Social policies and vote choice in OECD democracies

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Abstract: Existe la creencia entre políticos y politólogos de que los gobiernos tienden a usar el gasto público para "comprar" votos. No obstante, no existe mucha evidencia empírica sobre si los votantes realmente acaban decidiendo su voto en función de los recursos materiales que obtienen del gobierno. El objetivo de esta tesis es explorar en qué condiciones la "compra" de votos por medio del gasto social resulta una estrategia eficaz para los políticos. El argumento principal es que el gasto social no sólo consigue atraer a los votantes receptores de dicho gasto (hipótesis del autointerés), tal y como gran parte de la literatura tiende a asumir, sino que también consigue atraer a votantes ideológicos. En concreto, esta tesis estudia el efecto mediador de dos importantes predisposiciones políticas: la ideología y la identificación partidista. En primer lugar, se muestra que las políticas sociales tienen la particularidad de atraer a votantes ideológicamente de izquierdas, aun cuando estos no tienen un interés material directo en esas políticas. En segundo lugar, se ofrece evidencia de que el impacto electoral de las políticas está en parte amortiguado por la identificación de partido: los votantes identificados con el partido gobernante tienden a resistirse a castigar al gobierno cuando efectúa políticas no deseadas, mientras que los votantes no identificados tienden a resistirse a premiar al gobierno por realizar políticas deseadas. En suma, el objetivo de esta tesis es la de contribuir en la literatura de comportamiento electoral, y en concreto del "issue voting", estudiando qué factores individuales ejercen un efecto mediador en la relación entre las políticas sociales y el voto. En estas páginas, se muestra que no todos los ciudadanos reaccionan a estas políticas de la misma forma: los intereses materiales, las actitudes y predisposiciones políticas son elementos clave a la hora de determinar los efectos electorales de las políticas públicas.

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SOCIAL POLICIES AND VOTE CHOICE IN OECD DEMOCRACIES

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Esta obra se presentó como tesis doctoral en el Departamento de Ciencia Política de la Universidad de Oxford el 22 de enero de 2010. El Tribunal estuvo compuesto por los profesores doctores D. James Tilley y D. José Ramón Montero.

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ABSTRACT

There is a well-established belief in social science and among political elites that incumbency status provides politicians with good opportunities to use the public budget to gain support among the electorate. Yet, we do not know much about whether indeed voters behave in the way that politicians and social scientists expect. The aim of this dissertation is to explore the conditions under which "vote buying" through social spending becomes an effective strategy for politicians. The main argument is that social spending not only mobilizes the self-interested constituencies, as most of the literature in distributive politics tends to assume, it also has an impact on voters with strong political predispositions.

In particular, this thesis studies the conditioning effect of two important political predispositions: ideology and party identification. First, I show that social policies have the particularity of attracting the vote of the left-wing electorate, even when they have no direct material interest in these policies. The explanation of why this is the case is that ideology is strongly correlated with public preferences towards social spending and with the salience of social policies in the elections.

Secondly, this dissertation also provides evidence that the effect of policy outcomes is mediated by party identification. It finds that partisans have a higher tendency to give credit to their party for the positive or desired policy outcomes and to blame the rival party for undesirable ones. Thus, voters tend to find arguments to exonerate governments for negative outcomes when the incumbent party is the one they indentify with and, conversely, they try to find arguments to avoid giving credit for positive outcomes to governments led by rival parties.

In sum, the purpose of this dissertation is to contribute to the literature on policy voting by positing a theory about the

individual factors that mediate the relation between social policies and vote choice. In these pages, I show that not all citizens react to policies in a similar way: interests, attitudes and political predispositions are key elements that determine citizens' responses to policy outcomes.

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is much more beyond standard errors, asterisks and degrees of freedom.

CHAPTER 1. SOCIAL POLICIES AND VOTE CHOICE. AN INTRODUCTION

Many politicians and social scientists believe that governments can "buy" votes through the strategic allocation of public resources.[1] According to this perspective, there is a direct relation between the benefits that citizens receive from the government and their vote choice. This constitutes an incentive for politicians to strategically use public spending to enhance their chances of being re-elected. A good example of this behaviour can be found in Spain, where many politicians appear to assume that elderly voters are willing to exchange their vote for better old-age pension payments. The tactical use of public spending to gain the vote of the elderly electorate first became a major political issue in 1999 when the Socialist regional President of Andalusia (Spain), Manuel Chaves, increased old-age pensions just a few months before the elections. Most media and politicians described it as a vote-seeking policy. The former Spanish Prime Minister, the conservative José María Aznar, condemned the pension raises in the following parliamentary intervention:

> The problem is not the rise in pensions, but the prize given to them [pensioners] one month before the elections, telling them that they must not forget who to vote for.[2]

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[1] This is, for instance, a widespread idea in pork barrel spending literature (Cox and McCubbins 1986, Dixit and Londregan 1996, 1998).

[2] *El País* (newspaper), 25th of February 1999.

The strategic use of public resources for gaining votes has been researched and confirmed by several social scientists. Perhaps one of the most well-known works in this field is the Edward Tufte's seminal book *The Political Control of the Economy*, in which he showed that during the period between 1962 and 1976 veteran benefits in the U.S. generally peaked in election years. These benefits increased on average $660 in election years, while this amount was substantially lower in the non-election ones ($220).

Hence, we have some evidence that politicians often act as if their vote share depended on the material benefits given to the electorate. Yet, we do not know much about whether indeed voters behave in the way that politicians expect. Do they decide their vote according to the private benefits they receive from the government? Or are they more concerned about other more ideological, less self-interested issues?

The aim of this dissertation is to determine the electoral consequences of public spending focusing on the case of social policies. In the following pages, I explore the conditions under which "vote buying" through social spending becomes an effective strategy for politicians. The main argument of the dissertation is that governments can use social spending to attract two different types of voters: the self-interested and the ideological electorate. Many theories in political science take the link between spending and the recipients' electoral behaviour as read, but we still lack convincing empirical evidence of this relation. On the other side, the electoral reaction of ideological voters to social spending is largely ignored by most political economists in the field.[3] Yet, there is abundant evidence in public opinion literature suggesting that ideology is a significant determinant of the spending preferences of the population. In sum, in the following pages, I challenge the general viewpoint that

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[3] A significant exception is, for instance, Dixit and Londregan (1998).

public spending only mobilizes the self-interested constituencies and I include political predispositions in the model.[4]

Apart from self-interest and ideology, I also theorise about the mediating effect of another major political predisposition: party identification. The argument I develop here posits that governments can effectively use social spending to attract the recipients' vote. But not all of them react to the same extent: partisanship constitute another important factor that mediates that relation. Voters who do not identify with the party in government are less likely to give the incumbent credit for the material benefits they receive from the government. Social psychology literature describes the concept of self-serving bias as the propensity of individuals to take credit for successes and blame exogenous causes for failures (Miller and Ross 1975). If we translate the self-serving bias to group interactions, we shall expect that people would tend to give credit to their group (i.e. their political party) for positive outcomes and to blame the rival group or an exogenous constraint for negative outcomes. The existence of this bias among the electorate reduces the chances of governments obtaining the support of voters identified with other political parties in exchange for public benefits.

Democratic theory literature emphasizes the importance of elections as an effective tool in citizens' hands to translate their preferences and interests to policy outcomes. Thanks to elections, citizens are able to punish or reward the incumbent accordingly to their past performance in government. The argument of the dissertation is built on the idea that citizens are responsive to policy outcomes and hold governments accountable for them. But

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[4] Political predispositions are those values acquired in early adulthood which remain fairly stable during the life course. The importance of these values or predispositions is that they influence the formation of political evaluations, perceptions and new values (Sears and Funk 1999). The relevance of political predispositions on vote choice was already raised by the early studies of the Columbia and Michigan schools (Lazarsfeld, Berelson and Gaudet 1948 and Cambpell *et al.* 1960).

the literature on policy voting has largely neglected the heterogeneous effect of policies among the citizenry and it is rather unlikely that all voters would respond to policy outcomes in the same way. Indeed, citizens have different interests and political predispositions and these determine their perceptions about the desirability of policy outcomes as well as their importance when deciding their vote. In the following chapters I show that not all citizens react in a similar way to policies: interests, attitudes and political predispositions are key elements that determine citizens' responses to policy outcomes.

In sum, the purpose of this dissertation is to contribute to a deeper understanding of policy voting literature by positing some hypotheses about the individual factors that mediate the relation between social policies and vote choice. The contribution is twofold. First, it empirically studies one of the main assumptions in political science and particularly in political economy: that voters are willing to exchange their vote for material private benefits. This is a widespread assumption in the literature but there is some indirect evidence against it. For instance, many scholars in the economic voting field agree that the electorate do not link their vote choice to their personal finances but rather to the national economic performance (Kinder and Kiewiet 1981, Alvarez and Nagler 1998).

Secondly, I extend the standard view that public spending only affects the self-interested electorate to include the importance of political predispositions (ideology and party identification) in the relation between social policies and vote choice.

1.1. Introducing the puzzle. Self-interest, ideology and social policies in political science

In political science literature two different –although not necessarily opposite- perspectives about how the electorate reacts to social policies can be deduced. The first viewpoint is the self-interested one, which postulates that citizens value social policies

to the extent that they affect their own material interests. The self-interested perspective is especially adopted in political economy research. Most authors in this field focus their attention on the governments' behaviour, leaving voters as an exogenous variable of their models. As Rueda put it: "it is common for the comparative political economy literature focusing on macro level variables to put individual preferences into the category of untested assumptions" (2007: 36). Indeed, voters are generally assumed to be self-interested and, as a consequence, their electoral support for the government is related to the amount of public benefits they receive. Political economy has provided evidence that governments distribute public resources as if voters were driven by self-interest (see Tufte 1978, Esping-Andersen 1985, Boix, 1998, Beramendi 2003). This assumption is particularly present among the scholars who study American pork barrel politics -the strategic allocation of particularized benefits to legislative constituencies to boost incumbents' electoral support.[5] But the preoccupation with whether voters do actually respond to those particularized benefits has been rather scarce in the field.

From the self-interested perspective, a rise in social benefits generates an increase in recipients' likelihood of voting for the party in government. But it also implies that voters do not take into consideration policies that are not directly related to their material interests. Hence, this point of view excludes the potential impact of citizens' ideological predispositions when they evaluate governments' policies.

The second perspective argues that citizens' major motivation in politics is not self-interest. Instead, it is ideology that mainly guides voters' political attitudes and behaviour. The literature has provided different (although not entirely unrelated) meanings for ideology. In these pages, by ideology I refer to the left-right continuum, which is usually considered a super-issue that summarizes and makes coherent different policy domains. The

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[5] See Stein and Bickers 1995, Dahlberg and Johansson 2002, Johansson 2003.

central values usually given to the left-right ideology are those related with the role of the government in the economy and, especially, economic equality (Evans, Heath and Lallje 1996). Most researchers in public opinion literature that analyse public attitudes towards welfare policies are positioned in this second perspective since they consider that ideological factors are the main determinants of policy preferences. In fact, these studies usually reach the conclusion that citizens' policy preferences are more correlated with left-right ideology than with self-interest. However, this does not mean that they negate the importance of self-interest. There is also evidence that it has important direct and indirect effects (through its influence on ideology) on voter's attitudes.[6] Despite this, most studies argue that ideological factors are even more important in explaining citizens' preferences on welfare policies. If citizens vote for the party that best represents their preferences, we may deduce that social policies influence the vote of not only the spending recipients but also the left-wing electorate.

Obviously, self-interest and ideology are not orthogonal concepts. Interests and life experiences may indeed shape one's political ideology. Yet, this does not mean that ideology is simply a rationalization of self-interest, as some authors tend to assume (i.e. Kitschelt 1994).[7] As I argue in Chapter 2, ideology as a belief system that allows individuals to have coherent preferences in different policy domains and as a consequence we cannot always equate self-interest with ideology. Indeed, public attitudes towards welfare policies are internally consistent and highly correlated

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[6] For instance, Ponza *et al.* (1988) found that older people were less likely to support education spending but they were especially favourable to social security spending. Similarly, there are also some articles that suggest that the unemployed have more positive attitudes towards unemployment benefit spending than the rest of the population (Cook y Barrett 1992, Bleckesaune y Quadagno 2003).

[7] In fact, some authors reject the idea that these two concepts are highly correlated (see Inglehart and Klingemann 1976, Sears *et al.* 1980 and Kinder and Sears 1981).

with ideology (Gelissen 2000). Thus, we know that left-wing voters have a higher preference for social policies such as old-age pensions, education and unemployment benefits, but the beneficiaries of these policies are not always the same people. For instance, old-age pensioners are not entitled to receive unemployment benefits.

In sum, from the two disciplines stated above we can infer different positions on how citizens react to social policies, but neither of them directly deals with how voters actually behave. The first group focuses on incumbents or political parties' behaviour and takes voters' self-interested attitudes as read without paying much attention to its empirical validity. The second group only studies the attitudes towards public spending, but not voting behaviour. The latter can only be inferred assuming that the electorate votes according to the postulates of issue voting theories. The appropriate way to test the validity of the ideological and self-interested perspective is to shift the focus of the analysis to voters' behaviour. However, not many authors have studied the electoral consequences of social spending from the voter perspective.[8] The lack of agreement on how voters behave is immense, the empirical research scarce.

