

The Politics of Austerity: Modeling British Attitudes Towards Public Spending Cuts

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Are there no prisons?....And the union workhouses, are they still in operation?

Ebenezer Scrooge to Charity Collector, 1851

Beginning in 2008 financial crises and ensuing economic turbulence have prompted acrimonious national debates in many Western democracies over the need for substantial budget cuts and debt reductions. Among economic and political elites there is broad agreement that substantial public sector budget cuts are necessary to address unsustainable sovereign debt loads and establish long-term fiscal integrity. Many ordinary citizens see things differently—proposed austerity measures threaten programs that aid the disadvantaged while challenging longstanding public commitments to education, health and personal security that constitute the foundation of the modern welfare state. Coming close on the heels of massive, widely publicized bailouts of major banks, investment firms and manufacturing companies, the proposed reductions in public sector spending threaten to overturn the distributional policy consensus in contemporary mature democracies.

As of this writing, several countries—*inter alia*, Ireland, Italy, Greece, Portugal, Spain, the United States and the United Kingdom—either have implemented or are seriously contemplating large-scale budget cuts that will necessitate painful reductions in public services and benefits. Perhaps the best known case is Greece where the European Union and the International Monetary Fund have dictated draconian financial policies to remedy the country's sovereign debt crisis. The result has been widespread, oftentimes violent, public protests and ongoing political turmoil. In the United Kingdom, proposed public-sector cuts have prompted civil unrest and charges that the Conservative-led Coalition government

accords higher priority to enacting a neo-Thatcherite ideological agenda of small government and re-privatization than the provision of effective health care and education for its citizens.

This study focuses on the British experience. Confronted with a pernicious combination of rising public debt and growing unemployment when his coalition government of Conservatives and Liberal Democrats assumed power in May 2010, Prime Minister David Cameron and his Chancellor of the Exchequer, George Osborne, proposed to cut an average of 20 percent from government spending over the next four years (Burns 2010). The plan was to reduce the budget by £83 billion by eliminating 490,000 government jobs, curtailing benefits, and chopping a broad range of "unnecessary" programs (BBC 2011). Public employee pay was frozen for two years, with the prospect of one percent annual raises offered for the following two years. Reductions in the government workforce would be mitigated by increased participation by civic-minded volunteers who would provide public services *pro bono*—a devolution-of-power and responsibility that Cameron and his advisors termed "the Big Society."

Progress towards these goals has been slow—by the end of 2011, the UK inflation rate was nearly five percent and unemployment exceeded eight percent (Burns). Economic growth has been less than projected and Chancellor George Osborne now anticipates that the public sector cuts will take seven years to clear the deficit (Weidiger 2012). The projected level of spending reductions is now fully £123 billion. A sense that the cuts are "too far, too fast" is increasingly widespread, being enunciated both in the news media (Bloomberg 2011) and, as will be documented below, in public opinion surveys.

Nothing has prompted more resistance than the Coalition Government's attempt to devolve management and ownership of the National Health Service, its hospitals and other

facilities to physicians and private investors. Public skepticism about the benefits of such moves has been compounded by criticism by medical professionals. Fearing the political repercussions of such negative reactions to his plans for the NHS, Cameron and his Health Secretary, Andrew Lansley, have excluded professional groups representing physicians, nurses and midwives from recent conferences on how to implement the reforms.

Models incorporating demographic, attitudinal and evaluative variables are staples in analyses of public support for political parties and their leaders, and here we develop similar models for policy preferences. We first investigate the nature of public attitudes towards the budget cuts using cross-sectional data from the British Election Study's 2011 Alternative Vote (AV) Referendum Survey. Then, we specify a multivariate model of these attitudes. The model incorporates demographics, attitudinal/policy beliefs and economic evaluations. We also use data from the monthly BES Continuous Monitoring Surveys (CMS) to analyze the dynamics of public opinion about the likelihood of economic recovery since the failure of Lehman Brothers Bank in September 2008 dramatized the onset of the financial crisis.

The proposed budget cuts pose pressing political questions. Will citizens in modern welfare states accept their leaders' assertions that public spending reductions are necessary? If the answer is "no," will governing parties and leaders that propose and try to implement such cuts face major losses of electoral support? To answer these questions in the British context, we examine public attitudes towards the proposed cuts and assess how these attitudes affect support for the Conservatives and Prime Minister David Cameron. As part of this analysis, we estimate rival vote intention models to determine the relative importance of attitudes towards the cuts as an explanatory factor. Do voters place more weight on economic conditions, attitudes towards the spending cuts, or do they focus more heavily on the overall performance of parties and their

leaders? We also investigate the dynamics public opinion about the likelihood of solving the financial crisis. This analysis begins in October 2008, the month after the failure of Lehman Brothers. Monthly survey data are used to track the dynamics of opinions about solving the crisis and factors that account for these dynamics. .

Theoretical Perspectives

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

Earlier research has raised questions about whether an individual's overall level of support for the welfare state is determined by careful weighing of the benefits and services provided and the tax burden that must be assumed to sustain those benefits and services. Over 50 years ago, Downs (1960) speculated that there may be a large gap between citizens' evaluations of policy inputs and outputs because people cannot see direct relationships between what they contribute and what they receive. In markets, there is a direct relationship between cost and benefits; in governments, there is not. Downs suggested that this disconnect may reduce support for government spending among ordinary citizens. Subsequent studies focused not on the disconnect, but rather on the idea that the tax burdens of the welfare state are recognized by citizens, but are underestimated. Survey questions that “price” the benefits by

reminding respondents of the connection between social spending and taxation often show lower support for spending (Winter and Mouritzen 2001), even while general policy preferences remain largely the same (Confalonieri and Newton 1995).

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

Moreover, it bears emphasis that we are studying support for spending cuts in a crisis context. Over a decade ago Pierson (2001) pointed out that many countries are finding it difficult to fund previous commitments to the social safety net and the welfare state, and were entering a period of what he called “permanent austerity.” The current situation may accentuate this long-term general condition, but this study addresses the imposition of crisis-induced austerity measures through a specific policy approach—the “shock therapy” of immediate, large-scale cuts in public spending.

