

Norman Schofield · Gonzalo Caballero · Daniel Kselman *Editors*

Advances in Political Economy

Institutions, Modelling and Empirical Analysis

This book presents latest research in the field of Political Economy, dealing with the integration of economics and politics and the way institutions affect social decisions. The focus is on innovative topics such as an institutional analysis based on case studies; the influence of activists on political decisions; new techniques for analyzing elections, involving game theory and empirical methods.

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47 posed reductions in public sector spending threaten to overturn the distributional
48 policy consensus in contemporary mature democracies.

49 As of this writing, several countries—*inter alia*, Ireland, Italy, Greece, Portu-
50 gal, Spain, the United States and the United Kingdom—either have implemented
51 or are seriously contemplating large-scale budget cuts that will necessitate painful
52 reductions in public services and benefits. Perhaps the best known case is Greece
53 where the European Union and the International Monetary Fund have dictated dra-
54 conian financial policies to remedy the country’s sovereign debt crisis. The result
55 has been widespread, oftentimes violent, public protests and ongoing political tur-
56 moil. In the United Kingdom, proposed public-sector cuts have prompted civil un-
57 rest and charges that the Conservative-led Coalition government accords higher pri-
58 ority to enacting a neo-Thatcherite ideological agenda of small government and re-
59 privatization than the provision of effective health care and education for its citizens.

60 This study focuses on the British experience. Confronted with a pernicious com-
61 bination of rising public debt and growing unemployment when his coalition gov-
62 ernment of Conservatives and Liberal Democrats assumed power in May 2010,
63 Prime Minister David Cameron and his Chancellor of the Exchequer, George Os-
64 borne, proposed to cut an average of 20 percent from government spending over
65 the next four years (Burns 2011). The plan was to reduce the budget by £83 billion
66 by eliminating 490,000 government jobs, curtailing benefits, and chopping a broad
67 range of “unnecessary” programs (BBC 2011). Public employee pay was frozen for
68 two years, with the prospect of one percent annual raises offered for the follow-
69 ing two years. Reductions in the government workforce would be mitigated by in-
70 creased participation by civic-minded volunteers who would provide public services
71 *pro bono*—a devolution-of-power and responsibility that Cameron and his advisors
72 termed “the Big Society”.

73 Progress towards these goals has been slow—by the end of 2011, the UK infla-
74 tion rate was nearly five percent and unemployment exceeded eight percent (Burns).
75 Economic growth has been less than projected and Chancellor George Osborne
76 now anticipates that the public sector cuts will take seven years to clear the deficit
77 (Werdigier 2011). The projected level of spending reductions is now fully £123 bil-
78 lion. A sense that the cuts are “too far, too fast” is increasingly widespread, being
79 enunciated both in the news media (Bloomberg 2011) and, as will be documented
80 below, in public opinion surveys.

81 Nothing has prompted more resistance than the Coalition Government’s attempt
82 to devolve management and ownership of the National Health Service, its hospi-
83 tals and other facilities to physicians and private investors. Public skepticism about
84 the benefits of such moves has been compounded by criticism by medical profes-
85 sionals. Fearing the political repercussions of such negative reactions to his plans
86 for the NHS, Cameron and his Health Secretary, Andrew Lansley, have excluded
87 professional groups representing physicians, nurses and midwives from recent con-
88 ferences on how to implement the reforms.

89 Models incorporating demographic, attitudinal and evaluative variables are staples
90 in analyses of public support for political parties and their leaders, and here
91 we develop similar models for policy preferences. We first investigate the nature of
92

93 public attitudes towards the budget cuts using cross-sectional data from the British
94 Election Study's 2011 Alternative Vote (AV) Referendum Survey. Then, we specify
95 a multivariate model of these attitudes. The model incorporates demographics, atti-
96 tudinal/policy beliefs and economic evaluations. We also use data from the monthly
97 BES Continuous Monitoring Surveys (CMS) to analyze the dynamics of public
98 opinion about the likelihood of economic recovery since the failure of Lehman
99 Brothers Bank in September 2008 dramatized the onset of the financial crisis.