Some researchers in the field of distributive politics have tried to demonstrate the efficacy of the government strategy of allocating public resources to maximize their vote share (Dahlberg and Johansson 2002, Johansson 2003). But, despite it being a key

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[8] The effect of the economy (economic growth, unemployment, etc) on voting behaviour is studied far more. Kinder and Kiewet (1981) and Fiorina (1981) and posterior studies refuted the belief that people's political preferences were influenced by their own economic situation (known as *pocketbook* politics). These studies proved that, in general, personal economic circumstances do not have much influence on vote choice; instead, what explains voting behaviour is the perception of the national (and not personal) economic performance. For further research on the influence of the economy on vote choice also see Lewis-Beck (1988) Alvarez and Nagler (1995), Alvarez, Nagler and Willette (2000) or Duch (2001).

element in pork barrel and distributive politics literature, the interest in studying the effects of public spending on voting behaviour has been limited. There is not much empirical research that examines how the electorate respond to the strategic manipulation of distributive spending, but of the little there is, a number of studies have corroborated that there is some relation between the benefits that a region receives and the level of incumbent support.[9] Yet, these articles normally use district or state level data; they rarely focus on the individual level.

Self-interest and ideology are obviously not orthogonal concepts. In fact some authors argue that individuals may adopt the ideology that best explains their socio-economic background (Hasenfeld and Rafferty, 1989). It may be true that social class, income or labour situation are previous factors in the causal ordering that both affect vote choice and ideology, but this does not imply that ideology is merely a discursive justification of individuals' material interests. Ideology is an enduring political predisposition which is the product of the socialization process in early adulthood and remains fairly stable over time (Inglehart 1997). Moreover, ideology helps individuals hold a coherent system of political orientations that allows citizens to have consistent preferences among different policies that do not always benefit the same group of the electorate.[10]

The strategy of gaining votes through social spending presents some similarities to so called clientelism (or patronage). Simona Piattoni describes it as: "the trade of votes and other types of partisan support in exchange for public decisions with divisible benefits" (2001:4).[11] The benefits that Piattoni and other scholars in the field have in mind are jobs in the public sector, public

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[9] See for instance Levitt and Snyder (1997), Boix (1998), Case (2001) or de la Calle and Orriols (2009). Contrary evidence is provided by Wright (1974) or Feldman and Jondrow (1984).

[10] I discuss this issue in more detail in Chapter 2.

[11] Yet, the exchange may not always involve the exchange of votes for benefits, but, as Stokes pointed out, it may also involve threats (2007).

licenses or permits, informal favours, cash or in-kind particularised benefits, among others. An example of these types of strategies may be found in the Spanish local elections of 2007. Then, an influential regional conservative politician from the Popular Party (PP), Carlos Fabra, admitted to some colleagues in a recorded private conversation that the creation of public employment is an effective way of 'buying' votes:

> Politicians who win elections can provide jobs to many people. And all these people become 'captive' votes. This means that city and provincial councils give you a lot of power. And I do not remember how many jobs I have provided during these twelve years [of incumbency][12]

The resemblance between this clientelistic strategy and the one described above about the strategic increase of public pension benefits just before elections is that politicians try to use public resources to seek political support. However, there is one important difference. This difference becomes clear in Kitschelt and Wilkinson's distinction between the clientelistic citizen-politician linkage and the programmatic one (such as social policies). In the former linkage, the benefits are more particularized and conditioned to the recipients' political support (2007: 22). Conversely, in programmatic policies, benefits are not tied to political support. Although politicians expect electoral returns for their programmatic policies, there is no implicit or explicit contractual relation. Hence, recipients are not obliged to give their support in return for their public benefits. As Stokes puts it, while the criterion for selecting vote sellers is: "did you (will you) vote for me?" the criterion for selecting the recipients of

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[12] The declaration (in Spanish) was recorded in 2007 but it was not published until February 24, of 2009 by the radio station *Cadena SER*. It can be found on the following site: http://www.cadenaser.com/espana/articulo/carlos-fabra-gana-elecciones-coloca/csrcsrpor/20090224csrcsrnac_8/Tes.

programmatic policies is simply: "do you occupy a given class of beneficiaries?" without being able to discriminate on the basis of political support. (2007: 605-606).

In sum, social transfers like old-age pensions or unemployment benefits generate programmatic linkages since governments do not target benefits to particulars but to groups that meet certain conditions. It is difficult to determine whether some experiences respond to programmatic or clientelistic links. For instance, Hopkin and Mastropaolo (2001) argue that the payment of Spanish unemployment benefits to agricultural workers (PER) in the region of Andalusia qualifies as a clientelistic experience. The fact that local mayors are directly involved in the process of determining who is entitled to these benefits increases the chances of local politicians to linking these benefits to political support.[13]

Leaving these rather exceptional cases aside, social transfers cannot generally be conditioned by political support. This may indeed reduce their effectiveness in gaining the recipients' vote since they can decide to take the benefits and not to vote for the incumbent party. This was precisely what the Mexican PAN, the main party in opposition in the 1990s, explicitly asked the electorate to do by popularizing the slogan: "take what they give you but vote for PAN".[14] With this slogan, the PAN was denouncing the PRI governments for manipulating the geographical allocation of the PRONASOL and other welfare programmes in order to maximize their electoral returns.

Still, programmatic linkages have an important advantage over clientelistic ones that has been ignored by the literature: they have the ability to attract a larger audience beyond the immediate beneficiaries. As I show in this dissertation, programmatic spending has the potential benefit of mobilizing a wider

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[13] PER benefits only cover agricultural workers that have worked a certain number of days per year and local mayors are responsible for certifying whether the applicant meets this condition.

[14] The original slogan was: "agarra lo que te dan pero vota por el PAN" (Díaz-Cañeros *et al*. 2006).

constituency that not only includes the self-interested electorate but also the ideological one.

The literature has treated ideology, self-interest and party identification as some of the most important enduring determinants of the vote. Since the conceptualization of the 'funnel of causality' in *The American Voter* (Campbell *et al.* 1960), many political scientists are convinced that it is possible to organize the determinants of vote choice in a causal order, in which the enduring determinants do not only have direct effects on vote choice but also indirect ones through the more short-term factors such as candidates' traits or performance evaluations. The intention of this dissertation is to follow this line of investigation and study how these significant enduring determinants affect social policy evaluations and the weight of these in the final voting decision.

1.2. Social policies and the study of policy voting

By examining the electoral effects of social spending, this dissertation aims to contribute to a better understanding of policy (or issue) voting. The study of policy voting has important implications for the concepts of accountability and representation, two key concepts in democratic theory. Indeed, when voters take policies into account when voting, politicians have a powerful incentive to carry out policies that mirror citizens' preferences.

In a broad sense, the literature considers that the electorate vote on issues or policies when electoral decisions are connected with policy preferences (Page and Brody, 1972). However, the scholars in that field have not provided a common interpretation about (i) how issues or policies influence vote choice and (ii) what issues or policies mean.

First, the literature on issue voting has especially differed in how citizens take issues into account when they decide their vote. The divergences are especially important in voters' time orientation or perspective: (i) from a future-oriented or selection

point of view, voters use policy preferences to choose the candidate with similar positions. This is the perspective of the literature on spatial models of voting, which considers that policy preferences of both candidates and voters can be represented in a hypothetical space.[15] (ii) From a past-oriented or sanctioning point of view policy voting is related to how citizens' evaluations of government performance on a specific policy domain have an impact on incumbents' re-election. A large portion of the economic voting literature, which studies the relation between incumbent economic performance and vote choice, is positioned in this latter perspective.[16]

Secondly, the literature has generally used the concepts of "issue" and "policy" indistinguishably to refer to a different set of political objects. In particular, these terms have normally been used to refer to policy ends as well as to the means to achieve those ends. Some issues studied in the literature, such as women's or blacks' equal rights and opportunities in the society (Lewis-Beck *et al.* 2008), may be generally considered as policy ends. Conversely, some other policies, such as the implementation of affirmative action measures to enhance the opportunities of minorities or women (Bowler *et al.* 2006), may be considered as a means to achieve an end, as stated above.

Authors like Popkin (1991) consider that people generally care about ends: they judge governments by results without paying much attention to the means by which they are obtained. However, it is not always easy to discriminate between these two concepts since what some may describe as a means, some others may consider an end (Hurwitz and Peffley, 1987). For instance,

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[15] This field was initiated by Anthony Downs' "An economic theory of democracy" (1957) but its interest in it is still here today (Enelow and Hinich 1984, 1990, Whestholm 1997, Merrill and Grofman 1999).

[16] For literature on economic voting see Footnote 6. Although most literature on economic voting takes the sanctioning perspective, some authors have also researched the selection models of economic voting. See, for instance, Lewis-Beck (1988), Lockerbie (1992) and Duch and Stevenson (2008).

education spending may be regarded as an instrument to increase productivity and economic growth, but the increase in educational attainment in society may also be considered as an end in itself, without taking into account its economic implications.

The concepts of policy ends and means are strongly related to the distinction between policy outcomes and policy outputs. The actions that governments carry out to pursue their goals (or ends) are usually known as policy outputs while the effects that these outputs have on the realty are known as policy outcomes. Normally, from a prospective point of view, most scholars study whether people select the candidates with similar policy goals. However, from a retrospective point of view, scholars generally focus on whether perceptions about policy outcomes are compatible with voters' desired policy ends.

In sum, in the following pages, when I use the term "policy voting" I am referring to how voters respond to policy outcomes – in this case social policy outcomes. Also, as I better develop in the next chapter, this dissertation takes a sanctioning perspective in the line with the position of most economic voting literature. This does not mean that social policy outcomes do not have any role in the selection model of voting. Candidates' past performance can be also relevant information for future-oriented voters who use their vote to select the most competent candidate. Indeed, voters may take candidates' past record in office as a signal of their competency and policy positions.

In some of my empirical chapters, I measure government policy performance with public spending (and in particular with social spending). This allows me to have reliable and comparable information about policies across time and countries. Public expenditure is generally considered as a policy outcome that comes from the sum of government generosity (policy output) and some exogenous conditions (such as the economic context).

1.3. Why social policies?

As I have just pointed out, I measure social policies through public spending on social programmes. Normally we understand as social expenditure the financial support and "in-kind" provision of goods and services aimed at helping individuals and households in need. The OECD defines social expenditures as:

The provision by public and private institutions of benefits to, and financial contributions targeted at, households and individuals in order to provide support during circumstances which adversely affect their welfare, provided that the provision of the benefits and financial contributions constitutes neither a direct payment for a particular good or service nor an individual contract or transfer.[17]

The standard perspective is to consider that social policies comprise programmes such as sickness/health care, disability, old age, survivors, family/children, unemployment, housing and social exclusion. The inclusion of education in this category is more controversial. Some authors and international organizations such as the OECD do not consider education expenditures (except for pre-primary one) as part of social expenditure. Yet, I take into consideration all type of education services, from nursery to university, as part of social policies. In any case, the conclusions derived from this dissertation are not influenced by the decision of whether to include or exclude education.

Social policies represent a substantial volume of total public expenditure in most OECD countries. According to the OECD estimations,[18] social protection expenditure is on average 21 percent of the GDP among the member states of this organization. There is, however, a huge cross country variation, ranging from 6 percent in Korea to 31 percent in Sweden. Hence, in most countries the social budget is one of the main tools available to politicians to allocate public resources to specific social groups.

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[17] OECD (2007) Social expenditure 1980-2003. An interpretative guide of SOCX.

[18] OECD (2006) Society at a Glance: OECD Social Indicators.

This is why the standard interpretation in social sciences has been that self-interest is the driving force behind social spending growth. The evolution of social spending has been considered a function of the clash of interests between different social groups. As the economic historian Peter Lindert argued: "what drives social spending in the long run, then, is the shifting balance of political power between income groups, age groups and ethnic groups" (2004: 29).

Figure 1.1. Social expenditure in OECD countries (2003)

% of GDP

■ Gross public social expenditure in percentage of GDP
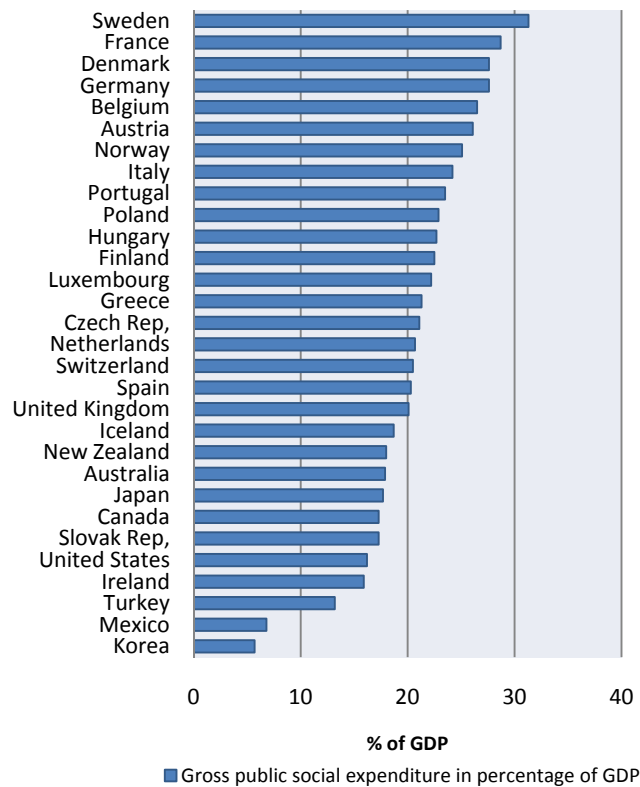
Source: OECD.

