the mentioned problems in the last sentence were going to be fixed because of the country's membership. That did not happen and consequently, people were let down. However, this did not lead to an increase in Euroscepticism as was the case in other

member states - Bulgarians remained the EU's biggest fans. Although support for the EU and its institutions is high, when it comes to the euro and the euro area things drastically change. The master thesis offered an overview of Bulgaria's path towards the euro so far and discussed some of the reasons behind the negative attitudes towards the common currency. Namely, the lack of consistent support for the euro from almost all political parties and the way the topic is presented in Bulgarian media can be seen as some of the main negative factors. The country's official planned date for adopting the euro is 1st January 2024, however, because of the current political crisis in Bulgaria, performing the necessary steps by that time is technically unrealistic. Much more important at this point is electing responsible officials.

The quantitative part of the thesis aimed to determine the factors that determine the public opinion on the euro as well as to offer some insight into the level of knowledge of the Bulgarian citizens on the topic of the euro and its adoption in the country. Overall, the findings confirmed the expectations that although there is support for the EU in general, the euro is mainly perceived negatively. Most people also find it important to keep informed, however, the results of the short knowledge quiz confirmed the self-proclaimed lack of knowledge on the topic. The majority also does not expect to be positively impacted by the euro adoption and rather expects a negative impact on their personal income. Among the most used sources of information for Bulgarians is the national television - including the news as well as journalistic programs, discussions with friends and family, and social media channels. The very low percentage of people that said they use the EU's official communication channels as a source is rather concerning and shows that the EU needs to utilize them better. Especially as that source of information was used by the best performers on the knowledge test.

The regression models in the last part of the thesis showed the significance of the demographic variables above all others when it comes to determinants of public opinion. Most of all education, living area, as well as age, play a big part in defining attitudes towards the euro. Namely living in larger towns, having a higher achieved education, and surprisingly being part of older generations lead to a more positive opinion of the euro. The models also confirmed previous findings that the support for the EU does not transfer to the euro and having a self-interest in the euro adoption also does not automatically mean the opinion of the euro will be positive. The knowledge level of the respondents also played a part in influencing opinions positively.

Admittedly, the thesis has some limitations. The used model is as also mentioned by its authors flawed. Furthermore, the sample although with 351 respondents, does not appropriately

represent people without access to the internet. This particularly refers to people in smaller living areas, people with lower education, and those from older generations. Through the weighting that problem was tackled to a certain level, however, if it was possible to extend the study to a survey on the phone or in person, the sample would probably be more representative. It might also be a good idea to extend the study to other areas of EU policies - the most suitable for that would be the entrance to Schengen, since it is yet another path of EU integration Bulgaria has yet to explore.

One of the main takeaways is the low level of knowledge most Bulgarians possess on the topic. The findings suggest that this just might be the missing piece that will turn Bulgarians' attitude in favor of the common currency. No matter their age, education, or living situation, government and EU officials need to commit to more understandable and transparent communication to their citizens on the pros and cons of eurozone membership. Increasing support for the euro from the public in turn will pressure Bulgarian politicians to finally commit to taking the needed steps for further EU integration. The experience of other member states shows that prolonging the process does not usually lead to the desired effect of minimizing the risks from entering the eurozone. Bulgaria has always been at the crossroad between the East and the West and has historically not always chosen the right side to be on. However, if the country and its citizen want to reap the full benefits of their EU membership, there is only one adequate path and that is the one towards the euro.

6 References

Alpha Research. (2017, November). *10 godini chlenstvo na Bulgaria v ES: Ravnosmetka i perspektivi [10 years of Bulgaria's EU membership: Assessment and perspectives]*. Retrieved July 7, 2022, from Alpharesearch.bg: https://alpharesearch.bg/post/931-10-godini-chlenstvo-na-bulgaria-v-es-ravnosmetka-i-perspektivi.html

Angelov, G., Bogdanov, L., Dimitrov, M., Hristova, A., Slanchev, V., Stanchev, K., . . . Chobanov, D. (2004). *Anatomiya na prehoda - Stopanska politika na Bulgaria ot 1989-2004 [Anatomy of the transition - Bulgaria's Economic Policy 1989-2004].* Sofia: Ciela.

Arestis, P., & Sawyer, M. (2011). The Design Faults of the Economic and Monetary Union. *Journal of Contemporary European Studies, 19*(1), 21-32.

Bank of Lithuania. (2019, 12 16). *5 years with the euro: obvious benefits for Lithuania*. Retrieved May 26, 2022, from Bank of Lithuania: https://www.lb.lt/en/news/5-years-with-the-euro-obvious-benefi ts-for-lithuania

Barzakov, I. (2022). *Balgariya v evrozonata mezhdu zabludite i faktite [Bulgaria in the euro area: between delusions and facts]*. Retrieved from Factcheck.bg: https://factcheck.bg/balgariya-v-evrozonata-mezhdu-zabludite-i-faktite/

Bechev, D. (2018). *Russia's influence in Bulgaria.* Brussels: New Direction.

Bergbauer, S., Hernborg, N., Jamet, J.-F., & Persson, E. (2020). The reputation of the euro and the European Central Bank: interlinked or disconnected? *Journal of European Public Policy*(27:8), 1178-1194.

Blinder, A., & Krueger, A. (2004). What Does the Public Know about Economic Policy, and How Does It Know It? *Brookings Papers on Economic Activity*, 327-397.

BNT. (2022, January 22). *Govori sega - 22.01.2022 [Talk now - 22.01.2022]*. Retrieved from BNT.bg: https://bnt.bg/news/govori-sega-22012022-302414news.html

Brook, A.-M. (2005). The Challenges of EMU Accession Faced by Catching-up Countries: A Slovak Republic Case Study. *OECD Economics Department Working Papers*(444).