100 The proposed budget cuts pose pressing political questions. Will citizens in mod-
101 ern welfare states accept their leaders' assertions that public spending reductions are
102 necessary? If the answer is "no", will governing parties and leaders that propose and
103 try to implement such cuts face major losses of electoral support? To answer these
104 questions in the British context, we examine public attitudes towards the proposed
105 cuts and assess how these attitudes affect support for the Conservatives and Prime
106 Minister David Cameron. As part of this analysis, we estimate rival vote intention
107 models to determine the relative importance of attitudes towards the cuts as an ex-
108 planatory factor. Do voters place more weight on economic conditions, attitudes to-
109 wards the spending cuts, or do they focus more heavily on the overall performance
110 of parties and their leaders? We also investigate the dynamics public opinion about
111 the likelihood of solving the financial crisis. This analysis begins in October 2008,
112 the month after the failure of Lehman Brothers. Monthly survey data are used to
113 track the dynamics of opinions about solving the crisis and factors that account for
114 these dynamics.

117 1 Theoretical Perspectives

119 We distinguish our study from previous work that analyzes the formation and per-
120 sistence of values that undergird the modern welfare state. We investigate factors af-
121 fecting policy evaluations and policy preferences and the political impacts of those
122 evaluations and preferences. Borre and Viegas (1995) have observed that there is
123 only a weak connection between attitudes that support general government inter-
124 vention in the national economy and the specifics of that response. In this study,
125 we focus on a specific response—attitudes towards cuts in government spending
126 on services and benefits—rather than on the general ideological and belief-system
127 framework that provides the political cultural context for responses to government
128 intervention.

129 Earlier research has raised questions about whether an individual's overall level
130 of support for the welfare state is determined by careful weighing of the benefits
131 and services provided and the tax burden that must be assumed to sustain those
132 benefits and services. Over 50 years ago, Downs (1960) speculated that there may
133 be a large gap between citizens' evaluations of policy inputs and outputs because
134 people cannot see direct relationships between what they contribute and what they
135 receive. In markets, there is a direct relationship between cost and benefits; in gov-
136 ernments, there is not. Downs suggested that this disconnect may reduce support for
137 government spending among ordinary citizens. Subsequent studies focused not on
138

139 the disconnect, but rather on the idea that the tax burdens of the welfare state are
 140 recognized by citizens, but are underestimated. Survey questions that “price” the
 141 benefits by reminding respondents of the connection between social spending and
 142 taxation often show lower support for spending (Winter and Mouritzen 2001), even
 143 while general policy preferences remain largely the same (Confalonieri and Newton
 144 1995).

145 In a recent review, Kumlin (2007) suggests that responses to the individual-level
 146 consequences of welfare state programs may affect political attitudes and behavior.
 147 He notes that this runs counter to stylized facts in the economic voting literature, in
 148 which sociotropic economic evaluations, i.e., retrospective, contemporaneous and
 149 prospective evaluations of the national economy, have stronger effects on political
 150 attitudes and voting behavior than do egocentric evaluations (e.g., Lewis-Beck 1988;
 151 Clarke et al. 2004).

152 Moreover, it bears emphasis that we are studying support for spending cuts in a
 153 crisis context. Over a decade ago Pierson (1993) pointed out that many countries are
 154 finding it difficult to fund previous commitments to the social safety net and the wel-
 155 fare state, and were entering a period of what he called “permanent austerity”. The
 156 current situation may accentuate this long-term general condition, but this study ad-
 157 dresses the imposition of crisis-induced austerity measures through a specific policy
 158 approach—the “shock therapy” of immediate, large-scale cuts in public spending.