In this dissertation I explore the dual-effect of social policies. Not all policies have the capacity to attract the vote of both the self-interested electorate and the ideological one. Indeed, depending on the nature of the policy, it may mobilize self-interested constituencies, the ideological ones or both. For instance, it is very likely that much of the government spending in public investments only has a relevant impact on the vote of the citizens that directly benefit from them. This may be the case of the construction of a new highway or a new underground station which may only have a direct electoral impact among the inhabitants of the benefited area (de la Calle and Orriols, 2009). Social policies constitute an interesting case to study because potentially they have a strong effect among both types of constituencies.

Why do social policies attract self-interested and ideological constituencies? First, many social programmes, especially cash benefit ones, represent an essential source of income for some of their recipients. This is the case, for instance, of social security benefits which in the US represents about 50 percent of elderly people's total income and about 80 percent of that the lower income groups (Campbell 2002). Surely, there is a high probability that self-interest influences the political behaviour of those highly dependent on these policies (i.e. the elderly, unemployed or disabled).[19]

Secondly, social policies attract ideological constituencies because the support for strong welfare states is deeply rooted in left-wing tradition. This is because social policies are highly connected to two key debates in the left-right ideological continuum: (i) equality versus freedom and (ii) the level of state intervention in the economy. Certainly, the right has usually been associated with the emphasis on the personal freedom, private ownership and opposition to the role of the state as a provider and distributor of goods and services. This laissez-faire spirit of the

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[19] According to Green and Cowden (1992) the power of self-interest is proportional to the personal stake in the issue.

right reduces support for the welfare state. Conversely, the left has been associated with strong governments with an active role in achieving economic security, solidarity and equality of incomes and living conditions (Knutsen, 1995). As a result, ideology has been considered by the specialized literature as an important determinant of public support for social policies of a different nature such as public health (Funk 2000), public pensions (Gelissen 2001) or unemployment benefits (Fraile and Ferrer 2005).

1.4. Data and methods

The aim of this dissertation is to study the electoral impact of social policies by taking a comparative perspective. Accordingly, most of the empirical analyses presented in the following pages use cross-national datasets that comprise several OECD democracies. Yet, the exact OECD countries included in my analyses vary from one chapter to another due to the availability of appropriate data. In Table 1.1 I list the countries that are part of the analysis in each chapter.

The two comparative surveys I use in most chapters are the following:

(i) The ISSP-Role of Government. The data in Chapter 3 come from the different waves of the ISSP-Role of Government survey (especially the 2006 one). The ISSP (International Social Survey Programme) is a continuing annual programme initiated in 1984 that sponsors cross-national surveys on different topics in the social sciences. The number of countries participating in this programme has grown to 43, most of them pertaining to the OECD. The ISSP has periodically carried out a survey called "Role of Government" (1985, 1990, 1996 and 2006). These surveys mainly study citizens' attitudes towards the main government responsibilities, state intervention in the economy and the appropriate level of government spending, including the most relevant social-welfare programmes. Although in the first wave

only a few countries participated in the project (Australia, Italy, Germany, the United Kingdom and the United States), in the last wave (of 2006) the number of OECD nations included in the survey has substantially increased (see Table 1.1). These surveys include some items related to attitudes towards public spending and the role of the government in the economy that are appropriate for analysing some of the propositions of this dissertation.

Table 1.1. List of the OECD countries included in the analysis

Chapter	survey	countries included
Chapter 3. The determinants of public preferences for social spending	ISSP- The Role of Government	Australia, Canada, Czech Republic, Denmark, Finland, France, Germany, Great Britain, Hungary, Italy, Ireland, Japan, Netherlands, New Zealand Norway, Poland, Portugal, South Korea, Spain, Sweden, Switzerland and US
Chapter 4. Issue salience and social policy voting **Chapter 5.** Old-age pension spending and vote choice in OECD countries	CSES, wave I and II	Australia Belgium, Canada, Czech Republic, Germany, Spain, Finland, France, UK, Hungary, Italy, Ireland, Japan, Korea, Mexico, Netherlands, Norway, New Zealand, Poland, Portugal, Sweden, and US
Chapter 6. The electoral effect of social spending cutbacks. The Reagan's Presidency experience (1980-1982)	ANES 1982	United States

(ii) The CSES surveys. In Chapters 4 and 5 I use the two waves of the Comparative Study of Electoral Systems (CSES), which include cross-national comparable electoral information of different OECD countries in the 1996-2003 period. These surveys are especially suited to develop comparative electoral studies that incorporate (as it is the case in these chapters) cross-level analyses. Some of my empirical analyses in these two chapters combine individual-level data with country-level information about the evolution of social spending. The country level information comes from the OECD data collected in the 2004 "Social Expenditure Database".[20]

Most of the data used in the empirical part follows a nested structure: level-one units are individuals and the level-two units are OECD democracies. In these circumstances, my statistical analyses use the multilevel maximum likelihood estimation (with random intercept or random slopes, depending on the situation) in order to overcome the potential errors of ignoring the contextual layer of the data.

Although I take a comparative perspective, not all chapters follow this methodology. In particular, in Chapter 6 I focus on just one case: the American experience under the Ronald Reagan Presidency. The decision to narrow the analysis to only one country is motivated by three reasons. First, this case provides me with more accurate data to measure self-interest: the ANES 1982 electoral survey contained very useful information about whether respondents were in receipt of any welfare benefit and whether their benefits were cut during these two years of the Reagan's Presidency. Secondly, it is interesting to test my hypotheses in a key situation where the optimal conditions are met. The Reagan experience is probably one of the most intense and best known cases of social policies' retrenchment since the consolidation of welfare systems in most OECD countries during the post-war period. Hence, the Reagan Presidency constitutes a key setting that

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[20] This is available on line at the following website: www.oecd.org/els/social/expenditure.

meets some key conditions for policies to become influential in the elections. In particular, the social policy agenda was in that period highly visible and it had important consequences for their recipients.

The main problem with case studies is the lower degree of generalisability of their findings, but it obviously presents some advantages, such as they allow researchers a higher in-depth and detailed analysis of their hypotheses. In any case, since most empirical chapters take a comparative approach, the level of generalisability of the main claims of this dissertation shall not be a major concern.

A third and more important justification for focussing on the American case in the early 1980s is that social policy retrenchment scenarios are rather scarce in the post-war period. Therefore, the conclusions reached in Chapter 5 (about the electoral impact of social policies in the OECD during the 1996-2003 period) are mainly based on the effect of spending expansion. In order to make my conclusions more robust and corroborate that my hypotheses are also valid when governments decide to cut social spending, I need to test my hypotheses in welfare retrenchment scenarios (such as the Reagan experience).

1.5. The dependent variable: The incumbent versus the opposition

This thesis studies the electoral consequences of social spending, so the main dependent variable in most of the empirical chapters is vote choice. Yet, there is not a unique way to measure vote choice. In some circumstances researchers use a categorical variable that takes into account all (or at least the major) political parties or candidates. However, for the sake of simplicity and statistical efficacy, it is often wise to collapse the different political options in broader categories, especially when the number of parties is high. This is particularly important when we study electoral behaviour from a comparative perspective, where each

country has different parties. Some of the most common categorizations of these latter dependent variables are, for instance, left *versus* right, government *versus* opposition or even turnout *versus* abstention in the case of studying political participation.

My dependent variable is a dichotomous variable that takes value 1 when respondents voted for the incumbent party in the past general elections and value 0 when they voted for one of the remaining parties. This is the most commonly used dependent variable in the research fields that analyse governments' chances of taking credit for certain policy outcomes (i.e. economic voting, pork barrel politics and clientelism). Since I also study the electoral impact of policy outcomes (social spending), the most suitable dependent variable is probably the incumbent *versus* opposition one.

In some sense, it is easier to specify the incumbent party in presidential systems –the President's party-, although in many cases (i.e. the US) the attribution of responsibility becomes less clear when the legislative and the executive powers are not controlled by the same party. Yet, determining the incumbent party becomes even more difficult in parliamentary democracies where coalition governments are possible. In Table 1.2 I list the Prime Ministers' (or Presidents') names and their party affiliation of all the OECD elections included in the CSES project and I indicate with an asterisk the coalition governments. [21] Almost half of the governments of the sample have more than one party in office. In these settings, it is more difficult to determine which party will be accountable for policy outcomes. Is the overall coalition equally punished or rewarded? Or are some government partners more accountable than others? As Christopher Anderson pointed out: "the world of coalition governments allows for reward and punishment within coalitions" (1995: 152).

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[21] See Table A1 in the Appendix of this chapter for more information about the remaining parties in the coalition government.

The literature on responsibility attribution within coalition governments is in its early stages and much research still needs to be done. Yet, Ignacio Urquizu (2008), in a recent contribution in this field, found that voters only punish or reward the Prime Minister's party for the national economic conditions. The remaining coalition partners are not accountable regardless of the type of portfolio they hold in the government. According to Urquizu's argument, the Prime Minister is the most visible member in the cabinet and, as a result, voters turn their eyes towards him when they attribute responsibilities. In sum, the evidence provided by Urquizu seems to support the idea that: "in coalition cabinets, accountability has been channelled through to Prime Ministers" (2008: 119).

In the empirical analysis of this dissertation, I have to make some assumptions about who is the incumbent and none of them are supported by well-settled empirical evidence. For simplicity's sake, I take Urquizu's perspective and I assume that the incumbent is only the Prime Minister's (or President's) party.

Nonetheless, I check the robustness of my results by estimating my models with a second dependent variable that specifies incumbency as all the parties that participate in the cabinet. Hence, I identify the dependent variable in two different ways: the first assumes that only the head of the government is accountable for governmental performance and the second assumes that all parties are equally rewarded or punished. Yet, in the light of Urquizu's findings, I expect the former dependent variable (the Prime Minister's party) to perform better than the latter (all parties in the coalition).

Table 1.2. The incumbent party (or parties) in OECD countries included in the CSES surveys (wave I and II)

Country	Year	PM/President's Party	PM/President
Australia	2004	Liberal Party *	John Howard
	1996	Labor Party	Paul Keating
Belgium	2003	VLD *	Guy Verhofstadt
	1999	CD&V *	Jean-Luc Dehaene
Canada	2004	Liberal Party	Paul Martin
	1997	Liberal Party	Jean Chrétien
Czech Republic	2002	CSSD	Milos Zeman
	1996	ODS	Václav Klaus
Denmark	2001	Social Democratic Party *	P. N. Rasmussen
	1998	Social Democratic Party *	P. N. Rasmussen
Finland	2003	Social Democratic Party *	P. T. Lipponen
France	2002	RPR (now UMP)	Jaques Chirac
Germany	2002	Social Democratic Party*	Gerhard Schröder
	1998	CDU/CSU	Helmut Kohl
Hungary	2002	Fidesz *	Viktor Orbán
	1998	MSZP (Socialist Party) *	Gyula Horn
Iceland	2003	Independence Party *	Davio Oddsson
	1999	Independence Party *	Davio Oddsson
Italy	2006	Forza Italia *	Silvio Berlusconi
Ireland	2002	Fianna Fáil *	Bertie Ahern
Japan	2004	Liberal Democrats	Junichiro Koizumi
	1996	Social Democrats *	Tomiichi Murayama

Korea	2000	Uri Party	Roh Moo-hyum
	2004	MDP	Kim Dae-Jung
Mexico	2003	PAN	Vicente Fox
	2000	PRI	Ernesto Zedillo
	1997	PRI	Ernesto Zedillo
Netherlands	2002	PvdA *	Wim Kok
	1998	PvdA *	Wim Kok
New Zealand	2002	Labour Party *	Helen Clark
	1996	National Party	Jim Bolger
Norway	2001	Christian People's Party *	K. M. Bondevik
	1997	Labour Party	Thorbjorn Jagland
Poland	2001	Solidarity Electoral Action	Jerzy Buzek
	1997	Democratic Left Alliance*	W. Cimoszewicz
Portugal	2005	Social Democratic Party *	P. Santana Lopes
	2002	Socialist Party	António Guterres
Spain	2004	Popular Party (PP)	José María Aznar
	2000	Popular Party (PP)	José María Aznar
	1996	Socialist Party (PSOE)	Felipe González
Sweden	2002	Social Democratic Party	Göran Persson
	1998	Social Democratic Party	Göran Persson
United Kingdom	2005	Labour Party	Tony Blair
	1997	Conservative Party	John Major
United States	2004	Republican Party	George Bush
	1996	Democratic Party	Bill Clinton

1.6. An outline of the dissertation

This thesis is organized in 7 chapters including this introduction and the conclusions. The following chapter, Chapter 2, contains the theoretical part of the thesis, in which I introduce the existing literature and I develop the theoretical propositions of this dissertation. The remaining chapters, Chapters 3 to 6, test the hypotheses introduced in the theoretical part. The empirical analysis of the dissertation is divided into two parts. In the first part, Chapters 3 and 4, I provide some evidence supporting the validity of the main causal mechanisms suggested in the theoretical chapter. In the second part, Chapters 5 and 6, I study whether social policy outcomes affect vote choice and what type of voters are more likely to respond to them.