Brüggmann, M. (2011, 11 02). *Simeon Djankov: „Der Handel mit Griechenland ist eingebrochen“*. Retrieved June 15, 2022, from Handelsblatt.com:

https://www.handelsblatt.com/politik/international/simeon-djankov-wir-warten-jetzt-mindestens-ein-jahr-ab/5791718-3.html

BTV. (2020, February 16). *Prof. Stiv Hanke: "Balgariya shte posledva sadbata na Garciya ako prieme evroto" [Prof. Steve Hanke: "Bulgaria will follow Greece's fate if it adopts the euro"]*. Retrieved June 18, 2022, from BTVNovinite.bg: https://btvnovinite.bg/predavania/120-minuti/prof-stiv-hanke-balgarija-shte-posledva-sadbata-na-garcija-ako-prieme-evroto.html

BTV. (2021, July 2). *Kostadinov: "S priemaneto na evroto posledniyat element ot Bylgarskata nezavisimost shte ostane v istoriyata" [Kostadinov: "With the euro adoption the last element of Bulgarian sovereignity will become history]*. Retrieved July 15, 2022, from BTVNovinite.bg: https://btvnovinite.bg/predavania/lice-v-lice/liderat-na-pp-vazrazhdane-s-priemaneto-na-evroto-poslednijat-element-ot-balgarskata-nezavisimost-shte-ostane-v-istorijata.html

BTV. (2022, May 27). *Pravitelstvoto odobri operativnija plan za priemane na evroto [The government accepted the operative plan to adopt the euro]*. Retrieved June 15, 2022, from BTVNovinite.bg: https://btvnovinite.bg/bulgaria/pravitelstvoto-odobri-operativnija-plan-za-priemane-na-evroto.html

BTV. (2022, May 30). *BSP i ITN nastoyavat za analiz za vavezhdaneto na evroto u nas [BSP and ITN insist on analysis for the euro adoption]*. Retrieved June 15, 2022, from BTVNovinite.bg: https://btvnovinite.bg/bulgaria/bsp-i-itn-nastojavat-za-analiz-za-vavezhdaneto-na-evroto-u-nas.html

Bulgarian National Bank. (2016). *Doklad za pregleda na kachestvoto na aktivite i stres testa na bylgarskata bankova sistema [Report on the asset quality review and stress test of the Bulgarian banking system].* Sofia: Bulgarian National Bank.

Camous, A., & Claeys, G. (2020). The evolution of European economic institutions during the COVID-19 crisis. *European Policy Analysis*(6), 328–341.

Central Election Commission. (2019, May 26). *Obobshtena aktivnost na glasuvane v stranata - Evropeiski parlament [Summary voting turnout for the country - European Parliament]*. Retrieved from CIK.bg: https://results.cik.bg/ep2019/aktivnost/index.html

Centralna izbiratelna komisiya. (2022, November 15). *Izbori za prezident i viceprezident i narodni predstaviteli [Elections for president and vice-president and national assembly]*. Retrieved from CIK.bg: https://results.cik.bg/pvrns2021/tur1/rezultati/index.html

Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union. (2016). OJ C202/1 (TFEU).

Commission of the European Communities. (2002). *Convergence Report, Sweden.* Brussels: Commission of the European Communities.

Council of the EU. (2018, July 12). *Statement on Bulgaria's path towards ERM II participation.* Retrieved June 2022, 2022, from Consilium.europa.eu: https://www.consilium.europa.eu/en/press/press-releases/2018/07/12/statement-on-bulgaria-s-path-towards-erm-ii-participation/

Crum, B., & Merlo, S. (2020). Democratic legitimacy in the post-crisis EMU. *Journal of European Integration, 42:3*, 399-413.

Dandashly, A., & Verdun, A. (2020). Euro adoption policies in the second decade – the remarkable cases of the Baltic States. *Journal of European Integration*(42:3), 381-397.

Degner, H. (2019). Public Attention, Governmental Bargaining, and Supranational Activism: Explaining European Integration in Response to Crises. *Journal of Common Market Studies, 57*(2), 242-259.

Dimitrova, A. (2012). Public Opinion in Bulgaria with Regard to the EU Membership in the Context of the Economic Crisis: Towards a 'Bulgarian Exception'? *L'Europe en Formation*(364), 289-304.

Dimitrova, E. (2021, March 10). *Istoria na parlamentarnite izobori v Bulgaria [History of parliamentary elections in Bulgaria]*. Retrieved May 19, 2022, from BNT News: https://bntnews.bg/news/istoriya-na-parlamentarnite-izbori-v-balgariya-videosnimki-1099463news.html

Down, I., & Wilson, C. J. (2013). A rising generation of Europeans? Life-cycle and cohort effects on support for 'Europe'. *European Journal of Political Research*(52), 431–456.

Drastichová, M. (2012). The relations of real and nominal convergence in the EU with impacts on the euro area participation. *Ekonomická revue - Central European Review of Economic Issues*(15), 107-122.

Dulkys, A. (2008). Euro area enlargement: Dilemmas and prospects. *Ekonomika*(84), 40-53.

Eglitis, G., Krastev, R., & Weise, C. (2014, November). Latvia: benefiting from the euro, facing new challenges. *ECFIN Country Focus, 11*(12), pp. 1-8.

Epstein, R. A., & Rhodes, M. (2016). The political dynamics behind Europe's new banking union. *West European Politics*(39:3), 415-437.

Euractiv. (2015, January 16). *Bulgaria says it will start talks to join the euro*. Retrieved June 15, 2022, from Euractiv.com: https://www.euractiv.com/section/central-europe/news/bulgaria-says-it-will-start-talks-to-join-the-euro/

European Central Bank. (2006). *Convergence Report 2006.* Frankfurt am Main: European Commission.

European Central Bank. (2008). *Convergence report May 2008.* Frankfurt am Main: European Central Bank.

European Central Bank. (2010). *Convergence Report 2010.* Frankfurt am Main: European Commission.

European Central Bank. (2014). *Convergence Report 2014.* Brussels: European Commission.

European Central Bank. (2019, July 29). *ECB concludes comprehensive assessment of six Bulgarian banks*. Retrieved June 17, 2022, from Bankingsupervision.europa.eu: https://www.bankingsupervision.europa.eu/press/pr/date/2019/html/ssm.pr190726~1b474e3467.en.html

European Central Bank. (2022). *Convergence Report 2022.* Brussels: European Commission.

European Central Bank. (n.d.). *Economic and Monetary Union (EMU)*. Retrieved May 10, 2022, from European Central Bank: https://www.ecb.europa.eu/ecb/history/emu/html/index.en.html

European Central Bank. (n.d.). *Single Supervisory Mechanism*. Retrieved June 15, 2022, from European Central Bank: https://www.bankingsupervision.europa.eu/about/thessm/html/index.en.html

European Commission. (2012). *Specifications on the implementation of the Stability and Growth Pact and Guidelines on the format and content of Stability and Convergence Programmes.* Brussels: European Commission.

