

The Impact of Regulation of Energy Prices on Public Trust in Europe during Energy Crisis: a Cross Sectional Study in the Aftermath of the Russia-Ukraine Conflict

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Abstract : The conflict in Ukraine has had far-reaching economic consequences, not only for the countries directly involved in it but also for their trading partners and allies, and on the global economy in general. Different European Union (EU) countries, being some of Ukraine and Russia's major trading partners, have also felt the impact of the conflict on their economy. In a special way, the energy sector has suffered the most due to the fact that Russia is a huge exporter of gas and other energy sources on which rely European countries. Energy is a locomotive of the economy and once energy prices skyrocket there is a spill over effects in other areas causing different commodities' prices to rise thereby affecting people's social economic lifestyles. To minimise the impact energy crisis' socio-political and economic consequences, the EU and countries have tightened their regulatory mechanisms to stop some energy firms exploit the crisis at the expense of the vulnerable mass. The key question is to what extent these regulatory instruments put in place during the energy crisis times have an affect on citizen trust in the governing institutions. The question is of paramount importance after years of declining trust in the EU and in most countries in Europe. Earlier research have analysed how wars or global political risks relate to citizen trust in government and organizations but very few empirical research have examined the relationship between regulatory instruments during the time of crisis on citizen trust in government and institutions. Using data from INSEE (the French National Institute of Statistics and Economic Studies) and European Social Survey (ESS), it carry out a multilinear regression analysis and investigate the impact of regulation both from the EU and different countries on energy prices on citizen trust. To understand the dynamics between regulatory actions during crises and citizen trust, this study draws on the theoretical framework of institutional trust and regulatory legitimacy. Institutional trust theory posits that citizens' trust in government and institutions is influenced by perceptions of fairness, transparency, and efficacy in governance. Regulatory legitimacy, a related concept, suggests that regulatory measures, especially in response to crises, are more effective when perceived as just, necessary, and in the public interest. Results of this cross sectional study show that regulatory frameworks strongly affect the levels of trust, the association varying from strong to moderate depending on countries and period. This study contributes to the understanding of the vital relationship between regulatory measures implemented during crises and citizen trust in government institutions. By identifying the conditions under which trust is fostered or eroded, the findings provide policymakers with valuable insights into effective strategies for enhancing public confidence, ultimately guiding interventions that can mitigate the socio-political impacts of future energy crises.

Keywords : energy crisis, price, regulation, russia-Ukraine conflict, trust

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