Models of political support in mature and emerging democracies usually focus on three phenomena—support for the political community as a whole, for the political regime and its institutions, and for specific authorities embodied as individual officeholders or incumbent governments (Easton 1965; Kornberg and Clarke, 1992). When analyzing public reactions to budget cuts in the United Kingdom, we concentrate instead on attitudes towards a set of government policies—the spending cuts instituted in 2010-11 by the Conservative-led Coalition Government of Prime Minister David Cameron. Extending electorally oriented

models to analyze support for policies is appropriate because, as Kornberg and Clarke (1992) have observed, governments and political systems in mature democracies are expected to help improve the quality of citizens' lives, provide a safety net to ensure basic needs are met, while at the same time mitigating the impact of individual- and group-level variations in economic conditions that can significantly affect personal well-being and life chances. This is the essence of the political-economic settlement that has defined the contours of mainstream political discourse in Western democracies since the Great Depression of the 1930s.

When delineating factors that affect public attitudes towards the spending cuts proposed by Mr. Cameron's Government, it is plausible that economic evaluations will be prime determinants of those attitudes. *Circa* early 2012, the British economy is on the verge of a "double-dip" recession as are the economies of many of its trading partners. Citizens are exercised that massive debt has been amassed and are unsure who to blame. For their part, the Conservatives and their coalition partners, the Liberal Democrats, contend that the problem is attributable to the profligate practices of the previous New Labour governments of Tony Blair and Gordon Brown. Other, more radical, voices on the right blame an influx foreign workers and growing numbers of immigrants and miscellaneous miscreants who exploit the benefit system at the expense of hardworking Britons. Still others argue that, despite its best intentions, no 21st century British government can afford the commitments made over half a century ago for a comprehensive social safety net in an era when the percentage of elderly people is rapidly expanding and attendant health care costs are exploding. All of these arguments are being made in a context of simmering public anger over the bailout of British banks that worsened the debt and the deficits.

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

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

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

The latter argument is problematic since there is an enormous volume of research testifying that party identification is one of the most powerful factors cuing electoral choice and orientations towards candidates and issues (e.g., Campbell et al., 1960; Clarke et al., 2004, 2009; Lewis-Beck et al., 2008). In the present study, the pertinent question is whether partisan and leader heuristics provide meaningful explanations of people's attitudes towards budget cuts. Other heuristics may be at work as well. In this regard, general risk acceptance/aversion orientations may be relevant to attitudes towards government cuts that are being justified as "short-term pain for long-term gain." *Ceteris paribus*, risk acceptant people will be willing to bet that the cuts will have beneficial effects going forward, whereas risk averse individuals will be unwilling to take the wager.

Long ago St. Thomas Aquinas warned to beware the man of one book. Political economists also should beware the researcher of one model. Composite models incorporating different explanations of political behavior are routinely used in major election studies (e.g., Lewis-Beck et al. 2008) and in the British context the statistical justification for such models has been demonstrated by Clarke et al. (2004, 2009). This is the approach we take in this study, assembling variables from competing models of electoral choice to specify

a composite model of attitudes towards the spending cuts and voting intentions. We draw from socio-demographic models rooted in the voting studies of Lazarsfeld, Berelson and the Columbia school in the 1940s and 1950s (Lazarsfeld et al. 1944, Berelson et al. 1954), from the models of *The American Voter* (Campbell et al. 1960) and from models that posit economic evaluations (both cognitive and emotional) as the most important components of political choice (e.g., Fiorina, 1980; Lewis-Beck, 1988).

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

The valence politics model as articulated by Clarke et al. (2004, 2009; see also Clarke, Kornberg and Scotto, 2009; Lewis-Beck, Nadeau and Bélanger, 2011) adds two other major explanatory variables—partisanship and party leader images. Unlike the venerable Michigan model that stressed the stability of party identification (Campbell et al., 1960), in

the valence politics model partisanship has dynamic properties (Clarke et al., 2004; Clarke and McCutcheon, 2009; see also Fiorina 1981; Achen 1992; Franklin 1992). However, like its Ann Arbor ancestor, at any point in time valence partisanship provides a powerful and accessible voting cue (Snider, Brody and Tetlock 1992). Leader images are similar in that they serve as influential heuristic devices for voters who lack information about parties' policy preferences and, more important, their ability to deliver desired policy outcomes (Clarke et al., 2004; Clarke, Kornberg and Scotto 2009; Lupia and McCubbins 1998). Together with assessments of party performance on valence issues, partisanship and leader images provide a powerful and parsimonious explanation of electoral choice.

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.

Model Specification

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 responses¹. 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 push the UK into

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

Predictor variables included demographic measures for gender, age, ethnicity, education and income bands. Gender was a 0-1 dummy variable and age was measured in years. We expected that men, who traditionally have less responsibility for child and family care, would be more likely to favor the cuts. For age, we entertained two possibilities; older people might be more conservative and favor the cuts, or they might recognize the vulnerability of old age and oppose them. We also computed a new variable, the square of a respondent's age, in an effort to capture possible curvilinear effects of age. Ethnicity was dichotomized into "white British" and other ethnicity and race identifications, with minorities scored as 1 and "white British" as 0. As a vulnerable social group, we expected non-whites to be opposed to the cuts. Income was measured in 14 bands. As income increased, we anticipated that support for the cuts to increase, but education proved to be a trickier prediction. Education often correlates with income, but the more highly educated also might be more sympathetic to the need for an extensive set of publicly funded social programs.

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

We also included a dummy variable to evaluate the effects of workforce status and vulnerability, combining short- and long-term unemployed into a single category with the permanently disabled and ill and those with long-term caregiver responsibilities. We predicted that those who were unemployed would find the public spending cuts harsh, both because benefits were reduced and because spending cuts meant fewer opportunities for job seekers. Similarly we predicted that the sick, disabled and caregivers would manifest less support for the cuts than would other people.