159 Models of political support in mature and emerging democracies usually focus
 160 on three phenomena—support for the political community as a whole, for the polit-
 161 ical regime and its institutions, and for specific authorities embodied as individual
 162 officeholders or incumbent governments (Easton 1965; Kornberg and Clarke 1992).
 163 When analyzing public reactions to budget cuts in the United Kingdom, we concen-
 164 trate instead on attitudes towards a set of government policies—the spending cuts
 165 instituted in 2010–2011 by the Conservative-led Coalition Government of Prime
 166 Minister David Cameron. Extending electorally oriented models to analyze support
 167 for policies is appropriate because, as Kornberg and Clarke (1992) have observed,
 168 governments and political systems in mature democracies are expected to help im-
 169 prove the quality of citizens’ lives, provide a safety net to ensure basic needs are
 170 met, while at the same time mitigating the impact of individual- and group-level
 171 variations in economic conditions that can significantly affect personal well-being
 172 and life chances. This is the essence of the political-economic settlement that has
 173 defined the contours of mainstream political discourse in Western democracies since
 174 the Great Depression of the 1930s.

175 When delineating factors that affect public attitudes towards the spending cuts
 176 proposed by Mr. Cameron’s Government, it is plausible that economic evaluations
 177 will be prime determinants of those attitudes. *Circa* early 2012, the British econ-
 178 omy is on the verge of a “double-dip” recession as are the economies of many of its
 179 trading partners. Citizens are exercised that massive debt has been amassed and are
 180 unsure who to blame. For their part, the Conservatives and their coalition partners,
 181 the Liberal Democrats, contend that the problem is attributable to the profligate prac-
 182 tices of the previous New Labour governments of Tony Blair and Gordon Brown.
 183 Other, more radical, voices on the right blame an influx foreign workers and growing
 184

185 numbers of immigrants and miscellaneous miscreants who exploit the benefit sys-
186 tem at the expense of hardworking Britons. Still others argue that, despite its best
187 intentions, no 21st century British government can afford the commitments made
188 over half a century ago for a comprehensive social safety net in an era when the per-
189 centage of elderly people is rapidly expanding and attendant health care costs are
190 exploding. All of these arguments are being made in a context of simmering public
191 anger over the bailout of British banks that worsened the debt and the deficits.

192 Students of economic voting long have argued that the economy and related va-
193 lence issues typically dominate the electoral agenda in mature democracies. The
194 economy is fundamental; it provides a simple, extremely useful guide for deciding
195 how to cast one's ballot. A strong economy indicates that the government is perform-
196 ing well, whereas a weak economy is a clear signal of incompetence. Voters make
197 responsibility attributions and when the economy is in trouble incumbent parties and
198 their leaders are in trouble as well. Of course, the economy is not of a piece, and
199 there have been protracted debates about which aspects of economic performance
200 matter most for political support (see, e.g., Lewis-Beck 1988; Clarke et al. 2004).
201 In this regard, Lewis-Beck and Stegmaier (2000; see also Bartels 2008), have con-
202 tended that rising income equality and enhanced financial insecurity may become
203 increasingly important components of the "economic vote" in contemporary mature
204 democracies.

205 Conjectures about the significance of income inequality, financial insecurity and
206 "fair shares" harken back to longstanding arguments concerning the significance,
207 indeed dominance, of social class in British electoral politics (e.g., Butler and Stokes
208 1969). Although the growing weakness of social class as a predictor of party sup-
209 port in Britain is well established (Clarke et al. 2004, 2009b), it is possible that the
210 political relevance of class divisions will be reinvigorated by the current economic
211 crisis and the austerity policies being pursued by the Coalition government. In this
212 regard, Dalton (2006) has argued that social class no longer matters much in most
213 elections, but economics does. Increasingly, voters are focusing on economic issues
214 to satisfy individual interests, not to show solidarity with a social class to which they
215 belong.

216 Cutler (2002) is among the more recent voices stating the case for including
217 social class and other demographic variables in party support models. In studies
218 of Canadian elections, he finds that even the best informed voters who might be
219 expected to make electoral choices on the basis of policy considerations instead
220 fall back on simple, observable similarities and differences among parties and their
221 support coalitions. Cutler also argues that demographic effects undercut models of
222 voter choice that emphasize partisan and leader image heuristics.