European Commission. (2020, July 10). *Commission welcomes Bulgaria and Croatia's entry into the Exchange Rate Mechanism II.* Retrieved June 15, 2022, from ec.europa.eu: https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1321

European Commission. (2021, September). *Standard Eurobarometer 95 - Spring 2021.* Retrieved from https://europa.eu/eurobarometer/surveys/detail/2532

European Commission. (2021). *Introduction of the euro in the Member States that have not yet adopted the common currency*. Retrieved from https://europa.eu/eurobarometer/surveys/detail/2284

European Commission. (2022, June 17). *The Recovery and Resilience Facility*. Retrieved from European Commission: https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en

European Commission. (2022, May). *EU's response to the war in Ukraine*. Retrieved from https://europa.eu/eurobarometer/surveys/detail/2772

European Commission. (2022). *Public opinion on the euro.* Retrieved May 30, 2022, from European Commission: https://ec.europa.eu/info/business-economy-euro/euro-area/public-opinion-euro_en#opinion-polls-in-euro-area-member-states

European Commission. (2022). *Recovery and resilience plan for Bulgaria*. Retrieved from https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/recovery-and-resilience-plan-bulgaria_en

European Commission. (n.d.). *NextGenerationEU*. Retrieved May 20, 2022, from European Commission: https://ec.europa.eu/info/strategy/eu-budget/eu-borrower-investor-relations/nextgenerationeu_en

European Commission. (n.d.). *The euro: History and purpose*. Retrieved May 10, 2022, from European Union: https://european-union.europa.eu/institutions-law-budget/euro/history-and-purpose_en

European Monetary Institute. (1998). *Convergence Report.* Frankfurt am Main: European Monetary Institute.

EuroStat. (2021). *GDP per capita in PPS.* Retrieved from https://ec.europa.eu/eurostat/databrowser/product/view/PRC_PPP_IND

EuroStat. (2022). *Population with confidence in EU institutions by institution.* Retrieved May 15, 2022, from https://ec.europa.eu/eurostat/databrowser/view/SDG_16_60/default/table

Farvaque, E., Hayat, M. A., & Mihailov, A. (2017). Who Supports the ECB? Evidence from Eurobarometer Survey Data. *The World Economy, 40*(4), 654-677.

Gallup International. (2021, November 15). *Demografski profili na vota - 14 noemvri [Demographic structure of the vote - 14 November]*. Retrieved June 15, 2022, from Gallup-international.bg: https://www.gallup-international.bg/45232/demographic-structure-of-the-vote-2/

Ganev, G. (2020, July). Bulgaria's Economy 1989–2019: An Open-Ended Story of Structural Changes. *Southeastern Europe. L'Europe du Sud-Est*.

Guerra, S., & Trenz, H.-J. (2019). Citizens and Public Opinion in the European Union. In M. Cini, & N. Perez-Solorzano Borragan, *European Union Politics* (Vol. 6th Edition, pp. 219-23). Oxford: OUP.

Heldt, E. C., & Mueller, T. (2021). The (self-)empowerment of the European Central Bank during the sovereign debt crisis. *Journal of European Integration*(43:1), 83-98.

Heller, J., & Warzala, R. (2019). The Effects of Entering the Eurozone on other Central and Eastern European Countries in Relation to Poland. *Journal of Competitiveness*(11(1)), 5-21.

Hobolt, S., & De Vries, C. (2016). Public support for European integration. *Annual Review of Political Science*(19), 413–32.

Hobolt, S., & Leblond, P. (2014). Economic insecurity and public support for the euro before and during the financial crisis. In N. Bermeo, & L. Bartels, *Mass Politics in Tough Times: Opinion, Votes and Protest in the Great Recession* (pp. 128-147). Oxford: Oxford University Press.

Hobolt, S., & Wratil, C. (2015). Public opinion and the crisis: the dynamics of support for the euro. *Journal of European Public Policy, 22*(2), 238/256.

Howarth, D., & Verdun, A. (2020). Economic and Monetary Union at twenty: a stocktaking of a tumultuous second decade: introduction. *Journal of European Integration*(42:3), 287-293.

Ialnazov, D., & Nanocsky, N. (2001). The Currency Board and Bulgaria's Accession to the European Monetary Union. *The Kyoto University Economic Review, LXX*(1/2), 31-48.

Kaltenhaler, K., Anderson, C. J., & Miller, W. J. (2010). Accountability and Independent Central Banks: Europeans and Distrust of the European Central Bank. *Journal of Common Market Studies, 48*(5), 1261-1281.

Kirova, S. (2020). The Factors Behind Bulgaria's (Non) Convergence. *European Journal of Economics and Business Studies, 6*(1), 83-94.

Koceva, A. (2022, June 9). *Euractiv.bg*. Retrieved June 1, 2022, from Bylgaria ima tri uslowiya za vetoto vyrhu Severna Makedoniya [Bulgaria has three conditions for the veto on North Macedonia]: https://euractiv.bg/section/%d0%bf%d0%be%d0%bb%d0%b8%d1%82%d0%b8%d0%ba%d0%b0/news/%d0%b1%d1%8a%d0%bb%d0%b3%d0%b0%d1%80%d0%b8%d1%8f-%d0%b8%d0%bc%d0%b0-%d1%82%d1%80%d0%b8-%d1%83%d1%81%d0%bb%d0%be%d0%b2%d0%b8%d1%8f-%d0%b7%d0%b0-%d0%b2%d0%b5%d1%82%d0%be%d1%82

Lacatus, C., & Sedelmeier, U. (2020). Does monitoring without enforcement make a difference? The European Union and anti-corruption policies in Bulgaria and Romania after accession. *Journal of European Public Policy*(27:8), 1236-1255.

Lauterbach, F., & De Vries, C. E. (2020). Europe belongs to the young? Generational differences in public opinion towards the European Union during the Eurozone crisis. *Journal of European Public Policy, 27*(2), 168-187.

Lesenski, M. (2018). *Obshtestveno mnenie v Bulgariya prez 2018: Chlenstvo v ES i po-natatyshna integraciq [Public opinion in Bulgaria in 2018: EU membership and further integration].* Sofia: Open Society Institute.

Liotti, G., & Canale, R. R. (2021). Trust in the European Union project and the role of ECB. *Economia Politica*(38:2), 461–482.