I build the argument of the thesis in Chapter 2. In this chapter I describe how the literature has regarded elections as an effective mechanism in guaranteeing political representation. Many democratic theorists consider the vote as a powerful tool for inducing governments to follow citizens' preferences. This implies that citizens' votes are not only conditioned by emotional attachments to political parties or to their leaders; citizens also take their policy preferences into account when voting. But the problem with policy voting is that there is just one vote to summarize many (and often unrelated) policies. This inevitably forces citizens to prioritize some of their preferences over others. However, political scientists have not paid much attention to how citizens weight the different policies when they cast their vote. Indeed, researchers tend to make the implausible assumption that the effect of policies on vote choice is essentially the same for all voters.

In Chapter 2 I challenge the assumption that the effect of policies is equal for all citizens and I posit a theory of heterogeneous policy voting focusing on the case of social policies. The chapter presents a model of retrospective voting in which the effect of social policies on vote choice is conditioned by two different types of individual-level factors: self-interest and

political predispositions (ideology and party identification). Self-interest and ideology mediate the relation between social policies and the vote to the extent that (i) they explain citizens' attitudes towards policies and (ii) they determine the saliency of these policies. Welfare transfer recipients and left-wing citizens are more likely to show positive attitudes towards these policies and to consider them more salient when deciding their vote.

The role of party identification is different from the two previous factors. This is important to the extent that it conditions the attribution of responsibility for incumbents' policy outcomes. The political reactions of citizens with similar policy preferences may vary depending on whether they identify with the party in government or not. As I already mentioned, this is explained by the presence of a self-serving bias among the electorate.

In Chapter 3 I study the determinants of voters' attitudes towards social policies. Using the ISSP-Role of Government surveys, I examine whether ideology and self-interest are two forces behind peoples' preferences for more (or less) public spending in some major social policies (health, education, unemployment benefits and old-age pensions). The aim of this chapter is to provide evidence that both the left-wing electorate and welfare spending recipients are more likely to support increases in this type of policies. Yet, this finding does not directly imply that these two electorates are more likely to vote for the incumbents who increase social spending; they also need to find social policies salient enough to influence their vote choices.

This is precisely the objective of Chapter 4, where I study which segments of the electorate find social policies more salient. The chapter provides evidence that (i) the left and welfare recipients consider that these policies are more important when voting and (ii) perceptions about government performance on social policies have an impact on the likelihood of voting for the incumbent.

These two first empirical chapters, Chapters 3 and 4, provide initial evidence about how voters respond to governments' social policies. If, for instance, self-interest is a relevant determinant of

voters' policy preferences and these preferences have an impact on vote choice, we may infer that welfare recipients will be more likely to vote for governments that increase welfare benefits.

The second part of the empirical section begins with Chapter 5. This chapter directly analyses the impact of social spending variation (and not perceptions of it) in vote choice. In particular, this chapter studies whether old-age pensions have an influence on the electoral behaviour of retired people and the leftist electorate in OECD countries. This chapter takes a comparative perspective since it includes many democracies (using CSES data) but it only takes into consideration one social policy: old-age pensions. I narrow the analysis to just one policy so that I can determine with more precision the self-interested collective -in this case the retired electorate.

As I already pointed out, the period and countries studied here, and in particular in Chapter 5, contain very few experiences of cutbacks. As a result, this chapter does not properly cover the electoral effect of social policies in retrenchment contexts. In order to prove that my hypotheses are also valid when governments decide to cut social spending, in Chapter 6 I focus on one of the most emblematic cases of welfare retrenchment: the Reagan experience. This chapter analyses the effects of Ronald Reagan's social policies between 1980 and 1982, when the cutbacks were especially successful. The results of the chapter support my hypotheses in contexts of social spending cutbacks and provide strong evidence for the mediating role of party identification.

Finally the dissertation ends with my concluding remarks, where I put together and comment on the main results of the different parts of the thesis and revise to what extent these empirical findings give support to the model I presented in the theoretical part. In this last chapter I also outline some of the implications of these findings for the strategies of political parties to gain electoral support.

In short, the main objective of this thesis is to enhance our understanding of the role of policies in the democratic process

and, in particular, to determine what type of voters use elections as a mechanism to monitor governments' past performance in the social policy area. This is one of the main claims of democratic theory and, in particular, of the sanctioning models of voting behaviour. The results of my empirical analysis support the idea that policy outcomes are potentially influential in the elections although their impact is not homogeneous across all voters: material interests and political predispositions play a crucial role in the degree to which policy preferences translate into vote choices.

CHAPTER 2. SOCIAL POLICIES AND VOTE CHOICE. WHEN DO THEY MATTER?

2.1. Introduction

It is a settled belief in social sciences that incumbency status provides politicians with good opportunities to use the public budget to gain support among the citizenry. For instance, David Mayhew, in his seminal article "Congressional Elections: The case of vanishing marginals" (1974), posited that governments were able to take electoral advantage of the public spending they allocate to their constituencies.[1] This belief is not only common among many social scientists; the case described in the introduction about the political use of public old-age pensions in Spain is a good example of how politicians also have strong confidence in the electoral power of public spending.

Many empirical studies of electoral behaviour conclude that public spending has relevant consequences for how people decide their vote.[2] Although the case of social spending is not indeed the most studied one, we also have some evidence about the importance of social policies in citizens' electoral decisions.

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[1] Although public spending may help incumbent chances of reelection, recent investigations have not provided empirical support to the incumbency advantage hypothesis. See, for instance, Barreiro (2008).

[2] See Stein and Bickers (1995), Levitt and Snyder (1997), Alvarez and Savings (1997) Boix (1998), or Barreiro (2008), de la Calle and Orriols (2009), among others.

However, we still do not know much about under what conditions these policies influence vote choice and what type of voters are more likely to react to them. Certainly, most political scientists have neglected the asymmetrical effect of policies among citizens,[3] as Gomez and Wilson put it, "the overwhelming tendency among scholars is to treat citizens as monolithic" (2006: 128). This assumption of a homogeneous electorate may lead to inaccurate conclusions about the impact of policies on vote choice since the effects of different groups may cancel one another out (Krause 1997).

The literature therefore has left an important question largely unanswered: are the electoral reactions to social policies (or other policies) homogeneous among all voters? And if not, who is more likely to be responsive to these policies? The aim of this chapter is precisely to answer these two related questions. In this chapter I argue that citizens' interests and political predispositions mediate the relation between social policies and vote choice. In particular, I take into consideration three individual attributes: self-interest, ideology and party identification.[4]

The chapter is structured as follows. In the first section, I review the literature about the influence of policies (including welfare-related ones) on citizens' vote choice. This section has three parts. I start by describing how policy voting emerged in the political science literature. I then introduce the two main mechanisms by which elections become the link between citizens' preferences and governments' policies: selection and sanctioning voting. And finally I discuss the specific policies that the literature has considered relevant in elections and I show that some scholars have found that social policies are one of them. Here I draw

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[3] In recent years, there has been an increasing interest in the heterogeneous effect of the economy, especially the mediating effects of institutional factors (see, for instance, Duch and Stevenson 2008).

[4] There are two sources of heterogeneity: the level of information or political sophistication and the diversity of interests and preferences. The literature on economic voting has paid attention to the former See Fraile (2008) for a recent contribution.

attention to the importance of considering that the effect of policies is not equal among different type of voters. The second section of the chapter I discuss the heterogeneous effect of social policies on vote choice. In this section, I develop the theoretical arguments and the hypotheses of this dissertation.

2.2. Review of the literature

2.2.1. The emergence of policy voting in political science

The effect policies (including social ones) have on vote choice was largely overlooked in early political science research, which tended to emphasize the structural or enduring determinants of the vote. The long-term factors highlighted by these studies were sociological -largely developed by the Columbia school[5]- or psychological -by the Michigan school.[6] These two schools focus

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[5] The sociological perspective, initiated by some scholars of Columbia University during the 1940s (Lazarsfeld *et al*. 1944) and 1950s (Berelson *et al*. 1954), put the social context at the core of their theories. One of the most influential studies of this approach is the book "People's Choice" (1944), in which Lazarsfeld and his colleagues investigated the influence of individuals' social background such as religion, socio-economic status or residence and raised the idea that individuals' political decisions were mainly influenced by their social reference group. These authors argued that: "Voting is essentially a group experience. People who work or live or play together are likely to vote for the same candidates" (1944: 137).

[6] Angus Campbell and the other authors of *The American Voter* (1960) changed the scope of the analysis from social groups to individual traits and emphasized the psychological explanations of vote choice. The main claim of the Michigan school was that party identification was the most important factor to account for the electoral behaviour among the American electorate. They described party identification as an enduring psychological attachment acquired in the socialization process that explains not only vote choice but also many of the citizens' political attitudes. The validity of party identification is supported nowadays by

their attention on structural, long-term explanations of the vote and they argue that people's political decisions cannot generally be based on issues or policies. They argue that most individuals lack the required information to have a clear opinion on most relevant political issues or a clear idea about parties' policy positions. Some authors such as Converse (1964) and Butler and Stokes (1969) suggested that variations in citizens' attitudes reported in surveys were random noise rather than actual attitudinal changes. Therefore, we cannot give any substantive meaning to these variations.[7] Some others affirmed that issue positions were simply a mirror of people's partisan attachments (Lazarsfeld, Berelson and Gaudet 1944). Although the idea about "the capacity of partisan commitments to colour perceptions" (Stokes 1966) is not new, this concern still worries political scientists today.[8]

The influence of issues or policies on vote choice was already studied by some of the authors cited above, but it remained a secondary preoccupation. For instance, Converse (1966) developed the concept of "normal vote" -not influenced by short-term factors- to study the net impact of the religious issue in the 1960 American Presidential elections. But, it was not until the work of authors such as V. O. Key (1966), Nie, Verba and Petrocik (1976) and Pomper, Boyd and the other authors of the 1972 APSR symposium of issue voting[9] that short-term determinants of the vote were included in the political science research agenda. The first social scientists who studied the importance of policy voting in the US considered that the American political context after the 1950s -when the "American

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some authors such as Bartels (2000) and Johnston (2006), who still believe that party identification is as an *unmoved mover*.

[7] RePass (1971) criticized this finding arguing that randomness occurs when citizens are asked to report attitudes to issues that are not relevant for them. Attitudes become more consistent for important issues.

[8] See for instance Heath, Jowell and Curtice (1985) or Evans and Andersen (2006).

[9] American Political Science Review, Volume 66.

Voter" was written- had changed. They argued that the role of political issues was becoming increasingly influential in the electoral competition.

Different arguments have been put forward to account for the increasing relevance of issue voting. In the case of US politics, Pomper (1972) argued that the ideological differences between democrats and republicans had increased since the publication of *The American Voter*. The literature has also provided two other more structural and less US-specific factors that explain the emergence of short-term factors on vote choice. First, the decline of social and partisan structures allowed voters to incorporate other less structural factors into their political decisions. The reduction of class voting (Clark *et al.* 1993, Knutsen 2006) or other group attachments (Dalton 1996) and the decline of partisan loyalties in the immediate decades after the 1950s (Nie, Verba and Petrocik 1976) provided the electorate with incentives to take into account their policy preferences. Yet, not all authors agree that there is a clear decline in the political relevance of social class. For instance, using the Goldthorpe class schema, some British researchers have rather found a trendless fluctuation in class voting (Heath et al. 1991, Evans, Heath and Payne 1991, Evans 1999). Similarly, some other authors also disagree that the importance of partisanship as a predictor of the vote has declined during the last decades (Bartels 2000, Green *et al.* 2002).

Among those who claim that class matter less nowadays, there is the widespread belief that the decline in social cleavages has been responsible on the increase in issue voting (Nie *et al.* 1976, Franklin 1985, Franklin *et al* 1992). As Franklin *et al.* pointed out: "if all the issues of importance to voters had been measured and given their due weight, then the rise of issue voting would have compensated more or less precisely for the decline in cleavage politics" (1992: 400).

A second explanatory factor for the emergence of issue voting was the increase in the electorate's political sophistication. The higher levels of education of new generations and the rise of informational flows in current societies have enhanced political

awareness, which is an essential condition for issue voting (Goren 1997). However, for some authors, the reservations about policy voting stated by the Michigan school are still valid today. Indeed, some political scientists argue that, despite the increasing political sophistication among the OECD electorate, most citizens still do not meet the basic requisites for voting on issues (Lewis-Beck *et al.* 2008). Also, following the *American Voter's* argument, Evans and Andersen (2004) have challenged the importance of issue voting, arguing that issue positions are partly endogenous to party preferences. They argued that partisanship biases voters' perception of proximity between self and party issue positions. Hence, the research that takes issue preferences as exogenous tends to overestimate their effect on vote choice.