223 The latter argument is problematic since there is an enormous volume of research
224 testifying that party identification is one of the most powerful factors cuing electoral
225 choice and orientations towards candidates and issues (e.g., Campbell et al. 1960;
226 Clarke et al. 2004, 2009b; Lewis-Beck et al. 2008). In the present study, the perti-
227 nent question is whether partisan and leader heuristics provide meaningful explana-
228 tions of people's attitudes towards budget cuts. Other heuristics may be at work as
229 well. In this regard, general risk acceptance/aversion orientations may be relevant
230

231 to attitudes towards government cuts that are being justified as “short-term pain for
232 long-term gain”. *Ceteris paribus*, risk acceptant people will be willing to bet that
233 the cuts will have beneficial effects going forward, whereas risk averse individuals
234 will be unwilling to take the wager.

235 Long ago St. Thomas Aquinas warned to beware the man of one book. Political
236 economists also should beware the researcher of one model. Composite models in-
237 corporating different explanations of political behavior are routinely used in major
238 election studies (e.g., Lewis-Beck et al. 2008) and in the British context the sta-
239 tistical justification for such models has been demonstrated by Clarke et al. (2004,
240 2009b). This is the approach we take in this study, assembling variables from com-
241 peting models of electoral choice to specify a composite model of attitudes towards
242 the spending cuts and voting intentions. We draw from socio-demographic models
243 rooted in the voting studies of Lazarsfeld, Berelson and the Columbia school in the
244 1940s and 1950s (Lazarsfeld et al. 1944; Berelson et al. 1954), from the models of
245 *The American Voter* (Campbell et al. 1960) and from models that posit economic
246 evaluations (both cognitive and emotional) as the most important components of
247 political choice (e.g., Fiorina 1981; Lewis-Beck 1988).

248 In particular, we are interested in valence politics models of party support. The
249 model draws on Stokes’ concept of valence issues (1963, 1992). Unlike positional
250 issues such as taxation-social spending trade-offs, the desirability of participating
251 in the Iraq War or electoral system reform that divide public opinion, valence is-
252 sues manifest a strong opinion consensus—voters share a common ideal point. The
253 canonical valence issue is the economy, with overwhelming numbers of people pre-
254 ferring low rates of inflation and unemployment coupled with vigorous, sustainable
255 economic growth. However, there are other important valence issues as well, with
256 massive majorities favoring affordable, effective health care and educational sys-
257 tems, a clean environment and policies that promote national and personal security.
258 *Pace Downs* (1957) and the many advocates of spatial models of party competition
259 whom he inspired (see Adams et al. 2005), Stokes contended that valence, not posi-
260 tional, issues typically dominate the political agenda. Voter’s assessments of parties’
261 demonstrated and expected performance on such issues do much to drive electoral
262 choice.

263 The valence politics model as articulated by Clarke et al. (2004, 2009b; see also
264 Clarke et al. 2009a; Lewis-Beck et al. 2011) adds two other major explanatory
265 variables—partisanship and party leader images. Unlike the venerable Michigan
266 model that stressed the stability of party identification (Campbell et al. 1960), in
267 the valence politics model partisanship has dynamic properties (Clarke et al. 2004;
268 Clarke and McCutcheon 2009; see also Fiorina 1981; Achen 1992; Franklin 1992).
269 However, like its Ann Arbor ancestor, at any point in time valence partisanship pro-
270 vides a powerful and accessible voting cue (Sniderman et al. 1991). Leader images
271 are similar in that they serve as influential heuristic devices for voters who lack infor-
272 mation about parties’ policy preferences and, more important, their ability to deliver
273 desired policy outcomes (Clarke et al. 2004, 2009a; Lupia and McCubbins 1998).
274 Together with assessments of party performance on valence issues, partisanship and
275 leader images provide a powerful and parsimonious explanation of electoral choice.
276