Marinova, E. (2021, July 04). *Stiv Hanke: "Procesyt za vlizane na Bulgariya v evrozonata namirisva na izmama" [Steve Hanke: "Bulgaria's eurozone entry process smacks of fraud"]*. Retrieved June 15, 2022, from Investor.bg: https://www.investor.bg/ikonomika-i-politika/332/a/stiv-hanke-procesyt-za-vlizane-na-bylgariia-v-evrozonata-namirisva-na-izmama-330994/

Marinova, T. (2016). Comparative Study on Monetary and Fiscal Policy in the Eurozone and Bulgaria. *Economic Alternatives*(3), 367-378.

McLaren, L. (2002). Public support for the European Union: cost/benefit analysis or perceived cultural threat? *The Journal of Politics, 64*(2), 551–66.

National Statistical Institute. (2021). *Demografska i socialna statistika [Demographical and social statistics]*. Retrieved August 20, 2022, from NSI.bg: https://nsi.bg/bg/content/767/%D0%B4%D0%B5%D0%BC%D0%BE%D0%B3%D1%80%D0%B0%D1%84%D1%81%D0%BA%D0%B0-%D0%B8-%D1%81%D0%BE%D1%86%D0%B8%D0%B0%D0%BB%D0%BD%D0%B0-%D1%81%D1%82%D0%B0%D1%82%D0%B8%D1%81%D1%82%D0%B8%D0%BA%D0%B0

National Statistical Institute. (2021). *Nabludenie na rabotnata sila - Specifichni danni [Workforce monitoring - Specific data]*. Retrieved from National Statistical Institute: https://nsi.bg/bg/content/4018/%D1%81%D0%BF%D0%B5%D1%86%D0%B8%D1%84%D0%B8%D1%87%D0%BD%D0%B8-%D0%BF%D0%BE%D0%BA%D0%B0%D0%B7%D0%B0%D1%82%D0%B5%D0%BB%D0%B8

Nikolova, M., & Nikolaev, B. (2017). Does Joining the EU Make You Happy? Evidence from Bulgaria and Romania. *Journal of Happiness Studies*(18), 1593–1623.

Open Society Institute. (2006). *Impact Analysis of the Possible Scenarios of Bulgaria's Membership in the EU Envisaged in the Accession Treaty.* Group for European Prognoses and Studies. Sofia: Open Society Institute.

Ray, M. (2017, September 3). *euro-zone debt crisis.* Retrieved from Encyclopedia Britannica: https://www.britannica.com/topic/euro-zone-debt-crisis

Reporters without borders. (2022). Retrieved June 17, 2022, from RST.org: https://rsf.org/en/index

Reuthers. (2020, April 10). *Bulgaria to apply to join euro zone's 'waiting room' by end April*. Retrieved June 15, 2022, from Reuthers.com: Bulgaria to apply to join euro zone's 'waiting room' by end April

Rõõm, T., & Urke, K. (2014). *The Euro Changeover in Estonia: Implications for Inflation.* Eesti Pank.

Smilov, D. (2008). Bulgaria. In G. Mesežnikov, O. Gyárfášová, & D. Smilov, *Populist Politics and Liberal Democracy in Central and Eastern Europe* (pp. 13-36). Bratislava: Institute for Public affairs.

Spasov, L., Borisov, D., & Marinova, M. (2016). *Ikonomicheska istoria na Bulgaria, Evropa i sveta XV - XX vek. Chast pyrva - Balgaria [Economic history of Bulgaria, Europe and the world XV - XX century. Part One - Bulgaria].* Sofia: Ivrai.

Spurga, S. A., & Šreiberytė, E. (2021). *Joint Debt Arrangements in EMU: From NextGenEU to Eurobonds.* Vilnius: Lietuvos bankas.

Stateva, Y. (2015). Baltiyskite ikonomiki i ochertaniyat pat za prisaedinyavane kam Evropeyskia parichen sayuz [The Baltic economies and the path mapped for joining the European Monetary Union]. *Ikonomicheski izsledvania, 1*, 37-65.

Stateva, Y. (2021). Balgaria v evrozonata - opitat na drugi durzhavi i sravnenia [Bulgaria in the euro area - the experience of other countries and comparisons]. *Ikonomiceski I Socialni Alternativi*(2), 109-126.

Statista. (2022, April 13). *Dependence on Russian gas imports in the EU 2019, by country*. Retrieved from https://www.statista.com/statistics/1302320/russian-gas-import-dependency-in-the-eu-by-country/

Stoyanov, D., & Kostadinova, P. (2021). Bulgarian political parties and European integration: from anticommunism to Euroscepticism. *European Politics and Society*(22:2), 222-236.

Surubaru, N.-C. (2021). European funds in Central and Eastern Europe: drivers of change or mere funding transfers? Evaluating the impact of European aid on national and local development in Bulgaria and Romania. *European Politics and Society*(22:2), 203-221.

Tanasoiu, C., & Colonescu, C. (2008). Determinants of Support for European Integration: The case of Bulgaria. *European Union politics, 9*(3), 363-377.

The World Bank. (2019). *Net migration - Central Europe and the Baltics*. Retrieved June 17, 2022, from Data.worldbank.com: https://data.worldbank.org/indicator/SM.POP.NETM?end=2017&locations=B8-BG-LV-LT-EE&start=1982&view=chart

Trautendorfer, J. A. (2020). *Perception of European Union trade policies – what does the Austrian public know about it? A quantitative analysis of opinion-shaping factors and public awareness of international trade.* Vienna.

Vasiloiu, I. N. (2019). Expanding the Eurozone. The stage of economic convergence for Bulgaria, Czech Republic, Croatia, Hungary, Poland and Romania. *Theoretical and Applied Economics, XXVI*(4(621)), 5-18.

Verdun, A. (2019). Economic Monetary Union. In M. Cini, & N. Perez-Solorzano Borragan, *European Union Politics 6th Edition* (pp. 343-357). Oxford: OUP.

Žúdel, B., & Melioris, L. (2016). *Five Years in a Balloon: Estimating the Effects of Euro Adoption in Slovakia Using the Synthetic Control Method.* Organisation for Economic Co-operation and Development, Economics department. Organisation for Economic Co-operation and Development.

7 Appendices

Appendix A: Weight factors

Table 7. 1: Weight factors for the demographic variables

	Sample	Population	Weight factor
Gender			
Female	53,85%	52,09%	0,9673
Male	46,15%	47,91%	1,0382
Age group			
15-29	33,62%	16,52%	0,4915
30-44	30,20%	24,79%	0,8208
45-59	25,36%	25,47%	1,0043
60+	10,83%	33,22%	3,0687
Main residence			
Village	7,12%	22,24%	3,1224
Small town[1]	10,83%	29,29%	2,7058
Medium-sized town[2]	11,40%	17,98%	1,5778
Large town[3]	70,66%	30,49%	0,4315
Level of education			
Compulsory schooling (8th grade)	9,40%	16,57%	1,7627
High school diploma (12th grade)	23,36%	53,78%	2,3019
First-level university degree or higher	67,24%	29,65%	0,4410

Source: Data from author's survey.