As elsewhere, the economy is a major concern for most citizens of the UK. Our model of attitudes towards the cuts contains a predictor variable measuring cognitive evaluations of national and personal economic evaluations, constructed via an exploratory factor analysis. The BES routinely measures economic evaluations with four questions on five-point Likert scales. The questions elicit sociotropic and egocentric evaluations both retrospectively and prospectively. The factor analysis of these items indicates that a single economic evaluation factor structures responses. Emotional reactions towards the economy were also elicited, using a question in which respondents were asked to describe their feelings about the general economic situation. Respondents could select up to four words from a field of eight that was divided equally between positive and negative labels. Respondent then were scored by computing the number of positive answers minus the

negative ones. The resulting index ranges from -4 to +4, with -4 representing a very negative emotional response and 4 representing a very positive view of the economy. For both economic variables we predicted that increasingly positive scores would be associated with greater support for the cuts.

The model also includes several variables drawn from valence models of electoral choice described above. We created dummy party identification variables for the coalition leading Conservative Party, the coalition minority partner Liberal Democrats and the principal opposition Labour Party. Identifiers with various minor parties were placed in a single dummy variable. Non-identifiers served as the reference party identification category. Because the coalition proposed and enacted the cuts, we predicted positive correlations between the Conservative and Liberal Democrat identification and support for the cuts and a negative coefficient for the Labour Party. We did not predict the direction of the other party identification effects. We did not include the party leader images in this model since feelings about leaders are likely both cause and consequence of major policy initiatives such as public sector spending cuts.

Risk acceptance/aversion, left-right ideology, attitudes towards EU membership and attitudes towards political reform also were included in the model. The risk variable was measured on an 11-point scale where 0 indicated a person really disliked taking risks and 10 indicated a person really liked taking them. The data indicated that Britons on the average are slightly risk adverse, with a mean of 4.3 on the scale. Left-right ideology often is measured on an 11-point scale using increased taxation and spending and tax cuts as the opposing anchors, but this variable incorporated policy preferences intertwined with other attitude variables, which led us to opt for alternative measures of ideology. In this regard, the BES

surveys ask respondents to choose placement on a similar 11-point scale that contrasts giving priority to fighting crime as opposed to protecting the rights of the accused, and this was employed as a proxy measure of general ideological conservatism. We also included a variable that measured a respondent's approval or disapproval of membership in the European Union, with the expectation that those opposing EU membership are conservative individuals who would be more likely to support the cuts. Attitudes towards reform were measured using seven questions in the AV referendum post-wave survey and one in the pre-wave². Factor analysis indicated three factors were in play, which we designated as support for electoral reforms, support for traditional 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.

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, Merrill and Grofman, 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 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.

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 Figure 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 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.

(Figure 1 about here)

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.

(Figure 2 about here)

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 Figure 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 disagreement has fluctuated across a 10 point range for

agreement and a seven-point range for disagreement, but more people continue to agree that excessive spending is the main cause of the British debt than disagree.

(Figure 3 about here)

Analyzing Attitudes Towards the Budget Cuts

The multivariate model of attitudes towards the cuts specifies 21 predictor variables, of which 18 are statistically significant ($p \leq .05$) (Table 1). The model accounts for 51 percent of the variation in the dependent variable. As expected, party identification proved to be a powerful predictor of support, with the Conservative identifiers ($\beta = 0.58$) supporting the cuts. Identifiers with the Liberal Democrats, the Conservatives' occasionally balky coalition partner, showed more modest support ($\beta = 0.17$). Labour identifiers were strongly against the cuts, with a coefficient of -0.52.

(Table 1 about here)

Most socio-demographic variables were statistically significant and correctly signed. Higher income and education, and male gender, produced positive support for the cuts, but vulnerability (i.e., unemployed, disabled, caregiver), residing in Scotland and advanced age decreased support for the cuts. The negative coefficient for age suggests that the elderly do indeed perceive threats to their security from the cuts.

Similarly, most attitudinal variables tapping 'left-right' political orientations of various kinds performed as expected. Thus, people who support EU membership and those who emphasize the rights of the accused were less likely to support the cuts than were those calling for Britain to sever its EU ties and prioritize crime fighting. The three dimensions of attitudes towards institutional reform also produced the hypothesized results. The greater is one's support for traditional institutions—the church, monarchy and Parliament—the greater

is the likelihood of supporting the public spending cuts. The same relationship obtains for those who support devolving more government power to local governments and individuals, a key component of Mr. Cameron's "Big Society" vision. Again, as also expected, support for reform of the electoral system is associated with opposition to the cuts. Finally, there is evidence that more general personality characteristics are relevant, with heightened risk acceptance being correlated with increased support for the cuts.

Analyzing Support for the Conservatives and David Cameron

Table 2 reports the results of estimating composite models of Conservative vote intentions and feelings about Prime Minister Cameron, the chief proponent (with Chancellor George Osborne) of the public spending cuts. After party identification and the judgment that a Conservatives are best on the most important issue, support for public spending cuts is the strongest predictor of affect for Cameron. The composite model explains 62 percent in the variance in feelings about the prime minister, and estimates of coefficients for 17 of 24 predictor variables are statistically significant. All party identification terms are significant predictors, as are all of the judgments on which party is best able to handle the most important issue.

As noted above, we estimate the effects of factors affecting Conservative vote intentions using a binomial logit model. This composite model correctly classifies 93.4 percent of the vote intentions and generates a McKelvey R^2 of .87. To provide intuition about the strength of the effects of various independent variables, we also estimated changes in probability of voting Conservative as statistically significant predictors were varied over their range while holding other predictors at their mean values in the case of continuous variables or zero in the case of dummy variables. This procedure showed that the predicted

probability of voting Conservative would increase by .44 as attitudes towards the cuts shifted from their lowest to their highest value (see Figure 4). Other powerful predictors are feelings about Cameron (.79 increase in probability of voting Conservative) and Conservative Party identification (.38 increase). Support for electoral reform produces a -.45 decrease in the probability of voting Conservative. Other strong predictors include judgments that Liberal Democrats (-.33 decrease) or Labour (-.31 decrease) are best on the most important issue.