Data Sources The British Election Study (BES)'s AV Ballot Referendum Survey was conducted in April and May 2011, with fieldwork being carried out by YouGov. Two survey waves were administered to a representative national internet panel, with 22,124 respondents completing the pre-referendum wave and 18,556 completing the post-referendum wave. The BES also conducts a regular monthly internet survey—the Continuous Monitoring Survey (CMS)—measuring the political attitudes, beliefs and opinion of approximately 1,000 Britons. Both sources of data are used for the analyses presented below.

2 Model Specification

2.1 Public Support for the Cuts

The principal dependent variable for the analyses—attitudes towards the budget cuts—was constructed using responses to five questions. In three of the questions, a five-point agree-disagree scale was used to measure responses.¹ The fourth question asked respondents to choose between two statements about the cuts, one stating that the cuts would strengthen Britain economically, and one stating that the cuts would

¹The question format for the first three components of the dependent variable was as follows:
Please indicate how far you agree or disagree with each of the following statements:

- The Government's cuts in public expenditure are essential for the long-term health of the UK economy.
- The cuts in public expenditure that the Government proposes are likely to cause serious financial difficulties for me and my family.
- Excessive public spending is the main cause of Britain's debt.

Respondents could choose between Strongly approve, Approve, Neither approve nor disapprove, Disapprove, Strongly disapprove or Don't know.

The fourth question stated:

Which of the following statements come closest to your view about the overall impact of the proposed public expenditure cuts?

- The public expenditure cuts will strengthen Britain's economic growth and international competitiveness.
- The public expenditure cuts will damage Britain's economy by pushing it further into recession.
- Don't know.

The fifth question was worded thus:

Which of the following statements comes closest to your view?

- The government should do less to provide publicly funded services and do more to encourage people to provide services for themselves.
- Good public services can be provided only by the government.
- Don't know.

323 push the UK into recession. A middle category allowed respondents to say they did
324 not know which option to choose. A fifth question asked respondents about whether
325 they favored more or fewer services from the government, with a “don’t know” op-
326 tion as well. Responses to the five questions were rescaled to produce high scores
327 when the respondent thought that cuts were needed to solve the UK’s economic
328 problems, whereas low scores indicated that the respondent believed that the cuts
329 would be harmful. A principal components exploratory factor analysis indicated
330 that a single factor structures answers to the five questions, and we use factor scores
331 produced by this analysis as the dependent variable. Given the continuous nature of
332 the dependent variable, our model of attitudes towards the cuts was estimated with
333 ordinary least squares regression.

334 Predictor variables included demographic measures for gender, age, ethnicity,
335 education and income bands. Gender was a 0–1 dummy variable and age was mea-
336 sured in years. We expected that men, who traditionally have less responsibility
337 for child and family care, would be more likely to favor the cuts. For age, we en-
338 tertained two possibilities; older people might be more conservative and favor the
339 cuts, or they might recognize the vulnerability of old age and oppose them. We also
340 computed a new variable, the square of a respondent’s age, in an effort to capture
341 possible curvilinear effects of age. Ethnicity was dichotomized into “white British”
342 and other ethnicity and race identifications, with minorities scored as 1 and “white
343 British” as 0. As a vulnerable social group, we expected non-whites to be opposed
344 to the cuts. Income was measured in 14 bands. As income increased, we anticipated
345 that support for the cuts to increase, but education proved to be a trickier prediction.
346 Education often correlates with income, but the more highly educated also might
347 be more sympathetic to the need for an extensive set of publicly funded social pro-
348 grams.

349 The model also included dummy variables for Scotland and Wales to determine
350 if regional differences emerged. Scotland in particular is considered to be consid-
351 erably more left in its ideological proclivities than is the UK as a whole, and we
352 hypothesized that being a resident of Scotland would produce a negative coefficient
353 in the multivariate analysis. We made no such prediction for Wales.