[1]with a population under 30 000 residents.

[2]with a population of 30 000 to 100 000 residents.

[3]with a population of more than 100 000 residents.

Appendix B: The survey questionnaire - translated in English

Welcome!

Dear participant, thank you for taking the time to complete the following survey. The aim of this research is to investigate how the public opinion towards the euro and the European economic and monetary union is formed in Bulgaria. The questionnaire will require approximately 10 to 15 minutes to complete. Please note the following:

- The survey is anonymous, and the data collected will be used solely for academic purposes.
- Please only participate in the survey if you are a Bulgarian citizen or have been living in the country for the past 10 years.
- There are no wrong answers – please fill in the questionnaire based on your opinion and knowledge.
- Please take the time to read the short introductory texts at the beginning of each part, they will guide you throughout the survey.
-

The topic of this survey is the Economic and Monetary Union and Bulgaria's entry into the euro area.

What is Economic and Monetary Union (EMU)?

- It brings together policies aimed at the economic convergence of European Union (EU) member states.
- EMU member countries coordinate their economic and fiscal policies and share a common currency, the euro.
- The European Central Bank (ECB) sets the single monetary policy.
- EMU involves three stages of economic integration, and by joining the EU, each country commits to follow them.
- By reaching the third stage, a member state becomes part of the euro area and can adopt the euro as its official currency.
- In order to join the euro area, a country must meet a set of requirements called the "convergence criteria".
- Among the key criteria is the country's participation in the European Exchange Rate Mechanism (ERM II). It is often referred to as the "waiting room" of the euro area. While in it, candidate countries maintain their deviation from the target exchange rate against the euro within certain limits.

Please indicate which of the following applies to you and your opinion.

1. Do you consider yourself a supporter of the EU?
    - I have not thought about it
    - No

- Rather no
- Rather yes
- Yes

2. Do you trust the EU institutions?
    - I have not thought about it
    - No
    - Rather no
    - Rather yes
    - Yes
3. Do you support EU economic policies such as the EMU?
    - I have not thought about it
    - No
    - Rather no
    - Rather yes
    - Yes
4. Do you trust the ECB?
    - I have not thought about it
    - No
    - Rather no
    - Rather yes
    - Yes
5. Do you think that it is important for Bulgaria to join the eurozone?
    - I have not thought about it
    - No
    - Rather no
    - Rather yes
    - Yes
6. What effect will the implementation of the euro have on Bulgaria and its' economy?
    - I have not thought about it
    - Negative
    - Rather negative
    - Rather positive
    - Positive
7. What effect will the implementation of the euro have on your everyday life?
    - I have not thought about it
    - Negative
    - Rather negative
    - Rather positive
    - Positive
8. Do you think the implementation of the euro will have a positive impact on your personal income?
    - I have not thought about it

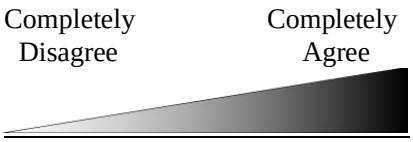
- No
- Rather no
- Rather yes
- Yes

Please indicate which of the following applies to you and your opinion.

9. How important is it for you to be informed of Bulgaria's accession to the eurozone?
    - Not important
    - Rather not important
    - Rather important
    - Very important
10. How often do you actively seek information connected to Bulgaria and the eurozone?
    - Never
    - Sometimes
    - Daily
    - I receive information mainly without actively seeking it
11. Why do you want to be up to date with information in EU economic policy? (More than one option can be chosen)
    - I do not want to be informed / I do not seek information actively
    - It affects my work / my education
    - If affects my personal finances
    - I like to be informed regarding public policy in general
    - It helps me with my voting decision
    - Other, please indicate: ...
12. How do you acquire your knowledge of European economic and monetary policy? Please indicate how often you currently use these resources or in case you no longer use it, whether you have used it in the past. If you think you have no knowledge at all, please always select "Never".
    - through my education (school, university, courses, etc.)
        - Never/Sometimes/Daily
    - through my job
        - Never/Sometimes/Daily
    - through my membership in certain organizations (political parties, clubs etc.)
        - Never/Sometimes/Daily
    - through informative profiles and channels on social media (Facebook, Instagram, Twitter, YouTube etc.)
        - Never/Sometimes/Daily
    - through the news on national media (websites, news, TV, radio, newspapers)
        - Never/Sometimes/Daily
    - through journalistic television or radio programmes and morning blocks broadcast in the national media
        - Never/Sometimes/Daily
    - through discussion with friends and/or family

        - Never/Sometimes/Daily
    - through the news on international media (websites, news, TV, radio, newspapers)
        - Never/Sometimes/Daily
    - through official channels of the EU institutions
        - Never/Sometimes/Daily
    - through newspapers and magazines
        - Never/Sometimes/Daily
    - through other, not here mentioned options
        - Never/Sometimes/Daily
13. If you would like to list other resources you have used that are not mentioned in the above question, you may do so here:
14. Do you think you are well informed about the Economic and Monetary Union and Bulgaria's accession to the euro area?
    - I have not thought about it
    - No
    - Rather not
    - Rather yes
    - Yes

15. Please indicate how much you would agree with the following statements according to the scale:



Joining the euro area would minimize the possibility of national bank failures.

Participation in the euro area will contribute to the creation of more jobs.

Access to the euro as a national currency will lead to increase prices for Bulgarians.

Entry into the eurozone will bring Bulgaria's economy to that of the Western Europe.

By joining the euro, Bulgaria will lose part of the its national identity.

Bulgarians' savings will decrease as a result of joining the euro area.

The following sections includes knowledge questions regarding the euro and the European economic and monetary union. These are deliberately difficult - please tick 'don't know' if you are unsure which is the correct answer.

Do not search for information on the internet, the purpose of the questionnaire is not to arrive at the correct answer by guessing.