(Figure 4 about here)

The analysis of the performance of rival models for voting intentions is summarized in Table 3. Among the five competing specific models, the valence politics model best predicts voting intention for Conservatives and for various opposition parties. By every diagnostic measure, the valence politics model does significantly better than its competitors. The other model of interest here, the "pure cuts model," outperforms all of the remaining rivals. Echoing earlier research, Table 3 also documents that the composite model does better than any of the specific models. However, as measured by the various summary statistics presented in the table, its performance is only marginally better than the valence politics model. This finding underscores the point that valence politics considerations are the principal proximate drivers of vote intentions.

(Table 3 about here)

Why Are There So Many Bears in Britain?

The failure of Lehman Brothers on September 15th 2008 symbolized the growing financial crisis and signaled the onset of the most serious global economic downturn since the great depression of the 1930s. Starting in October 2008, the BES team began asking respondents in monthly Continuous Monitoring Surveys (CMS) to use a 0-10 scale with 0 meaning "very

unlikely" and 10 meaning "very likely" to forecast the likelihood that the crisis would be resolved over the year ahead. From the outset, CMS respondents were quite bearish, with their average score being 4.0 on the scale. Moreover, as illustrated in Figure 5, their pessimism has grown over time, such that the average score in January 2012, is only 2.1. Since the Conservative-Liberal Democrat Coalition took office, the average score has never exceeded 3.0.

(Figure 5 about here)

What are the sources of this pessimism? A simple answer to this question is: "It's reality!—people are bearish because the economy is in terrible shape and shows little, if any, sign of reviving." Given a continuing barrage of bad news about economic conditions, it is not surprising that many people are less than sanguine about that the crisis will be resolved anytime soon. In this regard, perhaps no single indicator carries as much weight in the public mind as the unemployment rate—it is effectively an operational definition of how hard times are. In this regard, Figure 5 documents that UK unemployment has risen from 5.8 percent in October 2008 to 8.4 percent in January 2012, with modest decreases in the run-up to the 2010 election being followed by upward movements throughout much of 2011. The correlation between expectations of solving the crisis and the unemployment rate is strongly negative ($r = -.67$).

If, in fact, people typically use unemployment as the "big heuristic" for assessing the present state and future prospects of the economy, then we should be able to model the relationship between forecasts for solving the crisis and the jobless rate as an error correction process. Other factors may have transient relevance for explaining variation in these forecasts, but over the long run, they should evolve in dynamic equilibrium with movements in the length of lines at Jobs Centers. Here, we specify three such factors. The first is Chancellor George Osborne's annual budget speeches in 2009, 2010 and 2011 which have delivered a largely

unrelieved litany of bad news about the need for varying mixtures of spending cuts and tax hikes. Second is the March 2009 announcement by the former Labour government of a massive and unprecedented quantitative easing program to jump start the faltering economy. Third is the presence since May 2010 of the Conservative-Liberal Democrat Coalition Government. Prime Minister Cameron and Chancellor the Exchequer, George Osborne, have made the ailing economy and an attendant need for austerity the touchstone of virtually every policy proposal advanced by the Coalition Government. As a result, most of what passes for daily political news includes a reminder that times are indeed tough. And, for their part, Labour Leader, Ed Miliband, and his Shadow Chancellor, Ed Balls, have countered by claiming that the hard times are worse than need be because their opposite numbers insist on pursuing an ill-advised neo-Thatcherite economic agenda. In their view, privileging Hayek over Keynes is a recipe risks rehearsing the 1930s.

The resulting model of public forecasts for whether the economic crisis will be resolved over the forthcoming year is:

$$(1-L)\text{RESOLVE}(t) = b_0 + b_1*(1-L)\text{UN}(t-i) - \alpha_1*(\text{RESOLVE}(t-1) - \lambda_1*\text{UN}(t-1)) + b_2*\text{BUDGET}(t-i) + b_3*\text{QE}(t-i) + b_4*\text{COAL}(t-i) + \varepsilon(t) \quad (1)$$

where: RESOLVE = forecast for resolving the economic crisis; UN = unemployment rate; BUDGET = annual budgets; QE = quantitative easing; COAL = Coalition government; ε_t = stochastic error term ($N(0, \sigma^2)$), t is time, and α , b and λ are parameters to be estimated. Given the structure of the model, its parameters are estimated using nonlinear least squares.

Results of analyzing the model using data for the October 2008 - January 2012 period are displayed in Table 4. As shown, the model can account for a large percentage of the variation in public forecasts for resolving the economic crisis (adjusted $R^2 = .64$) and all parameters are

statistically significant and properly signed. Indicative of the power of the error correction mechanism between these forecasts and monthly unemployment, the adjustment parameter is $-.74$, $p < .001$. This signifies that a shock to the system, from whatever source, is eroded at a rate of nearly 75 percent in each subsequent month by the error correction relationship between forecasts for resolving the crisis and the unemployment rate. Unemployment also has large short-term effects, with a one per cent increase in joblessness being sufficient to lower forecasts by nearly one full point ($-.95$) on the 0-10 scale.

(Table 4 about here)

Other factors are in play as well. As expected, annual budgets, the March 2009 round of quantitative easing, and the replacement of Labour by the Coalition all worked to lower public forecasts of the likelihood that the economic crisis would be resolved over the next year. The impact of the presence of the Coalition government is especially noteworthy. Specified as a (thus far) permanent effect, the presence of the Coalition has worked (*ceteris paribus*) to reduce economic forecasts by $-.71$ points each month. Effects of annual budget statements and quantitative easing are smaller, $-.15$ and $-.43$, respectively, but statistically significant ($p < .001$).

Overall, the model provides a parsimonious account of public forecasts about the future course of the economic crisis. As hypothesized, unemployment is the key heuristic, with forecasts and joblessness defining a powerful error correction process. Since the autumn of 2008, that process has adjusted the effects of various political economic shocks, the largest being the replacement of Labour by the Conservative-Liberal Democrat coalition at Westminster.