354 We also included a dummy variable to evaluate the effects of workforce status
355 and vulnerability, combining short- and long-term unemployed into a single cate-
356 gory with the permanently disabled and ill and those with long-term caregiver re-
357 sponsibilities. We predicted that those who were unemployed would find the pub-
358 lic spending cuts harsh, both because benefits were reduced and because spending
359 cuts meant fewer opportunities for job seekers. Similarly we predicted that the sick,
360 disabled and caregivers would manifest less support for the cuts than would other
361 people.

362 As elsewhere, the economy is a major concern for most citizens of the UK. Our
363 model of attitudes towards the cuts contains a predictor variable measuring cog-
364 nitive evaluations of national and personal economic evaluations, constructed via
365 an exploratory factor analysis. The BES routinely measures economic evaluations
366 with four questions on five-point Likert scales. The questions elicit sociotropic and
367 egocentric evaluations both retrospectively and prospectively. The factor analysis of
368

369 these items indicates that a single economic evaluation factor structures responses.
 370 Emotional reactions towards the economy were also elicited, using a question in
 371 which respondents were asked to describe their feelings about the general economic
 372 situation. Respondents could select up to four words from a field of eight that was
 373 divided equally between positive and negative labels. Respondent then were scored
 374 by computing the number of positive answers minus the negative ones. The result-
 375 ing index ranges from -4 to $+4$, with -4 representing a very negative emotional
 376 response and 4 representing a very positive view of the economy. For both eco-
 377 nomic variables we predicted that increasingly positive scores would be associated
 378 with greater support for the cuts.

379 The model also includes several variables drawn from valence models of elec-
 380 toral choice described above. We created dummy party identification variables
 381 for the coalition leading Conservative Party, the coalition minority partner Liberal
 382 Democrats and the principal opposition Labour Party. Identifiers with various mi-
 383 nor parties were placed in a single dummy variable. Non-identifiers served as the
 384 reference party identification category. Because the coalition proposed and enacted
 385 the cuts, we predicted positive correlations between the Conservative and Liberal
 386 Democrat identification and support for the cuts and a negative coefficient for the
 387 Labour Party. We did not predict the direction of the other party identification ef-
 388 fects. We did not include the party leader images in this model since feelings about
 389 leaders are likely both cause and consequence of major policy initiatives such as
 390 public sector spending cuts.

391 Risk acceptance/aversion, left-right ideology, attitudes towards EU membership
 392 and attitudes towards political reform also were included in the model. The risk vari-
 393 able was measured on an 11-point scale where 0 indicated a person really disliked
 394 taking risks and 10 indicated a person really liked taking them. The data indicated
 395 that Britons on the average are slightly risk adverse, with a mean of 4.3 on the scale.
 396 Left-right ideology often is measured on an 11-point scale using increased taxation
 397 and spending and tax cuts as the opposing anchors, but this variable incorporated
 398 policy preferences intertwined with other attitude variables, which led us to opt for
 399 alternative measures of ideology. In this regard, the BES surveys ask respondents
 400 to choose placement on a similar 11-point scale that contrasts giving priority to
 401 fighting crime as opposed to protecting the rights of the accused, and this was em-
 402 ployed as a proxy measure of general ideological conservatism. We also included
 403 a variable that measured a respondent's approval or disapproval of membership in
 404 the European Union, with the expectation that those opposing EU membership are
 405 conservative individuals who would be more likely to support the cuts. Attitudes
 406 towards reform were measured using seven questions in the AV referendum post-
 407 wave survey and one in the pre-wave.² Factor analysis indicated three factors were
 408 in play, which we designated as support for electoral reforms, support for traditional

410 ² Respondents were asked to evaluate seven statement on five-point Likert scales:

- 411 – The House of Commons should be reduced to 600 members.
- 412 – The electoral system should be changed to proportional representation.
- 413 – Local governments should have more authority.