2.2.2. The mechanisms of policy voting

Since the works of Key, Pomper and the other authors cited above, research on policy voting has become well-established in political science, especially among the more rationalist approaches. Indeed, positive democratic theorists today consider that elections are an effective tool in citizens' hands to express their policy preferences and monitor government performance. There is evidence that, in democratic systems, policies tend to mirror the preferences of the public. For instance, Stimson, Mackuen and Erikson (1995) confirmed that the relation between citizens and politicians is characterized by a dynamic representation, which leads to the congruence between public policies and public opinion changes. [10] This congruence takes

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[10] This policy-preference correspondence has also been confirmed by other American research in different policy domains (see for instance Bartels 1991, Page and Shapiro 1983, or Wlezien 2004). For the European case see, for instance, Hobolt and Klemmemsen (2005).

place not only because voters select the more alike candidates but also because incumbents are responsive to public mood changes.[11]

Why do politicians follow the political preferences of the electorate? The general answer in the literature is that the existence of periodic elections constitutes a powerful mechanism in citizens' hands that guarantees politicians' responsiveness. One may think about other forms of political participation through which citizens can express their demands, such as demonstrations, strikes, lobbing activities, party militancy activities, among others. To be sure, governments and political parties are very sensitive to these activities (for example, for fundraising purposes), but the central characteristic of contemporary democracies and the most widespread instrument of political participation is, by far, elections.[12]

Maravall summarizes the electoral process in 7 steps:

(1) Politicians compete, transmitting prospective messages about their future policies and signals about their competence. (2) Voters select those candidates closer to their ideal policy positions and more able to implement their programme. (3) Politicians, once in office, adopt policies and dedicate effort to carry them through. (4) Policies

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[11] Some authors argue that the congruence between governments' policies and citizens' preferences is not definite proof of the existence of political representation. One of the most influential theorists in this field, Hanna Pitkin (1972), considers that representation takes place when the government works in the best interest of citizens, even when this implies deviating from their declared preferences. When governments only follow citizens' preferences, they become responsive but not necessarily representative. If the government knows that citizens are wrongly interpreting their own interests (i.e. because they lack important information), then it must deviate from citizens' preferences in order to become representative. This complicates the role of elections to guarantee a responsible (compared to responsive) government because voters may punish incumbents for not being responsive, although they deviated from people's will in order to become representative.

[12] See, for instance, Verba, Schlozman and Brady (1995: 50) for the American case.

and effort, under particular exogenous conditions, produce outcomes that modify the welfare of citizens. (5) At the time of the next election, voters assess retrospectively such outcomes, and attribute them to the policies and the effort of the incumbent and to the influence of exogenous conditions. (6) Voters update their preferences about policies and candidates. (7) Voters re-elect or reject the incumbent. (Maravall 2007: 912).

According to this description, individuals use their vote to choose the candidate (or party) closest to their preferences as well as to punish or reward the performance once in government. Hence, elections entail two different mechanisms by which they are able to guarantee representative governments: selection and sanctioning.

The *selection mechanism* takes place when citizens use their vote to choose the best candidate to lead the country in the following mandate. From this point of view, the electorate compares the different electoral platforms and chooses the one whose policy proposals are closest to their point of view. This is the perspective of numerous studies, such as the seminal book of Anthony Downs, *An Economic Theory of Democracy* (1957), and the posterior development of spatial analysis by other authors.[13] Voters not only take a candidate's policy positions into consideration, they are also concerned about other "valence" attributes, such as the candidate's skills and character. This is the position of James Fearon, who supports the idea that elections are primarily a mechanism of selecting "good types". Good politicians have to share voters' policy preferences and they must have integrity and be competent and skilled (1999: 59). Although the selection mechanism is future-oriented, voters' assessments of candidates' competency may be conditioned by retrospective evaluations, such as the incumbents' past economic performance. Indeed, selection may imply both retrospective and prospective evaluations. As Kramer put it: "the past performance of the incumbent party (…) gives some indication of what it would do if

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[13] See Enelow and Hinich (1984, 1990).

returned to office, and of the effectiveness of its polities and personnel" (1971: 134).

The second mechanism by which elections ensure representative governments is the *sanctioning mechanism* (or accountability). From this perspective, citizens decide their vote taking into account the incumbent performance during the previous mandate. According to Przeworski, Manin and Stokes governments are accountable if "voters can discern whether governments are acting in their interest and sanction them appropriately, so that those incumbents who act in the best interest of citizens win re-election and those who do not lose them" (1999: 40). Voters use elections to create an appropriate incentive structure to force politicians to follow citizens' interests. If citizens link their vote to the incumbent performance, rational incumbents seeking re-election will anticipate the potential electoral costs of not implementing the policies that best suit the interests of the society.

Some scholars use the agency theory to explain the sanctioning mechanism (Ferejohn 1986). This theory is useful to characterize the relationship created when an actor (the principal) decides to contract another actor (the agent) to work on his behalf in any given duty. This is the case of many economic settings with any type of employer-employee relationship. In democratic theory, the agents are the politicians, who are elected by the principals (the electorate) to govern the country. When the principal and the agent have a conflict of interests, the former needs to find mechanisms to effectively control the latter's work, otherwise the principal would not be able to avoid the temptation of the agent to deviate from the principal's interests and follow their own. This is known in the literature as the "moral hazard" problem, which is produced by informational asymmetries between principals and agents, usually in favour of the latter (in this case, the politicians).

2.2.3. Multiple policies and just one vote: Which policies are influential in the elections?

The democratic theory literature sees elections as the main mechanism to assure that governments are attentive to citizens' interests. But elections have an important limitation to induce representation: they constitute a fairly blunt instrument for expressing people's political preferences (Ferejohn 1999). The problem arises when citizens have to summarize their opinions on many different and uncorrelated political issues in just one single vote. Some voters may be very satisfied with the government's performance in some areas but at the same time they may be extremely unhappy with some other policies carried out by the same government. How do these people finally cast their vote? How do they weigh the different political issues? If elections generate representative governments, it means that the electorate is able to signal the government on different issues in the same elections. But it is not always easy to express in just one vote one's opinions in unrelated policies.

Some political scientists see ideology as the solution to this problem since it is an effective tool in summarizing the different relevant political issues in a single dimension (Inglehart and Klingemann 1979). Although ideology certainly helps political parties to organize the political contest (Popkin 1991), it is obvious that the problem cannot always be solved: when relevant issues are not correlated, citizens have to give priority to some policies over others when they vote.

If voters cannot summarize all policies in just one vote, which ones do they finally take into account? Most research on electoral behaviour has focused its attention on economic-related issues. Since the 1970s, when the study of the influence of political issues in voting behaviour was introduced in the political science research agenda, the economy has been the most studied policy

area not only in the US but also in many other countries.[14] The impact of the economy on elections has been studied both at the aggregate and at the individual level. From the first perspective, several authors found a statistical relation between the evolution of some economic indicators, such as unemployment, income growth or inflation, and the incumbency's chances of being re-elected (Goodhart and Bhansali 1970, Kramer 1971). The economic voting literature that uses individual-level data has been less conclusive about the electoral relevance of the economy and especially about the self-interested origins of this relation. According to this literature, citizens tend to take into account national economic conditions rather than individual ones. Accordingly, many researchers in the field have concluded that voters are more motivated by sociotropic attitudes than by self-interested or pocketbook-based ones. (Kinder and Kieweit 1979, 1981).

The literature has been very much concerned with the effect of the economy on elections, but presumably other policies may also enter into the equation. In fact, we may even expect some non-economic issues to have a stronger influence on citizens' electoral behaviour since the attribution of responsibility is in many cases much clearer.[15] It is plausible to think that people would be more likely to hold the government responsible for welfare-benefit generosity or the quality of public services than for some

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[14] For the US see for instance: Kramer (1971), Kinder and Kieweit (1979), Fiorina (1981), Nadeau and Lewis-Beck (2001); for western European democracies see: Lewis-Beck (1988), Nannestad and Paldam (1995) Fraile (2005); and for emerging democracies in Eastern Europe see: Duch (2001) or Powers and Cox (1997).

[15] Some authors explain the lack of relation between personal finances and vote choice arguing that voters do not blame the government for their economic situation (Brody and Sniderman 1977, Abramowitz *et al.* 1988). Indeed, citizens' finances generally come from their participation in the labour market and voters may not always have convincing arguments to connect their economic well-being to the government's policies.

macroeconomic indicators, such as inflation or economic growth. The latter are largely dependent on a number of factors (for example, oil and other prime goods prices or the international context) beyond the government's control. When citizens suffer salary cuts or lose their job, they might not find good arguments to blame the government for it -especially in countries with generous policies of income maintenance which may mitigate the electoral costs of adverse economic conditions (Maravall and Fraile 1998). Conversely, governments may easily become the target of voters' discontent when they experience cuts in their welfare benefits or realise that the quality of social services is decreasing. To be sure, governments do not have complete control over public expenditure. Their decisions are conditioned by important constraints, such as the public debt or the existence of budgetary commitments. However, it very likely that the electorate hold the government more responsible for increases in pensions and other benefits than for increases in private-sector wages.

Some authors have tried to find out what matters the most: the economy or other political issues. Alvarez and Nagler (1995, 1998) have reported the predominance of the economy in the US context, but the results are less robust in some other countries (Alvarez *et al.* 2000). In fact, the conclusions of Blais *et al.* (2004) contradicted the previous studies of Alvarez and his colleagues in favour of the predominance of issues over the economy. Studying the same countries as Alvarez *et al.* (2000) -the UK, Canada and the US- they concluded that, in general, issues other than the economy were more important in all countries, including the American case.

Leaving aside this controversy, the literature has produced some evidence that indeed different types of policies (and not only the economy) are important in vote choice. Some of the policies studied are, for instance, moral issues in general (Hillygus and Shields 2005) or abortion in particular (Highton 2004, Abramowitz 1995), foreign affairs (Page and Brody 1972, Aldrich, Sullivan and Borgida 1989) immigration (Studlar 1978) or welfare issues (Alvarez and Nagler 1998). In the case of social policies,

Alvarez and Nagler (1998) showed that they were influential in the 1992 and 1996 US presidential elections. Their results showed that voters who wanted increases in social security were 14 percent more likely to support the Democrat candidate, Bill Clinton, in the 1996 elections. However, the authors' simulations also pointed out that, despite being influential, welfare related issues were not essential for Mr Clinton's victory. The economy was the only decisive factor in that election. Their model predicted that if the economic perceptions in 1996 had been the same as in 1992, Clinton would have not been re-elected.[16]

Most of these works do not directly study the effect of policy outcomes on vote choice; they only deal with policy preferences or perceptions about government performance. And, as many social scientists have argued, these perceptions are partly endogenous to party identification: voters identified with the party in government are more inclined to approve of the incumbent's policy outcomes (Evans and Andersen 2006). Hence, part of the effect of policies on vote choice found in some articles may be due to a spurious relation. In fact, there are few articles that study the effect of policies on vote choice using policy outcomes instead of voters' attitudes. Most of them either study the effects of public investments or study all spending in general without discriminating between different spending items. Several studies that use aggregate-level data have corroborated the efficacy of public spending in gaining votes. For instance, Barreiro (2008), in an ambitious statistical analysis which includes most democracies, provided evidence that increases in public spending help governments to win votes. Interestingly, this effect only takes place among left-wing governments. Voters do not seem to reward centre and right-wing incumbents for such increases.

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[16] The US has been the most researched democracy but the electoral impact of issues is also relevant in other democracies. See, for instance, Alvarez, Nagler and Willette (2000) for the Canadian case or Alvarez, Bowler and Nagler (2000) for British one.

In the American context, Levitt and Snyder (1997) showed that there is a positive and significant statistical relation between the transfers that a territory receives and its incumbent's vote share. They estimated that the cost of each vote (in an average district) in the American House elections was about $14,000, which allowed them to conclude that Federal spending may be influential in an incumbent's chances of being re-elected. Outside America, Boix (1998) and Barreiro and Sánchez-Cuenca (2000) for Spain and Case (2001) for Albania also proved that there is a positive correlation between public spending and the incumbent's electoral support. These articles do not directly study welfare spending; they rather focus on spending programmes that governments can easily target to specific territorial constituencies (i.e. electoral districts or towns). But their findings seem to corroborate that citizens' electoral behaviour is partly determined by policy outcomes.

2.3. The heterogeneous effect of social policies on vote choice

Although the economy plays a predominant role in the accountability literature, in the previous section I showed that there is evidence that other polices (including social ones) may also be relevant in citizens' voting decisions. However, we still do not have a clear understanding of the differential effect of policies on different electoral groups. In fact, as I advanced in the introduction of this chapter, the literature tends to assume that all voters respond to the same extent to policy outcomes. But, this is a rather implausible assumption: people have different tastes and interests in politics and these differences may easily condition the importance of policies in citizens' electoral behaviour.