Conclusion: Economic Crisis and Performance Politics

David Cameron and his Coalition colleagues have chosen to ride the tiger of the poor economic times while attempting to enact public spending cuts that trade pain today with the

promise of gain tomorrow. As the anti-Wimpy (Popeye's sidekick sought a hamburger today for payment tomorrow), the prime minister demands payment today and promises a hamburger tomorrow. To date, Cameron has successfully tapped British public opinion that acknowledges the seriousness of budgetary and sovereign debt difficulties and the need to address endemic fiscal problems. Support for the Coalition's budget cuts is tied to party identification, economic evaluations and reactions, and demographic factors that indicate self-sufficiency. But factors that suggest economic vulnerability—unemployment, aging and lack of education and income—mitigate the willingness to jump head first into schemes to shrink government.

Although there is a strong partisan divide in attitudes toward the cuts, Mr. Cameron and his friends on the government benches face mounting skepticism on several fronts. First, there is substantial fear that the cuts could damage the economy instead of curing it, and that the cuts could cripple government infrastructure required to provide public services effectively. Second, the uncertainty of policy outcomes and a changing economic environment means the cuts, however well conceived in 2010 and 2011, may not be seen as effective policy going forward and will prove to be a political liability in the run-up to the next general election. Open-ended responses to the question in the BES AV referendum survey about the most important issue facing the country are suggestive with regard to the latter possibility. Many of these responses acknowledge the need of fiscal restraint, but others reject the present program as "too far, too fast." Still others raise equity-fairness concerns which could gain traction in the face of disappearing benefits and services and continuing economic malaise.

A third, more pointed, element of skepticism recently has been enunciated as medical professionals, interest groups and concerned patients attempt to rein in government plans to restructure the cherished National Health Service. Since the Conservative-Liberal Democrat

Coalition came to power, commentators in the British press have asked whether a single-minded pursuit of deep spending cuts is the right policy at the right time. Now they are asking if Prime Minister Cameron and his much maligned Health Secretary Andrew Lansley are privileging a Thatcherite ideological agenda at the expense of effective health care delivery.

Analyses of CMS time series data suggest that public support for the cuts eventually may be undermined by a lack of visible results in the real economy. Although cuts currently are widely perceived as essential for Britain's long-term economic health, an upward trending view that slashing public services will cause serious difficulties for families may lead many people to say enough is enough. Sustained high levels of unemployment propelled by public sector job cuts put mounting pressure on relief programs and are unlikely to be regarded kindly by either frustrated job seekers or those who used to be served by the fired employees. Furthermore, confidence in the nation's ability to solve the economic crisis has been falling as unemployment continues to rise. At some point, public spending cuts may seem an inappropriate, unjust and harsh response to a problem that is increasingly viewed as intractable to short-term solutions.

Finally, the fact that valence politics variables do much to drive the composite vote intention model indicates that attitudes toward the spending cuts will not be the sole drivers of party support in the next general election. Rather than respond directly and reflexively to the conditions around them, British voters place economic hardships and policy in broader context with images of party leaders, partisan attachments and more global assessments of party performance. Differing attitudes about the harsh austerity measures are exerting substantial effects on party support, but these attitudes have not negated the force of valence politics considerations. Rather, reactions to the evolving state of the economy coupled with mutable partisan attachments and the more general evaluations of party and leader performance that

voters are making can be expected to animate the model in predictable ways in the years ahead. Performance politics remains important for understanding electoral choice in Britain and other mature democracies as the present era of economic hardship and austerity policies unfolds.

ENDNOTES

1. The 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?

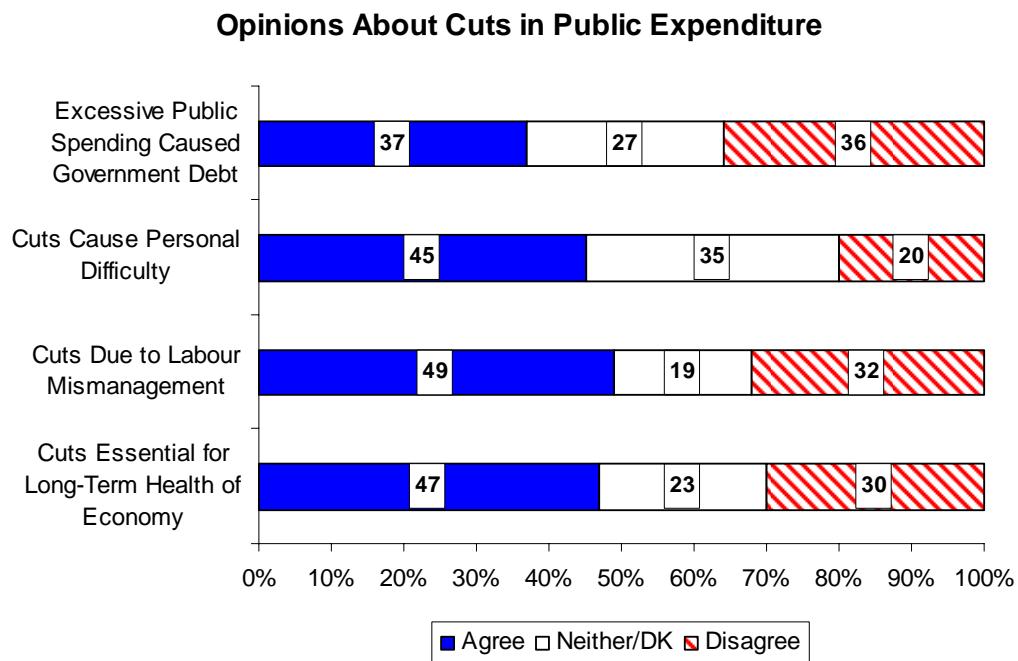
- The government should do less to provide publicly funded services and do more to encourage people to provide services for themselves.
- Good public services can be provided only by the government.
- Don't know.