British institutions, and general support for the devolution of government power away from Westminster. We anticipated that support for traditional institutions and devolution of power would correlate with support for the cuts, whereas support for electoral reforms proxied a progressive “left” orientation which would be associated with diminished support for the cuts.

3 Voting Intentions and Feelings About David Cameron

For the Conservative voting intentions model, the dependent variable was dichotomized in terms of a respondent’s intention to vote for the Conservatives or another party. Feelings about Conservative Leader David Cameron were measured using an 11-point scale ranging from 0 “really dislike” to 10 “really like”. We also included another predictor variable from the valence politics model, evaluations of which party was best on the most important issue facing the country. This variable was measured as four 0–1 dummies for the Conservatives, Labour, Liberal Democrats and miscellaneous other parties. Persons saying “no party” was best or that they “didn’t know which party was best” constituted the reference category. The Cameron affect model was estimated with OLS regression.

We also estimated a series of rival models of voting intention for the Conservatives, Labour, Liberal Democrats and other parties. Our purpose here was to determine which models best explain voting intentions. The sociodemographic model included the age, education ethnicity, gender, income, region and vulnerability variables described above. The economic conditions model comprised variables measuring cognitive evaluations of and emotional reactions to the economy. The political beliefs model included attitudes towards political reform, as well as the variables measuring left-right ideology and support/opposition to EU membership. Attitudes towards the cuts—the dependent variable in the spending cuts regression analysis described above—becomes an explanatory variable in a separate model in the voting intention models. Given its pro-con quality, it constitutes a concrete manifestation of more abstract issue-proximity variables typically employed in Downsian-type spatial models (e.g., Adams et al. 2005). Finally, as per the discussion above, the valence politics model incorporates variables measuring feelings about the leaders of the three major parties (David Cameron, Ed Miliband and Nick Clegg) as well as

-
- The Monarchy should be abolished.
 - The Church of England should keep its status.
 - The United Kingdom needs more referendums to decide important issues.
 - MPs who vote against the party manifesto should resign and run again for their seats.

The pre-wave question asked the respondents to designate which statement was more important:

- That one party get more than half the vote so it can govern on its own.
- That every party’s percentage of seats in Parliament is the same as their percentage of the vote.
- Don’t know.

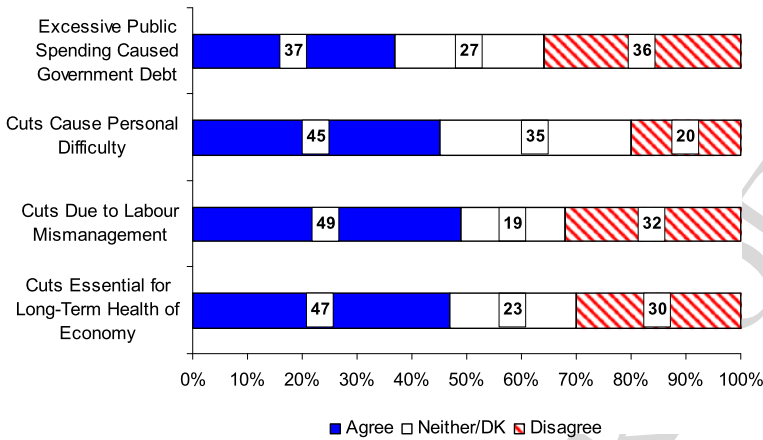


Fig. 1 Opinions about cuts in public expenditure. Source: 2010 BES-CMS AV referendum survey

the several dummy variables measuring party identification and party deemed best on the most important issue facing the country.

The Conservative versus all other parties voting intention models were estimated using binomial logit procedures. Voting intentions for Labour, Liberal Democrats and “other parties” were estimated using multinomial logit models with Conservative voting intentions serving as the base category. Since we were interested in the explanatory power of various competing model specifications described above, we calculated McFadden and McKelvey R^2 's, Akaike Information Criteria (AIC) and the percentage of voting intentions correctly predicted by each model.