16. By whom are banks in eurozone countries supervised?
    - All banks continue to be supervised by the national banks (in Bulgaria – the Bulgarian National Bank).
    - All banks are supervised by the ECB.
    - Some banks are supervised by the ECB, while others by the national banks – the supervision authority changes every two years.
    - Highly important banks are supervised by the ECB while smaller banks stay under the supervision of the national bank.
    - I do not know.
17. Which of the following is not part of the convergence criteria for joining the euro area?
    - HICP inflation.
    - Government budget deficit.
    - Government debt-to-GDP ratio.
    - Exchange rate stability.
    - Short-term interest rates.
    - I do not know.
18. What is the main objective of the ECB?
    - Offer advisory to national governments on fiscal policy.
    - Maintain price stability.
    - Lower the unemployment rate.
    - Prevent banks in the union from defaulting.
    - I do not know.
19. For at least how long does a country need to be part of the ERM II in order to be considered for an accession to the EMU?
    - For two years
    - For five years
    - There is no time frame
    - For however long the ECB decides
    - I do not know
20. When did Bulgaria join the ERM II?
    - When the country joined the EU in 2007
    - Bulgaria has not joined the ERM II yet
    - In 2020
    - In 2010
    - I do not know.
21. What is the relationship between the lev and the euro?
    - The exchange rate between the two is flexible

- The lev is pegged to the euro through a currency board since 1999
- The lev is pegged to the euro through a currency board since Bulgaria joined the EU
- The exchange rate between the two is fixed without a currency board
- I do not know

22. What is the planned adoption date for the euro in Bulgaria, announced by the Bulgarian government?
    - The government has not announced a specific date yet
    - Bulgaria is set to adopt the euro on 01.01.2024
    - Bulgaria is set to adopt the euro on 01.01.2023, at the same time as Croatia.
    - Bulgaria is set to adopt the euro on 01.01.2026
    - I do not know

Please take a minute to answer the following questions regarding your demographic profile.

23. Which gender do you assign yourself to?
    - Male
    - Female
    - No answer
24. Please indicate your highest level of formal education
    - Compulsory schooling (8th grade)
    - High school diploma (12th grade)
    - First-level university degree or higher
    - No answer
25. Please indicate your age …
26. How would you describe the area in which you mostly reside or have your main residence?
    - Village
    - Small town with population under 30 thousand residents
    - Medium-sized town with a population of 30 to 100 thousand residents
    - Large town with a population of more than 100 thousand residents
    - No answer
27. Did you vote in the last EU Parliament elections?
    - Yes
    - No
    - No answer/I do not remember
28. Are you a Bulgarian citizen or have you been living in Bulgaria for at least 10 years?
    - Yes
    - No
    - No answer

Appendix C: Unweighted results

Table 7. 2: Unweighted results for "Do you consider yourself a supporter of the EU?"

Do you consider yourself a supporter of the EU?	In %
I have not thought about it	5,13
No	9,69
Rather no	19,37
Rather yes	31,91
Yes	33,9

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).

Table 7. 3: Unweighted results for "Do you trust the EU institutions?"

Do you trust the EU institutions?	In %
I have not thought about it	4,27
No	13,11
Rather no	25,36
Rather yes	37,61
Yes	19,66

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).

Table 7. 4: Unweighted results for "Do you support EU economic policies such as the EMU?"

Do you support EU economic policies such as the EMU?	In %
I have not thought about it	14,53
No	16,81
Rather no	19,09
Rather yes	29,06
Yes	20,51

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).

Table 7. 5: Unweighted results for "Do you trust the ECB?"

Do you trust the ECB?	In %
I have not thought about it	13,39
No	17,66
Rather no	16,24
Rather yes	33,33
Yes	19,37

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).

Table 7. 6: Unweighted results for "What effect will the implementation of the euro have on Bulgaria and its' economy?"

What effect will the implementation of the euro have on Bulgaria and its' economy?	In %
I have not thought about it	2,56
Negative	34,76
Rather negative	29,06
Rather positive	23,93
Positive	9,69

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).

Table 7. 7 Unweighted results for "What effect will the implementation of the euro have on your everyday life?"

What effect will the implementation of the euro have on your everyday life?	In %
I have not thought about it	9,4
Negative	33,9
Rather negative	25,93
Rather positive	20,23
Positive	10,54

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).

Table 7. 8: Ordinal probit regression with dependent variable desire to be informed (D) with unweighted values

Independent variable	7.8-1
Main residential area	
Large town[3]	1,501***
	(0,442)
Medium large town	1,667***
	(0,524)
Small town	1,660***
	(0,518)
Level of education	
High school diploma[2]	1,193***
	(0,218)
First-level university degree or higher	2,584***
	(0,424)
Is there self-interest?	
No[4]	0,287
	(0,246)
Rather no	0,223
	(0,167)
Rather yes	0,135
	(0,126)
Yes	0,192
	(0,122)
Supporter of the EU?	
No[5]	0,192
	(0,289)
Rather no	0,112
	(0,172)
Rather yes	0,346
	(0,489)
Yes	0,904*
	(0,494)
Pseudo R^2 (Nagelkerke)	0,200

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
*Note: The dependent variable is the desire to be informed *** denotes significantly different from zero at the 1 percent level; ** denotes significantly different from zero at the 5 percent level; * denotes significantly different from zero at the 10 percent level.*
[1] omitted category is 'Village'.
[2] omitted category is 'Compulsory schooling'.
[3, 4] omitted categories are 'I have not thought about it'.

Table 7. 9: Regressions Explaining Respondents' Knowledge Scores with unweighted values

Independent variables	7.9-1	7.9-2	7.9-3
Age	-0,084	-0,065	-0,069
	-(0,945)	-(0,733)	-(0,805)
Female[1]	-0,359**	-0,317*	-0,324*
	-(2,021)	-(1,786)	-(1,900)
Level of education			
High school diploma[2]	0,225	0,183	0,233
	(1,244)	(0,969)	(1,279)
First-level university degree or higher	1,454***	1,357***	1,309***
	(4,140)	(3,576)	(3,582)
Main residential area			
Small town[3]	-0,111	-0,196	-0,139
	-(0,258)	-(0,451)	-(0,330)
Medium large town	-0,067	-0,165	-0,304
	-(0,158)	-(0,380)	-(0,727)
Large town	0,207	0,127	0,046
	(0,568)	(0,341)	(0,128)
Intensity of usage			
QH	-0,790*	-0,617	-0,774*
	-(1,833)	-(1,410)	-(1,837)
QL	1,119**	1,011**	0,753
	(2,311)	(2,090)	(1,608)
Desire to be informed			
Rather important[4]		0,163	-0,069
		(0,513)	-(0,222)
Very important		0,561*	0,291
		(1,813)	(0,964)
Supporter of the EU			
Rather yes[5]			0,507**
			(2,422)
Yes			1,172***
			(5,499)
Adjusted R^2	0,182	0,191	0,253

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
*Note: The dependent variable is the knowledge score. *** denotes significantly different from zero at the 1 percent level; ** denotes significantly different from zero at the 5 percent level; * denotes significantly different from zero at the 10 percent level.*
[1] ommited category is 'Male'.
[2] omitted category is 'Compulsory schooling'.
[3] omitted category is 'Village'.
[4] omitted categories are 'Rather not important' and 'Not important'.
[5] omitted categories are 'I have not thought about it', 'Rather no' and 'No'.