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

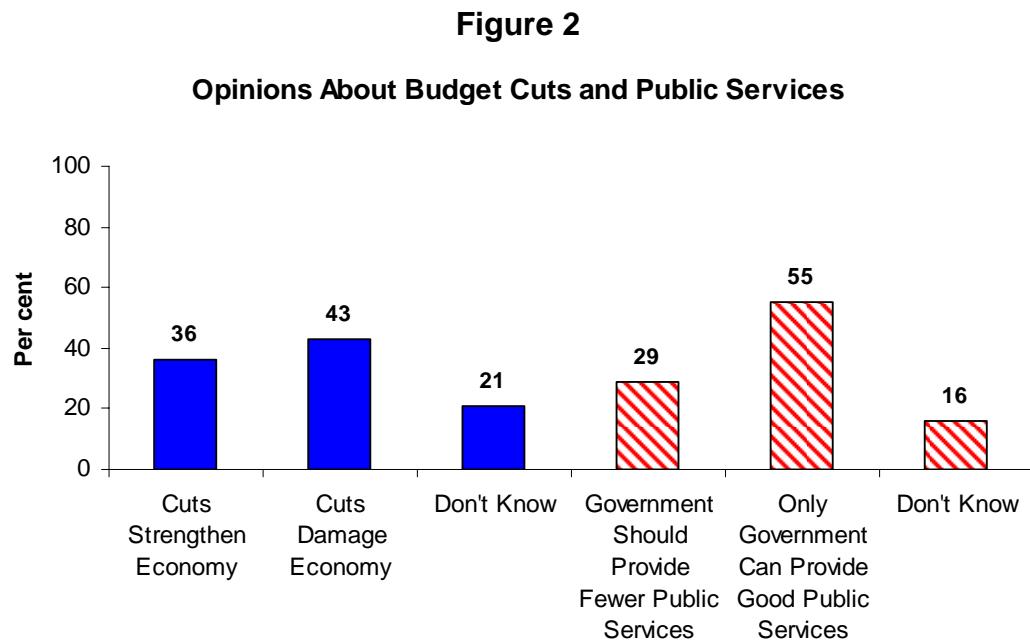
- The House of Commons should be reduced to 600 members.
- The electoral system should be changed to proportional representation.
- Local governments should have more authority.
- The Monarchy should be abolished.
- The Church of England should keep its status.
- The United Kingdom needs more referendums 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.

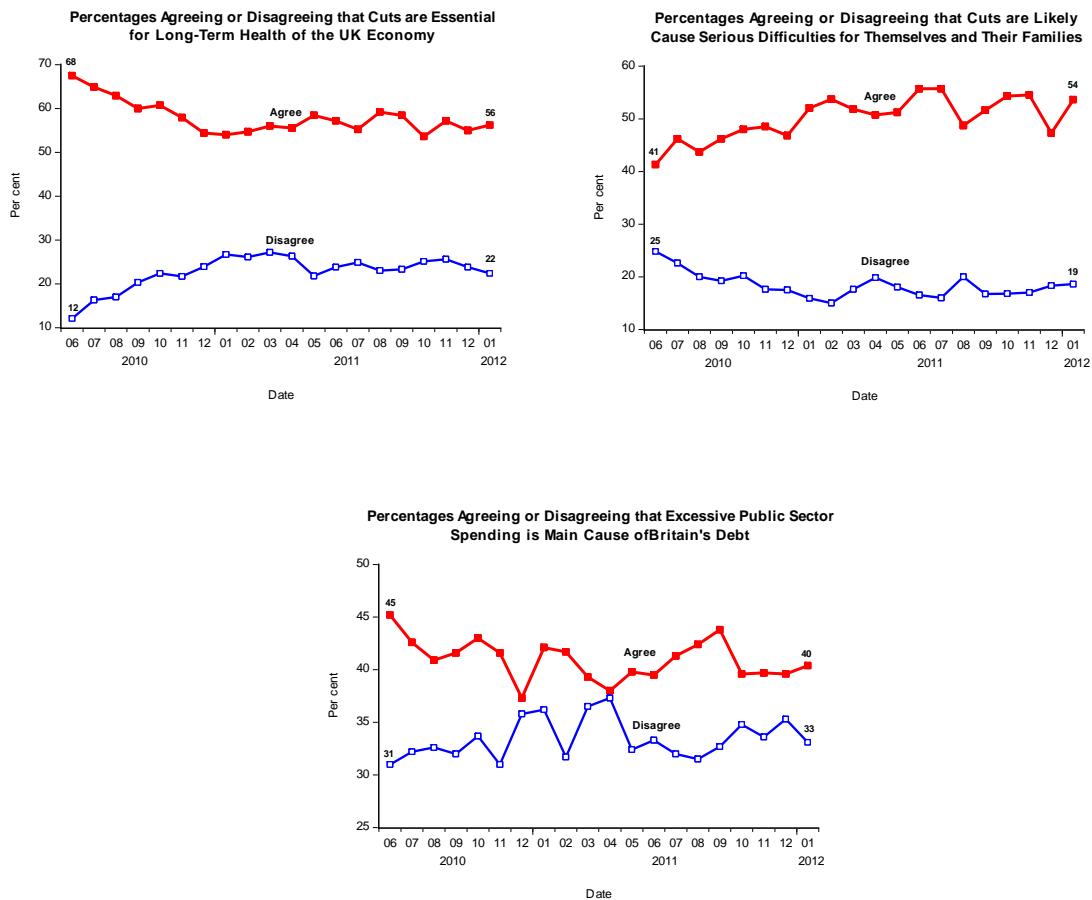
Figure 1

Source: 2010 BES-CMS AV referendum survey



Source: 2010 BES-CMS AV referendum survey .