The scarce research done until now on the heterogeneous effect of policies on vote choice has mainly been carried out in the literature on economic voting. This literature has suggested two important sources of heterogeneity: the level of political information and the diversity of interests and preferences. The

literature on economic voting has paid greater attention to the former. Political scientists who study the electoral impact of the economy (or other policies) have usually treated the electorate as a single entity with equal levels of political knowledge. Accordingly, many researchers have assumed that performance voting does not depend on citizens' level of awareness (Kramer 1971, Kinder and Kiewiet 1981). However, more recent studies relaxed this assumption and studied whether performance voting requires a well-informed electorate. Marta Fraile, in her comparative study of four European countries, found that this is indeed the case. Moreover, she found that government performance has no influence among the less knowledgeable members of the electorate (Fraile 2008).

Information is important because it helps citizens to correctly assign responsibility for the economic (or other policy) outcomes. The literature has been particularly concerned with the political institutions that facilitate or hinder such capacity of responsibility attribution. For example, for some authors the division of powers between legislative chambers or the existence of coalition governments hinders voters' capacity to know who is doing what. In these circumstances the responsibility attribution becomes less clear in the eyes of the electorate and, as a consequence, the correlation between government performance and vote choice is smaller (Powell and Whitten 1993, Rudolph 2003b). Likewise, Duch and Stevenson (2008) argue that a requisite for economic voting is the concentration of responsibility, which enhances accountability. According to these authors, the more accountable incumbents are the single-party and parliamentarian ones.

A second and less studied source of heterogeneity in the economic voting literature is the existence of divergent interests and preferences among the electorate.[17] Indeed, voters do not have

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[17] Ferejohn (1986) suggests that the existence of different preferences and interests among the electorate gives the incumbent the opportunity to take advantage of these divisions by playing off the interests against one another. Hence, according to Ferejohn's model the

to share the same perception of policy outcomes nor do they have to agree with the weight they give to it when they decide their vote. The aim of this dissertation is precisely to contribute to the literature by studying this second source of heterogeneity applied to the case of social policies.

In sum, the economic voting literature has produced some insights into the factors that mediate the relation between the economy and voting behaviour. Yet, the research of the determinants of heterogeneity in voters' decision-making is still scarce. In the next pages of this chapter, I introduce some hypotheses about how the diversity of interests and political predispositions among the electorate account for the heterogeneous effect of social policies. I try to answer the two related questions raised in the introduction of the chapter: can governments gain votes by increasing social spending? And if so, what types of voters are more likely to respond to such policy changes? In this dissertation I posit that there are three main factors that mediate the relation between social policies and vote choice: self-interest, ideology and party identification. In Figure 2.1, I show a retrospective voting model indicating how these three elements shape the relation between social policies and vote choice.

The diagram shows two types of causal arrows: the bold arrows show the causal relations that I study in this thesis and the other arrows show how the remaining plausible causal effects between the variables. For instance, ideology and self-interest are not entirely independent factors: interests may indeed shape one's ideology. Also, it is well-established in the literature that ideology and party identification have important direct effects on vote choice. Yet, this dissertation is mainly interested in how these two variables mediate the relation between social policies and vote choice. It is not my intention to posit a brand new general theory of voting that neglects the electoral importance of these (or other)

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heterogeneity of interests among the electorate hinders their capacity to control the government.

factors: in fact, although it is not my main concern, my empirical chapters confirm the direct impact of ideology and party identification on vote choice.

Figure 2.1. Welfare issues and vote choice: A retrospective model
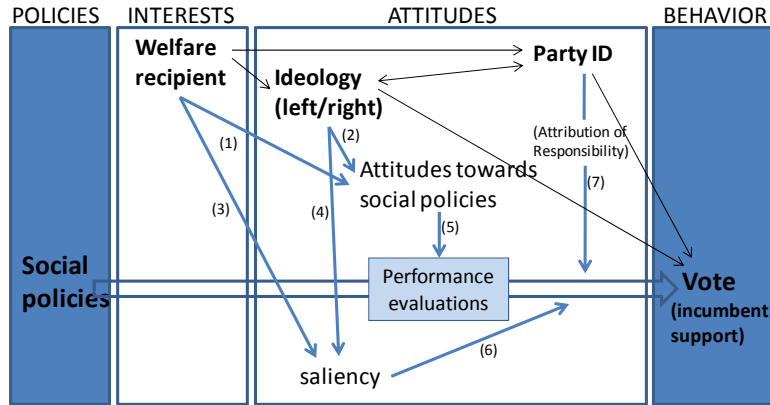
Before explaining how self-interest, ideology and party identification condition the electoral impact of social policies, I shall briefly define these terms.

2.3.1. Defining the concepts

(i) Self-interest

The first element in Figure 2.1 that mediates social policies and vote choice is self-interest. This is an often cited motivation in the voting behaviour and public opinion literature. Since the 1950s, many theorists inspired by the formalization and the scientific approach of economics started to develop more formal models in which self-interest became the standard assumption. Following the principles of modern economics, rational choice and

public choice approaches consider that citizens' and politicians' behaviour is guided by rationality. To be sure, rationality does not imply self-interest; it simply refers to the selection of the best means to achieve one's goals -or, in economic terms, to maximize one's utility function. But rationality does not entail any specific content in the utility function: it may include self-interest, altruism or any other value. However, many rational choice theories in political science have assumed individuals' utility as a function of self-interest. For instance, Anthony Downs, one of the pioneers in the field, affirmed in his *Economic Theory of Democracy*: "Whenever we speak of rational behavior, we always mean rational behavior directed primarily towards selfish ends" (1957: 27).

Like most research in economics and political science, I describe self-interest in a restricted way. Here, I assume the definition given by Sears and Funk, which is a good example of what the literature understands for self-interest:

> We have defined self-interest as the short-to-medium term impact of an issue (or candidacy) on the material wellbeing of the individual's own personal life (or that of his or her immediate family). This definition excludes (…) long-term self-interest, nonmaterial aspects of wellbeing (e.g. spiritual contentment, self-esteem, social adjustments, social status, or feelings of moral righteousness), and interests that affect the wellbeing of the individual's group. (1990: 148)

Hence, I use the term "self" to refer to the individual -not to the group or community- and the term "interest" to refer to short-term material aspects of welfare -excluding the less tangible ones. According to Sears' and Funk's definition, the term "self" also includes the immediate family. Usually, when we think about self-interests we normally refer to the households and not merely the individual. For instance, it is plausible to think that those who have their coupe unemployed, also have a strong self-interest in increasing unemployment benefits, even when they are not unemployed themselves. When data is available, I use the

household level. However, when there is no information at the household level, I only take into consideration the individual. This unfortunately makes my results more conservative since I consider as non-recipients those individuals who have someone in their household that receives welfare benefits.

The need to have a clear and restricted meaning of self-interest is not only important in theoretical terms, it is also essential to avoid a tautological concept that prevents generating falsifiable hypotheses in empirical studies.

(ii) Ideology (left-right)

The second factor that conditions the impact of social policies is ideology. What do political scientists understand by the concept of ideology? The literature has not reached a clear consensus about the exact meaning of ideology, which has been applied to many different contexts and disciplines to refer to different -but not entirely unrelated- connotations (Eagleton 1991). Although ideology is a word with more than one meaning, in political science this concept has been generally been used to describe a "belief system" that organizes political preferences and attitudes of different policy domains (Freeden, 1996). Following this viewpoint, ideology allows voters to conform a coherent set of attitudes: the preferences of an ideological citizen in policy A gives some information about his tastes in policies B and C. To give an example, it is very likely that those who stand for gay marriage would also take a pro-choice position on the abortion issue and be against the death penalty. Ideology is the driving force that makes people adopt coherent viewpoints among different policy domains.

The idea of ideology as a belief system was first introduced by Campbell and his *American Voter* colleagues and later developed by Converse (1964) and many posterior political scientists. The main debate has been whether the electorate was sophisticated enough to organize his political attitudes along ideological lines. Since then, the general position in political science is to consider

ideology responsible for providing citizens with a coherent framework about how a good society should be.[18]

The characterization of ideology as a belief system is particularly interesting for this dissertation because this makes ideology a mechanism by which some voters end up being supporters of a policy they have no direct material interest in. Social scientists have often considered that economic interests and social class explain left-wing values such as higher redistribution and strong welfare states. To cite an example, Hasenfeld and Rafferty argued that: "people adopt social ideologies that best explain and are most congruent with their life experiences" (1989: 1031). According to this perspective, the poorer sectors, the outsiders or those more likely to fail in the labour market are the social groups more likely to be left-wing supporters as characterised by their higher demands for social protection. If ideology is merely a discursive justification of individuals' interests, then both factors measure the same phenomenon.[19]

However, if ideology helps individuals to have coherent attitudes in different policy domains, it cannot simply reflect

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[18] To give only four examples, Anthony Downs in his *Economic Theory of Democracy* defined ideology as: "a verbal image of the good society and the chief means of constructing such a society" (1957: 96); according to Phillip Converse ideology is a belief system characterised by "a configuration of ideas and attitudes in which the elements are bound together by some form of constraint or functional interdependence" (1964: 207); more recently, Kalt and Zupan also described ideology as: "more or less consistent sets of normative statements as to best or preferred states of the world. Such statements are moralistic and altruistic in the sense that they are held as applicable to everyone, rather than merely to the actor making the statements" (1984: 281); and finally, Gerring concluded in his review of the use of ideology in the field: "the importance of coherence (..) is virtually unchallenged in the social science literature. Ideology, at the very least, refers to a set of idea-elements that are bound together, that belong to one another in a non-random fashion" (1997: 980).

[19] This is the perspective of some authors such as Kitschelt (1994), who argue that ideologies come from social class interests.

citizens' self-interest. The mechanism is simple: let's assume that people who receive, for example, a public pension have a higher likelihood of being left-wing. The interesting thing about the mechanism of ideology as a belief system is that one's preference in one policy area (which may be motivated by self-interested concerns) affects the preference in other related polices that he has no direct interest in, otherwise, the citizen would break the coherence between his attitudes that ideology provides. In other words, being, for example, a pensioner fosters his preference for other benefits such as unemployment ones that he is not even entitled to. The left may reflect the interest of the working class but, if we take the definition of self-interest stated above (i.e. short-term and individual –not group-based), we cannot claim that young blue-collar workers are self-interested when they support an increase in public pension benefits for the elderly, even if we take into account that they would obtain better replacement rates at the end of their career. Nor can we assume as self-interested motivation support for unemployment benefits among blue-collar workers with stable jobs, even if we know that, overall, their social class is the one most benefited by this policy.[20]

In sum, at the aggregate level it is possible that ideology reflects, to some extent, the material interests of social groups. But this cannot be imputed at the individual level: ideology gives citizens a coherent framework to support some policies that they do not directly benefit from. In fact, several authors have supported the view that ideology is independent of self-interest. For instance, Van der Eijk, Schmitt and Binder concluded in their study of different European democracies that: "left-right orientations cannot sensibly be regarded as a reflection of their social position (…) the most obvious alternative interpretation of the meaning of people's left-right positions is an autonomous

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[20] In the case of insiders (those workers with a stable job), it might be argued that they constitute a different interest class than outsiders and, therefore, have different preferences in terms of the type of social protection policies (see, for instance, Rueda 2007).

political one" (2005: 173). [21] Here I do not intend to assume that ideology is completely independent from self-interest. Instead, my argument is that even when ideology is partly determined by social position, once acquired, it shapes policy preferences independently from self-interest.

If ideology is a belief system, what are its core values? For some authors, left-right ideology does not contain any policy or substantive meaning; it is rather an alternative way to describe their partisan adscription. Indeed, the literature has debated the predominance of these two different components of ideology: one based on issues or policies and the other based on partisan or other political loyalties. Although some social scientists conclude that for most people ideology is mainly a symbolic attitude that does not reflect any clear policy preferences,[22] some others have reached the opposite conclusion.[23] Those who give left-right ideology a substantive meaning tend to emphasize its relation with materialistic value orientations derived from the traditional class conflict. Hence, left-right ideology is considered a "super-issue" that structures the issues related with the role of the state in the economy and the redistribution of wealth.[24]

Similarly, left-right ideology is also strongly related with the role of the state as a welfare provider. In general, the literature on public opinion agrees on considering that ideology is highly

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[21] Similarly, Inglehart and Klingemann also claimed that: "the relationship between social class and left-right political location really is astonishingly weak" (1976: 265). The low correlation between self-interest ideology have been also found by some other investigations: see Sears *et al.* (1980) or Kinder and Sears (1981).

[22] See Butler and Stokes (1969) for the UK, Inglehart and Klingemann (1976) for other western European countries or Levitin and Miller (1979) for the US.

[23] See, for instance, Kitschelt and Hellemans (1990) for Belgium or Huber (1989) and Sani and Sartori (1983) for other European countries.