Of particular interest in the model comparisons is whether attitudes towards the cuts largely account for the political preferences of voters, or whether the valence politics model provides greater explanatory power. Our hypothesis is that, even in times of economic crisis, voters’ reactions to policies designed to address such a crisis are a substantial, but secondary, element in the calculus of electoral choice. Accordingly, we hypothesize that the valence politics model incorporating party performance on a range of valence issues, partisan identifications and leader images will outperform a pure ‘cuts model’ and other rivals. In addition, based on previous research, we expect that a composite model incorporating the predictor variables from all five individual models will perform better than any individual model.

4 Public Reactions to the Budget Cuts

The May 2011 BES survey data shows that many Britons are not sanguine about the conditions facing the country. They also are divided about the cause of the crisis and the policy path to recovery. Specifically, as Fig. 1 illustrates, almost half of the respondents (49 percent) attribute the necessity for spending cuts to mismanagement by the Labour Party during its tenure in office, with 32 percent disagreeing

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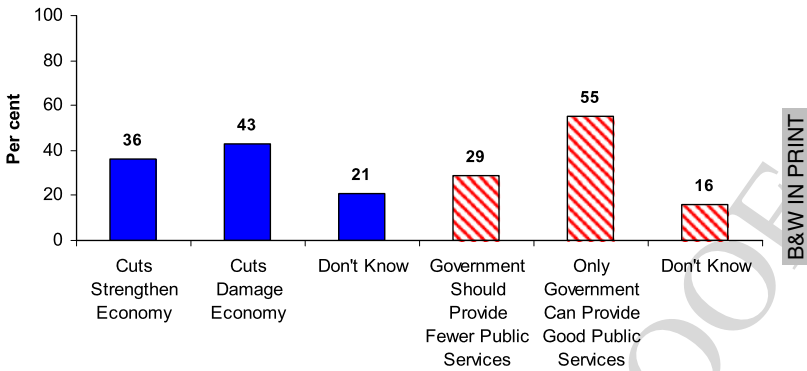


Fig. 2 Opinions about budget cuts and public services. Source: 2010 BES-CMS AV referendum survey

that Labour policies caused the cuts. Almost as many (47 percent) agreed that cuts were essential to preserve the long-term health of the economy. Forty-five percent believed that the policies of the Cameron Government would cause difficulties for their households whereas only 20 percent disagreed. Thirty-five percent said they did not know what the personal impact of the cuts would be.

Regarding assessments of the cause of Britain's public debt, there were lower levels of agreement on whether public excessive spending was the cause. Specifically, 37 percent agreed that public spending was the cause of the debt, but 36 percent disagreed, and 27 were uncertain. A possible explanation for this division in opinion may be widespread anger over massive bailouts provided by the government to stabilize British banks. News stories persist about the anger of Britons towards their banks, as manifested in recent controversies over bonuses for bank executives who presided over speculative investments and the credit crunch that followed the meltdown of major financial institutions.

Figure 2 summarizes data on attitudes towards expenditure cuts and the philosophical balance between government provision of services and personal responsibility. Thirty-six percent of Britons believe the spending cuts will strengthen the economy and 43 percent believe the cuts will damage it. But a majority of respondents were skeptical of the proposition that the government should provide fewer services and rely on individuals to fend for themselves—55 percent said only the government can provide good public services, compared to 29 percent who would opt for fewer government services.

Tracing the dynamics of these opinions over time was accomplished using identical questions contained in the monthly Continuous Monitoring Study surveys conducted between June 2010 and January 2012. During this time frame, the percentage agreeing that the cuts are essential to Britain's economic health has fallen from 68 percent to the high 50s (see Fig. 3). In contrast, agreement that the cuts are likely to cause serious personal difficulties has risen from 41 to 54 percent, while disagreement has fallen from 26 to 19 percent. Whether excessive public spending was the cause of Britain's debt produces is a contentious proposition; public agreement and