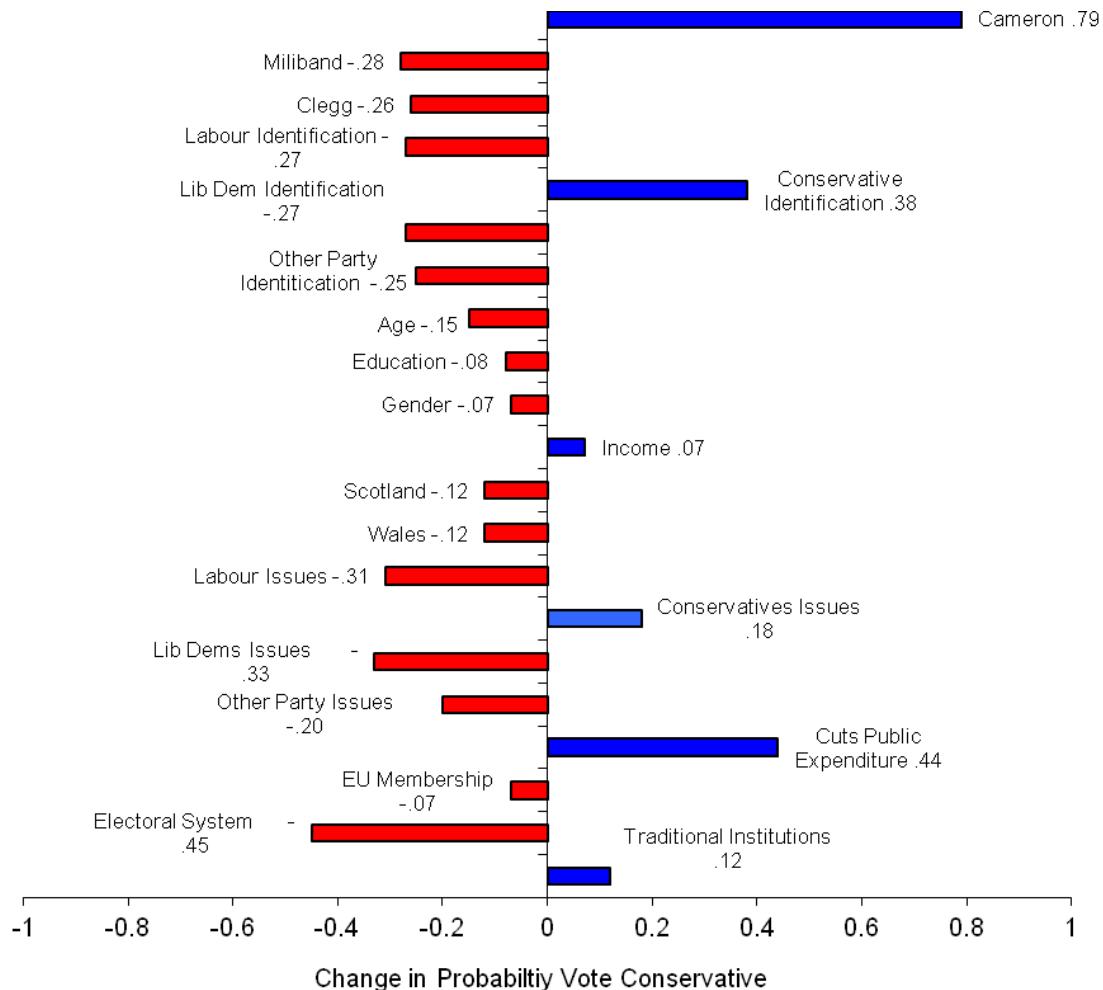
Figure 3
Dynamics of Public Opinion About Cuts in Public Expenditure
October 2008 - January 2012

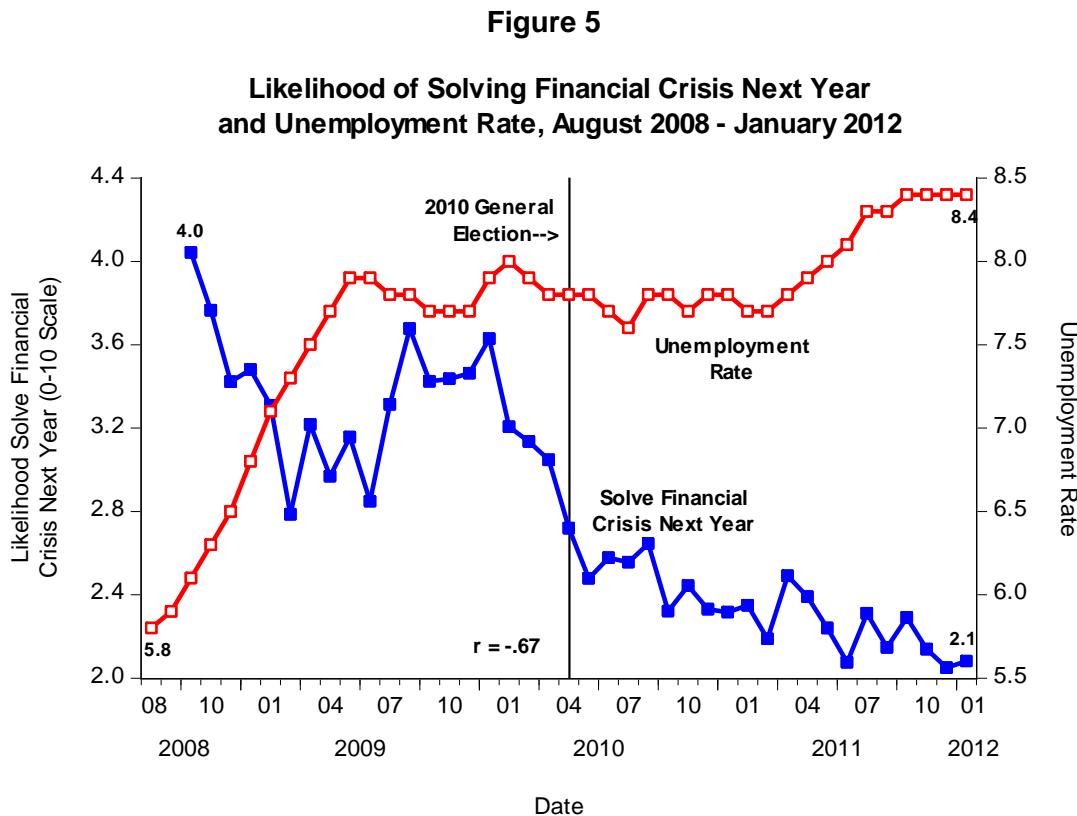


Source: June 2006 - January 2012 BES-CMS surveys.