Table 7. 10: Ordinal probit regressions for "Do you support EU economic policies such as the EMU?" with unweighted values

Independent variable	7.10-1	7.10-2	7.10-3
Age	0,008	0,022	0,028
	(0,057)	(0,057)	(0,059)
Female[1]	0,059	0,129	0,121
	(0,114)	(0,115)	(0,119)
Level of education			
High school diploma[2]	0,149	0,083	0,082
	(0,113)	(0,114)	(0,118)
First-level university degree or higher	0,617	0,298	0,185
	(0,214)	(0,222)	(0,234)
Main residential area			
Large town[3]	0,454	0,409	0,231
	(0,235)	(0,236)	(0,244)
Medium large town	0,580	0,584	0,281
	(0,274)	(0,275)	(0,287)
Small town	0,365	0,374	0,280
	(0,276)	(0,277)	(0,285)
Voter in the last EU elections	-0,282***	-0,318***	-0,366***
	(0,117)	(0,118)	(0,122)
Level of knowledge			
Knowledge score		0,195	0,091
		(0,035)	(0,037)
Is there self-interest?			
No[4]			-0,196**
			(0,142)
Rather no			0,029
			(0,096)
Rather yes			0,083
			(0,073)
Yes			0,090
			(0,070)
Supporter of the EU?			
No[5]			0,314
			(0,169)
Rather no			0,290
			(0,102)
Rather yes			1,140
			(0,293)
Yes			2,180
			(0,306)
Pseudo R^2 (Nagelkerke)	0,069	0,152	0,451

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
Note: The dependent variable is whether the respondent supports the EMU, where 'I have not thought about it'=1, 'No'= 2, 'Rather no'= 3, 'Rather yes'= 4 and 'Yes'= 5.
Omitted categories: [1] 'Male'; [2] 'Compulsory schooling'; [3] 'Village'; [4,5] 'I have not thought about it'.

Table 7. 11: Ordinal probit regression for "What effect will the implementation of the euro have on Bulgaria and its economy (7.11-1) versus on your everyday life (7.11-2)?" with unweighted values

Independent variable	7.11-1	7.11-2
Age	-0,049	-0,026
	(0,060)	(0,058)
Female[1]	-0,037	-0,082
	(0,120)	(0,116)
Level of education		
High school diploma[2]	-0,335**	-0,161
	(0,122)	(0,117)
First-level university degree or higher	-0,346**	-0,110
	(0,240)	(0,231)
Main residential area		
Large town[3]	-0,089	-0,072
	(0,250)	(0,242)
Medium large town	-0,271	0,212
	(0,292)	(0,282)
Small town	-0,125	-0,136
	(0,291)	(0,282)
Voter in the last EU elections	-0,132*	-0,001
	(0,123)	(0,119)
Level of knowledge		
Knowledge score	0,153	0,103
	(0,038)	(0,036)
Is there self-interest?		
No[4]	-0,326***	0,149
	(0,142)	(0,139)
Rather no	0,000	0,177
	(0,095)	(0,094)
Rather yes	0,090	0,292
	(0,072)	(0,072)
Yes	0,165	0,275
	(0,069)	(0,068)
Supporter of the EU?		
No[5]	-0,187*	-0,031
	(0,171)	(0,164)
Rather no	-0,033	-0,003
	(0,101)	(0,098)
Rather yes	0,593	0,464
	(0,290)	(0,280)
Yes	1,177	0,974
	(0,297)	(0,286)
Pseudo R^2 (Nagelkerke)	0,498	0,360

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
Note: The dependent variable is the respondents' opinion on the effect of the euro adoption where 'I have not thought about it'=1, 'Negative'= 2, 'Rather negative'= 3, 'Rather positive'= 4 and 'Positive'= 5.
Omitted categories: [1] 'Male'; [2] 'Compulsory schooling'; [3] 'Village'; [4,5] 'I have not thought about it'.

Table 7. 12: Ordinal probit regressions for "Joining the euro area would minimize the possibility of national bank failures." (Column 7.12-1) and "Participation in the euro area will contribute to the creation of more jobs." (Column 7.12-2) with unweighted values

Independent variable	7.12-1	7.12-2
Age	0,054	-0,061
	(0,058)	(0,059)
Female[1]	-0,032	0,31***
	(0,116)	(0,120)
Level of education		
High school diploma[2]	-0,152	-0,33**
	(0,117)	(0,119)
First-level university degree or higher	-0,171	-0,595***
	(0,231)	(0,238)
Main residential area		
Large town[3]	-0,241	-0,253
	(0,241)	(0,251)
Medium large town	-0,39*	-0,735***
	(0,282)	(0,294)
Small town	-0,019	-0,075
	(0,281)	(0,290)
Voter in the last EU elections	-0,065	0,011
	(0,119)	(0,121)
Level of knowledge		
Knowledge score	0,045	0,019*
	(0,036)	(0,037)
Is there self-interest?		
No[4]	-0,126*	-0,284***
	(0,138)	(0,138)
Rather no	0,025	0,033
	(0,093)	(0,093)
Rather yes	0,099	0,118
	(0,071)	(0,070)
Yes	0,039	0,155
	(0,067)	(0,067)
Supporter of the EU?		
No[5]	-0,089	-0,503***
	(0,164)	(0,178)
Rather no	-0,034	-0,082*
	(0,098)	(0,099)
Rather yes	0,264	0,315
	(0,279)	(0,282)
Yes	0,663	0,746
	(0,284)	(0,287)
Pseudo R^2 (Nagelkerke)	0,204	0,408

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
Note: The dependent variable is the respondents' evaluation of the statement, where 'Totally disagree'= 1, 'Disagree'= 2, 'Neutral'= 3, 'Agree'= 4 'Totally agree'= 5.
Omitted categories: [1] 'Male'; [2] 'Compulsory schooling'; [3] 'Village'; [4,5] 'I have not thought about it'.