[24] The literature on post-materialism (Inglehart 1977) incorporates the idea that the left and the right are also correlated with some other non-materialistic values and with gender politics (Evans 1993).

correlated with citizens' attitudes towards welfare policies. The conclusions of this literature are that, even after controlling for self-interest, ideology explains the level of support of different social policies.[25]

The influence of ideology on how policies affect vote choice depends on the extent to which it has a substantive meaning. If ideology is simply another proxy for party identification, then we cannot conclude that social policies create ideological constituencies. Ideology must be meaningful and have an evaluative function. The literature has frequently highlighted the cognitive function of ideology. That it is a way to better process and organize political information and reduce its costs.[26] However ideology also has an evaluative function that helps citizens to determine whether a given policy or political event is either good or bad (Inglehart and Klingemann 1979). In this dissertation I consider that ideology affects policy performance evaluations and, therefore, I assume that ideology has both the cognitive and evaluative functions. In particular, I take the standard vision that the substantive content of left-right ideology is related with some materialistic values such as redistribution, equality and government intervention and spending.[27]

(iii) Party identification

Party identification has had a central role in the political behaviour literature since it was first popularized by the Michigan school in the 1960s. The authors of *The American Voter* (Campbell, Converse, Miller and Stokes 1960) emphasized the idea that party identification is acquired in the early stages of

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[25] See Bleckesaune and Quadagno (2003), Roller (1995), Feldman and Zaller (1992) and Jacobi (1991). I study this topic in more detail in Chapter 3.

[26] See Popkin (1991), Sniderman *et al.* (1991), Hinich & Munger (1994), Luppia & McCubbins (1998), MacKuen etl al (2003), and Kuklinski & Quirk (2000).

[27] I discuss this issue in Chapter 3 in more detail.

adulthood and it remains stable throughout the life course. This perspective conceptualizes party identification as a psychological attachment that remains impermeable to more short-term political events. Partisanship is not a summary of citizens' evaluations of parties' past performance or their policy proposals in a given election. Instead, it reflects the emotional closeness to the social groups that are traditionally associated with the political parties (Green, Palmquist and Schicker, 2002). [28] In a nutshell, party identification is characterized by two elements: first, it is a group attachment, which implies emotional components and not only rational ones; and, secondly, it has a long-time horizon.

Since the work of the Michigan school, party identification has been considered one of the main predictors of voting behaviour in American politics (Bartels 2000). Outside the US the concept has been, however, much less popular. In fact, some scholars have manifested certain scepticism about the usefulness of party identification in the European context due to its lack of stability and impermeability (see, for instance, the authors of *Party identification and beyond*[29]). Yet, the literature has not reached a consensus on the importance of party identification outside America. But more recent studies seem to conclude that partisanship is a meaningful concept and a determinant of vote in Europe and elsewhere (Green, Palmquist and Schickler, 2002, Berglund *et al.* 2005).

The importance of party identification is not only limited to the electoral arena; it has also been characterized as an unmoved mover of political evaluations (Green and Palmquist 1990, 1994). Thus, the causal arrow generally runs from party identification to

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[28] The rationalist tradition derived from Downs (1957) challenged this point of view, especially since the 1980s. Authors such as Jackson (1975) suggested the alternative idea that party identification is an informational shortcut that helps voters to interpret the political competition. Accordingly, partisanship is constantly updated when voters receive new political information that disconfirms their priors (Achen 1992).

[29] Budge, Crewe and Farlie (1976).

beliefs and not in the other direction. Although this was already suggested in the early work of the Michigan scholars, the study has continued up to the present. Generally, the literature has studied the influence of partisanship on different political objects such as political values (Jacoby 1988, Goren 2005) or perceptions of political events (Bartels 2002). One suggested mechanism by which partisanship colours citizens' attitudes is that it filters information in order to make it consistent with citizens' priors (see Zaller 1992; but see Gerber and Green 1999 for an opposite perspective).

2.3.2. The conditioning effects of self-interest, ideology and party identification

These three concepts have traditionally been considered among the most important structural determinants of the vote. The standard perspective is to study the direct effect of these concepts, but, as I show in Figure 2.1, they may also have an indirect effect through conditioning the relation between social policy evaluations and vote choice.

(i) Ideology and self-interest

Ideology and self-interest mediate the effect of social policies on vote choice for two different reasons: (i) they shape citizens' policy attitudes (causal arrows 1 and 2 of Figure 2.1), and (ii) they weigh the importance social policies have on voters' decisions (causal arrows 3 and 4).

First, perceptions about how the government is performing in different policy domains largely depend on citizens' preferences (see arrows 1 and 2). Most literature on economic voting has treated the economy as a valence issue, assuming that everyone

generally agrees on desirable economic outcomes (Clark 2009).[30] As Donald Stokes put it: "there is no constituency for economic distress" (1992: 144). However, this is not the case of other policy domains. For instance, it is very likely that increases in unemployment benefits (or in any other welfare benefit) would not be equally welcomed by all voters. In these circumstances, the interpretations of policy outcomes are conditioned by citizens' preferences.

The public opinion literature tends to consider self-interest and ideology as two of the main determinants of citizens' attitudes towards social policies. It is true that some researchers have found that the most important explanatory factor is ideology, and not self-interest. The results of Sears and his colleagues, who have been studying the role of self-interest in public opinion for more than two decades, are not always consistent with the common interpretation that self-interest plays a crucial role in people's issue preferences.[31] Despite this, there is still abundant evidence that self-interest is correlated with preferences on social policies. For example, several articles showed that unemployed people or those with a higher risk of becoming unemployed are more likely to support unemployment benefits.[32]

Most citizens in many OECD democracies do not approve of budget cuts in most social policies (Svallfors 1997, Taylor-Gooby 2001). Moreover, the popularity of these policies tends to be high among the conservative electorate and those with no direct material interest. To give an example, the support for cutbacks in unemployment benefits (one of the least popular programmes) in

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[30] Therefore, the economic voting literature has studied 'economic outcomes', and not 'economic outputs' or 'economic policy'. The former may be considered as a valence issue, but not the latter.

[31] Two examples of his research are: Sears *et al.* (1980) or Sears and Huddy (1990). There is a more detailed revision of this literature in Chapter 3.

[32] See Hasenfeld and Rafferty (1989), Blekesaune and Quadagno (2003), Andreβ and Heien (2001) and Fraile and Ferrer (2005). For the opposite viewpoint see Schlozman and Verba (1979).

UK in the 1990s was still very low among citizens in retirement age (65 or more) and among the conservative electorate (15 and 21 percent respectively according to ISSP- the Role of Government data). This suggests that non-recipients do not have a hostile reaction to social spending increases as long as they are not accompanied by cuts in other budget items or increases in taxes. Indeed, conservatives and non-recipients are not against social policies *per se* but they may be against their side-effects. However, in a world of limited resources and budget constraints increases in some items imply cuts in some others. The electoral costs of increasing social policies are difficult to predict since they depend on the popularity of the items the government decides to cut in exchange.

The second mechanism through which ideology and self-interest conditions the relation between social policies and vote choice has to do with issue salience (see arrows 3 and 4 of Figure 2.1). Indeed, even if all citizens share the same viewpoint with regards government performance, they may disagree on the importance that the different policy outcomes have when they decide their vote. Usually, the research in this field has tended to assume that all voters give the same weight to issues. Yet, it is very likely that voters take into special consideration those issues that are salient to them. Issue salience theory suggests a simple argument: "if we wish to know how issues affect behaviour, we must first find out which issues are salient to individual voters" (RePass, 1971: 391).

Krosnick gave three reasons why salient issues have more impact on citizens' political choices (1990). First, they are more cognitively accessible and, therefore, they are more likely to come to mind when people decide their vote. Secondly, people are more knowledgeable about the policies they consider important. And thirdly, peoples' opinions on salient policies are more stable and more resistant to change. He corroborated the salience issue hypothesis in his study of the American presidential elections of 1968, 1980 and 1984 (Krosnick 1988). His results showed that, for all issues (thirteen in total) except abortion, the most important

issues were highly correlated with candidates' preferences and vote choice. Interestingly, the models for the 1980 and 1984 presidential elections included social-welfare issues and in both years his results were compatible with the salience issue hypothesis. Fournier *et al.* (2003) reach a similar conclusion in their study of the 1997 parliamentarian elections in Canada. Moreover, their estimates show that, compared to the other issues, social policies were especially conditioned by issue importance.

To some extent, the affirmation that salient issues are more likely to become important for citizens' political behaviour may sound quite tautological. Indeed, the concept of issue salience raises another question: what determines salience? For the purposes of this dissertation, it is not enough to know that social policies have a greater influence on the vote among those who find them more salient; we also need to know the factors that explain salience.

I argue that the same causes behind attitudes towards social policies (ideology and self-interest) are also behind the salience of these policies. The role of self-interest in weighting the effect of the economy has been analysed by Dorussen and Taylor (2002). These authors posited that the reactions to economic outcomes were not equal for all voters, but that they were largely mediated by self-interest. Accordingly, the unemployed electorate would be particularly sensitive to the government's efforts with regard job creation while the passive population, such as retired people, would be much less responsive to this policy. Instead, this latter group would reward governments for their efforts in keeping prices down, since the value of their savings depends on the evolution of inflation.

Ideology may also have an analogous effect. The literature on economic voting has found that the effects of the economy on election outcomes were conditioned by the ideology of the party in government. In particular, left-wing governments are held accountable for changes in unemployment while the electoral support for the right-wing ones are more responsive to inflation (Powell and Whitten 1993; Whitten and Palmer 1999). These

results may reflect that right-wing constituencies tend to give more weight to government's efforts in fighting inflation and left-wing constituencies tend to be more concerned about unemployment.[33]

Previously, I have pointed out that the policy voting literature assumes that citizens are aware of government performance. This is a rather plausible assumption in the case of welfare recipients as the information costs among this group are small. It is reasonable to think that welfare recipients are well informed about the government's efforts concerning their entitlement programmes as they have the opportunity to check it regularly in their monthly payslip. In this case, recipients do not need to make the effort to gather information about government performance in a particular welfare entitlement to make their minds up at the polls; their knowledge in this field is simply a by-product of their personal experience. Nonetheless, this assumption becomes less reasonable in the case of ideological constituencies. The information costs among citizens who are not directly affected by the policy are higher since they cannot acquire information from their personal experience. Information is never free among voters who want to evaluate the policies that do not have an immediate and visible impact on their pocketbooks. Despite this, as already mentioned, individuals tend to be more informed about the issues they feel more salient (Kronsick 1990, Fournier *et al.* 2003). Hence, in the case of social policies, we must expect higher levels of awareness among the self-interested and the left-wing electorate.

In sum, I hypothesize that ideology and self-interest mediate the relation between social policies and vote choice by means of the following mechanisms:

> **H1:** Ideology and self-interest are important determinants of the attitudes towards social policies. The left-wing electorate and policy recipients are more likely to be in favour of these policies and, as a

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[33] However, this may be a spurious relation. If we assume that left-wing constituencies have more insecure jobs and less savings than right-wing ones (Hibbs 1977), then the relation described above may simply reflect voters' self-interest and not ideology.

consequence, to give more positive performance evaluations to government that increase social spending (see causal arrows 1 and 2 of Figure 2.1).

H2: Ideology and self-interest determine the salience or importance of social policies when voters make up their mind about which candidate or party to support (see causal arrows 3 and 4 of Figure 2.1).

The previous two hypotheses lead us to the main expectation of this dissertation:

H3: Governments can gain (or lose) support among policy recipients and the left-wing electorate when they expand (or cut) social spending. Conversely, these policies do not have a relevant impact among the remaining population (the right and non-recipients).

Figure 2.2 is a graphic representation of my hypotheses: I expect social spending increases to have a positive impact on vote choice among recipients and left-wing voters and, conversely, spending decreases to have a negative impact among these two groups. Yet, non-recipients and right-wing voters are not a mirror of their counterparts: since these policies are not salient among these groups, they will not have a major impact on their vote decisions. This asymmetrical effect of social policies generates the curvilinear effect that is shown in the figures.

(ii) Party identification

Party identification shapes the relation between social policies and vote choice in a different way. This factor is important because it is an important source of bias of individuals' evaluations of policy outcomes and, in particular, how individuals hold governments responsible for these outcomes (see arrow 5 of Figure 2.1).

Evans and Andersen (2006) found for the British case that party identification is a strong predictor of economic perceptions.

Their results show that those identified with the party in government tend to have more positive perceptions about how the economy has changed over the last years. This challenges the standard assumption in the economic voting literature that the causal arrow runs from economic perceptions to voting behaviour. The capacity of partisanship to colour perceptions was already suggested by the Michigan school (Stokes 1966) but the level of attention has increased in recent years.[34]

A possible causal mechanism which accounts for these findings is the need for cognitive consistency between party identification and its political orientations, which is solved by accommodating the latter with the former.[35] Evans and Andersen also gave a second mechanism more related with informational asymmetries. According to these authors, partisanship colours economic perceptions because political parties constitute an important as well as a biased source of information among partisans.

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[34] Some examples are: Wlezien, Franklin and Twiggs 1997, Duch, Palmer and Anderson (2000), Anderson, Mendes, and Tverdova (2004), and Ladner and Wlezien (2007).