Figure 4

**Change in Probability of Intending to Vote Conservative Associated With
Statistically Significant Predictors in Binomial Logit Model**





Source: October 2008 - January 2012 BES-CMS surveys and ONS unemployment data.

**Table 1. Multivariate Model of Opinions About Cuts in Public Expenditure,
May 2010 BES-AV Survey
(OLS Estimates)**

Predictor Variable	B	s.e.
Party Identification:		
Labour	-.518***	.015
Conservative	.581***	.016
Liberal Democrat	.174***	.021
Other Party	-.007	.020
Economic Evaluations	.264***	.007
Emotional Reactions Economic Conditions	.074***	.004
Ideological/Policy Beliefs:		
Attitudes Towards Reform:		
Electoral System	-.986***	.006
Devolution of Power	.063***	.006
Traditional Institutions	.091***	.006
Crime v. Rights of Accused	-.023***	.002
EU Membership	-.073***	.005
Risk Orientation	.012***	.002
Vulnerability Status†	-.061**	.019
Age	-.004*	.002
Age Squared	9.334E-05***	2.406E-05
Education	.018***	.004
Ethnicity	.009	.024
Gender	.067***	.011
Income	.022***	.002
Scotland	-.032*	.019
Wales	-.009	.238
Constant	.045	.061

Adjusted R² = .51

N = 18,556

*** - p ≤ .001; ** - p ≤ .01; * - p ≤ .05, one-tailed test.

† - Unemployed, disabled, care-giver

Table 2. Multivariate Models of Conservative Vote Intentions and Feelings About Prime Minister David Cameron, May 2010 BES-AV Survey

Predictor Variables	Conservative <u>Vote Intentions</u> †		Feelings About <u>David Cameron</u> ‡	
	B	s.e.	B	s.e.
Opinions About Public Expenditure Cuts	.604***	.059	.974***	.021
Feelings About:				
David Cameron	.516***	.025	--	--
Ed Miliband	-.152***	.021	--	--
Nick Clegg	-.140***	.022	--	--
Party Identification:				
Labour	-1.776***	.134	-.573***	.046
Conservative	2.065***	.110	1.351***	.050
Liberal Democrat	-1.774***	.140	.356***	.061
Other Party	-1.628***	.129	-.222***	.057
Party Best Most Important Issue:				
Labour	-1.867***	.255	-.709***	.046
Conservative	.887***	.099	1.204***	.046
Liberal Democrat	-2.098***	.412	.216*	.093
Other Party	-1.088***	.129	-.287***	.052
Economic Evaluations	.079	.051	.166***	.019
Emotional Reactions to Economic Conditions	.022	.030	.206***	.011
Ideological/Policy Beliefs:				
Attitudes Towards Reform:				
Electoral System	-.479***	.044	-.089***	.016
Devolution of Power	-.053	.045	.005	.015
Traditional Institutions	.115**	.047	.309***	.016
Crime v. Rights of Accused	-.020	.019	-.003	.007
EU Membership	-.091*	.040	.027*	.014
Vulnerability Status	-.004	.152	-.067	.051
Age	-.012***	.003	.006***	.001
Education	-.080**	.032	-.007	.011
Ethnicity	.235	.183	.033	.064
Gender	-.358***	.083	-.187***	.029
Income	.027*	.017	.003	.005
Scotland	-.704***	.157	-.010	.051
Wales	-.685***	.191	.153**	.065
Constant	-.968***	.310	4.161***	.097

McKelvey R² = .87

Percentage Correctly Classified = 93.4

Adjusted R² = .62

N = 18,556

-- - variable not included in model.

† - binomial logit model.

‡ - OLS regression model.

Table 3. Rival Models of Voting Intentions, May 2011 CMS Survey**Panel A. Conservative Voting Intentions (Binomial Logit Model)**

Model	<u>McFadden R²</u>	<u>McKelvey R²</u>	<u>Percent Correctly Classified</u>	<u>AIC[†]</u>
Socio-demographics	.04	.06	64.6	19052.93
Economic Conditions	.10	.17	69.0	17708.06
Political Beliefs	.17	.29	72.3	16479.42
Attitudes-Cuts	.38	.54	80.9	12309.00
Valence Politics‡	.76	.86	93.8	4829.82
Composite	.77	.87	94.4	4506.15

Panel B. Labour, Liberal Democrat and Other Party Voting Intentions (Multinomial Logit Model)

Model	<u>McFadden R²</u>	<u>McKelvey R²</u>	<u>Percent Correctly Classified</u>	<u>AIC[†]</u>
Socio-demographics	.04	--	44.7	36445.06
Economic Conditions	.07	--	51.6	35014.82
Political Beliefs	.14	--	53.8	32513.98
Attitudes-Cuts	.25	--	66.7	28238.60
Valence Politics‡	.70	--	87.2	11344.86
Composite	.72	--	88.2	10634.37

† - Akaike Information Criterion; smaller values indicate better model performance (Burnham and Anderson, 2002).

‡ - leader images, party identification, party best on most important issue.

-- - not defined for multinomial logit model.

Table 4. Error Correction Model of Dynamics of Opinions Whether the Financial Crisis Will Be Resolved in Year Ahead, October 2008 - January 2012

Predictor Variables	B	s.e.
Change in Unemployment Rate (t-1)	-.954***	.022
Error Correction Mechanism	-.743***	.103
Unemployment Rate (t-1)- ECM	-.289***	.071
2009-2011 Budget Statements	-.146*	.087
2009 Quantitative Easing	-.426**	.149
2010 General Election	-.712***	.102
Constant	4.172***	.744

Adjusted R² = .64

N = 39

*** - p ≤ .001; ** - p ≤ .01; * - p ≤ .05, one-tailed test.

Residual Diagnostics:

Autocorrelation: LBQ = 9.967, df = 12, p = .619

ARCH: LBQ = 7.339, df = 12, p = .834

Normality: Jarque-Bera = .573, df = 1, p = .751

Heteroskedasticity: χ^2 = 5.119, df = 6, p = .529

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