Table 7. 13: Ordinal probit regression for "Entry into the Economic and Monetary Union will bring Bulgaria`s economy to that of the Western Europe." with unweighted values

Independent variable	7.13-1	7.13-2	7.13-3
Age	-0,112*	-0,105*	-0,095
	-(0,059)	-(0,059)	-(0,060)
Female[1]	0,148	0,190	0,137
	-(0,116)	-(0,117)	-(0,120)
Level of education			
High school diploma[2]	0,088	0,043	-0,07
	-(0,120)	-(0,121)	-(0,127)
First-level university degree or higher	0,543	0,348	0,076
	-(0,227)	-(0,235)	-(0,250)
Main residential area			
Large town[3]	0,672	0,656	0,371
	-(0,259)	-(0,260)	-(0,271)
Medium large town	0,505	0,501	-0,018
	-(0,297)	-(0,298)	-(0,313)
Small town	0,621	0,629	0,523
	-(0,299)	-(0,300)	-(0,309)
Voter in the last EU elections	-0,041	-0,053	0,043
	-(0,119)	-(0,119)	-(0,123)
Level of knowledge			
Knowledge score		0,106	0,017*
		-(0,034)	-(0,037)
Is there self-interest?			
No[4]			-0,612***
			-(0,141)
Rather no			-0,165***
			-(0,094)
Rather yes			-0,047*
			-(0,071)
Yes			-0,012*
			-(0,067)
Supporter of the EU?			
No[5]			-0,462***
			-(0,173)
Rather no			-0,201***
			-(0,099)
Rather yes			-0,407*
			-(0,279)
Yes			0,227
			-(0,282)
Pseudo R^2 (Nagelkerke)	0,082	0,108	0,393

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
Note: The dependent variable is the respondents' evaluation of the statement, where 'Totally disagree'= 1, 'Disagree'= 2, 'Neutral'= 3, 'Agree'= 4 'Totally agree'= 5.
Omitted categories: [1] 'Male'; [2] 'Compulsory schooling'; [3] 'Village'; [4,5] 'I have not thought about it'.

Table 7. 14: Ordinal probit regression for "Access to the euro as a national currency will lead to increase prices for Bulgarians." (Column 7-14.1) and "Bulgarians` savings will decrease as a result of joining the euro area." (Column 7-14.2)

Independent variable	7.14-1	7.14-2
Age	-0,210***	-0,252***
	-(0,064)	-(0,064)
Female[1]	-0,157	0,019
	-(0,125)	-(0,128)
Level of education		
High school diploma[2]	-0,576**	-1,093**
	-(0,125)	-(0,139)
First-level university degree or higher	-1,215***	-2,061***
	-(0,248)	-(0,275)
Main residential area		
Large town[3]	0,114	-1,012***
	-(0,271)	-(0,276)
Medium large town	-0,169	-1,268***
	-(0,313)	-(0,327)
Small town	0,118	-0,789***
	-(0,312)	-(0,322)
Voter in the last EU elections	0,017	0,098
	-(0,128)	-(0,131)
Level of knowledge		
Knowledge score	0,110	0,059
	-(0,038)	-(0,039)
Is there self-interest?		
No[4]	-0,436***	-0,255***
	-(0,144)	-(0,144)
Rather no	-0,161***	-0,049
	-(0,096)	-(0,097)
Rather yes	0,008	0,067
	-(0,072)	-(0,073)
Yes	-0,002	0,057
	-(0,068)	-(0,070)
Supporter of the EU?		
No[5]	-0,099	-0,172
	-(0,192)	-(0,190)
Rather no	-0,012	-0,093*
	-(0,111)	-(0,111)
Rather yes	0,312	0,419
	-(0,313)	-(0,311)
Yes	0,577	0,903
	-(0,316)	-(0,316)
Pseudo R^2 (Nagelkerke)	0,301	0,415

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
Note: The dependent variable is the respondents' evaluation of the statement, where 'Totally disagree'= 1, 'Disagree'= 2, 'Neutral'= 3, 'Agree'= 4 'Totally agree'= 5.
Omitted categories: [1] 'Male'; [2] 'Compulsory schooling'; [3] 'Village'; [4,5] 'I have not thought about it'.

Table 7. 15: Ordinal probit regression for "By joining the euro, Bulgaria will lose part of its national identity." with unweighted values

Independent variable	7.15-1	7.15-2	7.15-3
Age	-0,106*	-0,100*	-0,120*
	-(0,060)	-(0,060)	-(0,062)
Female[1]	0,061	0,104	0,060
	-(0,119)	-(0,120)	-(0,124)
Level of education			
High school diploma[2]	-0,701**	-0,746**	-0,887**
	-(0,126)	-(0,128)	-(0,135)
First-level university degree or higher	-1,188***	-1,39***	-1,768***
	-(0,241)	-(0,250)	-(0,268)
Main residential area			
Large town[3]	-0,053	-0,087	-0,379*
	-(0,249)	-(0,249)	-(0,266)
Medium large town	-0,104	-0,121	-0,558***
	-(0,291)	-(0,290)	-(0,313)
Small town	-0,230	-0,247	-0,377
	-(0,294)	-(0,293)	-(0,313)
Voter in the last EU elections	0,030	0,021	0,024
	-(0,122)	-(0,122)	-(0,127)
Level of knowledge			
Knowledge score		0,109	-0,001*
		-(0,035)	-(0,038)
Is there self-interest?			
No[4]			-0,249***
			-(0,143)
Rather no			-0,100*
			-(0,097)
Rather yes			0,031
			-(0,073)
Yes			0,019
			-(0,070)
Supporter of the EU?			
No[5]			-0,193*
			-(0,178)
Rather no			-0,122**
			-(0,105)
Rather yes			0,515
			-(0,294)
Yes			1,085
			-(0,300)
Pseudo R^2 (Nagelkerke)	0,105	0,130	0,381

Source: Data from author's survey. Table is based on Blinder & Krueger (2004).
Note: The dependent variable is the respondents' evaluation of the statement, where 'Totally disagree'= 1, 'Disagree'= 2, 'Neutral'= 3, 'Agree'= 4 'Totally agree'= 5.
Omitted categories: [1] 'Male'; [2] 'Compulsory schooling'; [3] 'Village'; [4,5] 'I have not thought about it'.