[35] Festinger (1957) was the first to develop the idea of cognitive dissonance to refer these psychological tensions generated by discrepancies between the image people have of themselves and their behaviour or attitudes. According to this theory, disagreements between cognitions -knowledge, opinions, beliefs- generate a psychological tension that is usually solved by reducing the inconsistency. This dissonance reduction in order to achieve greater consistency among the components of an individual's system belief may involve changes of attitudes and values and even behaviour. For some applications of Festinger's theory to political science, see Frenkel and Doob (1976), Stricker (1964) or Granberg and Nanneman (1986).

Figure 2.2. The effect of social spending on government electoral support

Spending expansion

Spending cuts

Recipient Non-recipient

Self-interest

Recipient Non-recipient

Self-interest

Spending expansion

Spending cuts

Left Right

Ideology

Left Right

Ideology
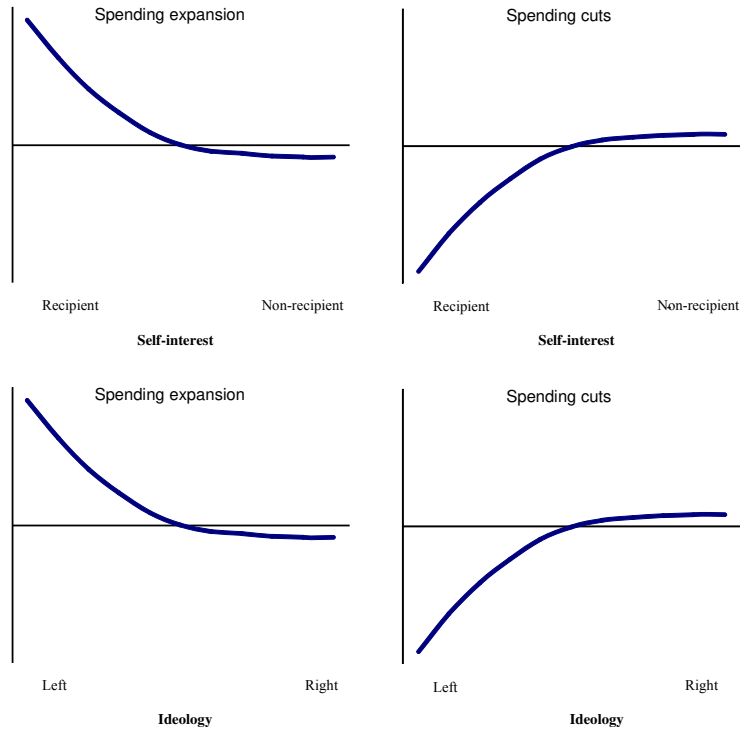
Party identification may also influence the assignment of political *responsibility for policy outcomes.* A policy outcome is a function of two different factors: government policies (or policy outputs) and the environmental conditions. Since it is not always easy to discriminate the former from the latter, citizens may have problems in knowing whether incumbents are responsible for the policy outcomes. As I suggested at the beginning of this section, the economic voting literature has studied the influence of some institutional factors that facilitates (or complicates) the attribution

of responsibility for economic outcomes. Here I also argue that party rationalizations play an important role in how citizens hold governments responsible for policy outcomes. Accordingly, partisans of the incumbent party tend to see their party as being less responsible for adverse economic (or other policy) outcomes than citizens identified with the opposing party (Rudolph 2003a).

The causal attribution of responsibility has been an important issue in the economic voting literature. The lack of evidence of pocketbook voting has been attributed to the fact that many citizens do not hold the government responsible for their own finances. In the case of the US, where this topic has been studied more, Lau and Sears (1981) found that only a very small portion of the citizenry actually blamed President Carter for the adverse economic conditions that their country faced (7% for unemployment and 26% for inflation). Hence, the causal attribution of responsibility is not clear even when we refer to national (as opposed to personal) economic conditions.

The causal link between the economy and government performance is perhaps less visible than other policy outcomes that are more clearly a product of governmental action. It is not straightforward to assess how much control the government has over the economy. Surely economic policies may have an influence, but there are many other influential factors out with the governmental scope. As such, it is difficult for the electorate to disseminate the *moral* or *legal* [36] responsibility of the government with regard the economy. However, the responsibility attribution is clearer in the case of services or benefits such as quality improvements in public hospitals or the amount of old-age pension benefits. Although it is clearer that these types of policy outcomes are more dependent on governmental effort, the electorate may not hold governments responsible for them. To give an example, some voters may find it convincing that the

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[36] An actor is *morally* or *legally* responsible for the outcomes to the extent that her behaviour is under her control (Peffley and Williams 1985).

government underperformed in a given policy domain due to budget constraints generated by exogenous factors such as an international economic crisis.

Indeed, people may still find arguments to avoid giving governments credit for their achievements or blaming them for their underperformance. But why would citizens think this way? In social psychology, there is a large body of research about the different types of cognitive biases that individuals commit in the causal attribution process (Hewstone, 1989). In particular, the self-serving bias calls on the tendency of individuals to take credit for success (self-enhancing bias) and blame exogenous causes for failures (self-protecting bias). These biases explain why teachers are more likely to assume responsibility for students' successful academic achievements (Miller and Ross 1975); or why politicians attribute their wins to factors under their control and defeats to factors beyond their control (Kindgon 1967: 141). Some social psychologists have suggested that this individual bias may also be applied to group interactions (Taylor and Jaggi 1974, Pettigrew 1979). The process is similar to the individual bias: people have a higher tendency to give credit to their own group for positive actions and to blame the rival group for undesirable ones.

The existence of a group-serving bias has been applied to ethnic collectives in multicultural settings,[37] but it may also be valid for other relevant political groups. In democratic theory literature, one of the most relevant group identities in many consolidated democracies is party identification.[38] In this dissertation, I posit that the third key variable which mediates the

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[37] See for instance, Taylor and Jaggi (1974) who study this type of bias between Hindus and Muslims in south India.

[38] The concept of party identification has been particularly used in the American political science. Some authors argued that this concept was less useful in consolidated European democracies as it was largely a reflection of vote choice (Butler and Sokes 1969, Thomassen 1976). However, more recent and sophisticated analysis reached the opposite conclusion that partisanship outside US is similarly stable and do not respond to short term forces (Green, Palmquist and Schickler 2002).

electoral effect of social policies is party identification, as it influences how citizens attribute responsibility to the government for policy outcomes.

Although it is less developed in the literature, partisanship may also contaminate the attribution of responsibilities for political or economic events. Even when citizens agree in their opinion about policy outcomes, they may diverge in how much credit they give to governments for these outcomes. Stokes (1996), Maravall and Przeworski (2001), Maravall (2003) and Rudolph (2003a) posited that responsibility attribution may also be affected by voters' party identification. These authors suggested that voters identified with the incumbent party would use exonerative or inter-temporal arguments in order to avoid punishing the government for unpopular policies. Inter-temporal reactions take place when voters consider that unpopular policies are inevitable for a better future. Exonerative arguments are those that consider the government's unpopular policies or bad performance derives from exogenous causes such as international crises or disastrous legacies from previous governments. However, the electorate not identified with the government has no ideological constrictions when punishing the incumbent for poor performance conditions. Contrarily, when performance is positive, non-incumbent partisans may use arguments of opposition or negation in order not to reward the government for these favourable conditions.[39]

From this point of view, partisanship reduces the capacity of the electorate to hold political parties accountable for their performance in government. This partisan contamination can be explained by the group-serving bias effect described above. Individuals have a tendency make their group accountable for positive outcomes but not for negative ones. The social psychologist Thomas Pettigrew argued that "observers often

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[39] For a more recent contribution in the literature see Marsh and Tilley (2009), who provide evidence of the link between judgments of attribution of responsibility and partisanship for the case of UK and Ireland.

employ external situational attributions to explain 'away' positive behaviour by members of disliked outgroups" (1979: 464). Individuals seek mechanisms to resolve the inconsistency generated when they perceive a positive behaviour by someone of a disliked group. Some of the mechanisms that he suggests resemble the ones described by Stokes, Maravall and Przeworski. For instance, an individual may not admit merit or effort when he perceives a positive act from a rival individual. Instead, he may argue that there were some exogenous situational factors that facilitated the outcome. This may be the case of an unemployed person that, after seeing his benefits increased by the government of a rival party, argues that this policy is a consequence of the pressure of the trade unions or was facilitated by the good conditions of the public budget that it inherited from the previous government.

The same policy outcome may be explained by different arguments and citizens tend to pick the argument which is more consistent with their priors. A good example of this may be found in the case described in the introduction about the increase in pension benefits by the Spanish socialist government just before the elections. The interpretation that Spanish pensioners reported at the polls about the real intentions of the policy was conditioned by partisanship. While 68% of the non-socialist electorate interpreted this decision as a vote-seeking strategy that did not reflect a real interest of the government to improve the living conditions of the Spanish pensioners, this percentage was significantly smaller (53%) among the socialist electorate.[40] Although both sides were suspicious about the good will of the policy, this was more intense among those that did not feel close to the party in government.

If partisanship biases citizens' perceptions regarding the attribution of responsibility, we should observe an asymmetrical effect of policies among different partisan groups (see Figure 2.3):

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[40] CIS 1999 survey (number 2375).

Hypothesis 4a: good performance has a positive impact in the likelihood of voting for the incumbent among the electorate identified with the party in government but this effect smaller among those identified with the party (or parties) in the opposition.

Hypothesis 4b: the opposite occurs with bad performance. It has a small or no impact in the likelihood of voting for the incumbent among the electorate identified with the party in government but the effect becomes relevant (and negative) among those identified with the party (or parties) in the opposition.

Hypothesis 4c: independent voters have no psychological constraints to link their vote to government performance: good performance is more associated with voting for the incumbent and bad performance with voting for the opposition.

Figure 2.3. The effect of social spending on government support among welfare recipients (by party identification)
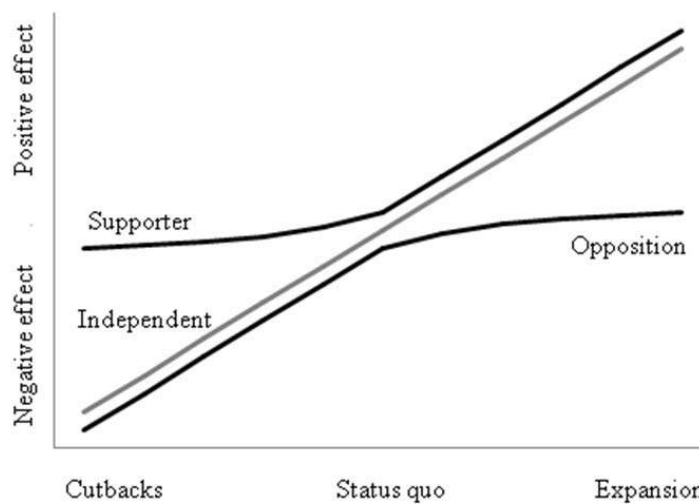
The effect of partisanship posited above is slightly different from the idea behind Dixit and Londregan's model.[41] These authors claim that policies have a homogeneous impact on the utility function for all voters regardless of their partisan attachments. However, policies end up being more influential among independents because this group is more ambivalent about which party to vote for and smaller changes in their utility associated with each party may easily tip the balance. Indeed, an increase of a unit of utility derived from a new policy will not change the vote of someone that strongly dislikes (or strongly likes) the party in government: the likelihood of voting for him might increase, but it is surely still very small (or very big).

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[41] The model of Dixit and Londregan (1996) included in the voter's utility both the ideological party preferences and policies. Formally a citizen would vote party L (against party R) if:

i vote L if
$$U_i(C_{iL}) - X > U_i(C_{iR})$$

indifference point
$$X_i = U_i(C_{iL}) - U_i(C_{iR})$$

The term X means the voter's ideological preference for party R over party L and, C_{iL} and C_{iR} is the private consumption derived from the electoral victory of party L or R, respectively. Hence, according to inequality 2, when the ideological preference for the party R is very high, the rival party must offer the voter a higher quantity of private consumption. The key element of Dixit and Londregan´s theory is the cut-off point, or indifference value, expressed above (3). This is the position where swing voters are placed and where party investment yields higher electoral benefits. If their theory is correct we should observe that the electoral returns of "pork barrel" spending are higher on the electorate who is equidistant from both parties (which is measured by value X_i). These authors had the American bipartisan system in mind; meaning that the analysis becomes more difficult in political systems with more than two parties.

2.4. Conclusions

The vote is the fundamental channel of communication between citizens and politicians. Many studies find that policies are related to vote choice. Although political scientists have been particularly concerned about the importance of the economy, there is also evidence that other issues may enter into the ballot box. This is the case of social policies (Alvarez and Nagler 1998). However, most policy voting research assumes that the effect of policies does not vary from one voter to another. In the economic voting literature, some advances have been made in the study of the sources of heterogeneous economic voting, but it is still not well developed in the literature.

This has been precisely my aim in this chapter: to explain how some individual-level factors accounts for the heterogeneous effect of social policies. The model of retrospective voting developed in this chapter tries to answer the question raised in the introduction: who is responsive to social policies? Here, I have introduced three factors that influence the extent to which voters take social policies into account when they vote: self-interest, ideology and party identification. On the one hand, the first two factors are important because they underlie citizens' attitudes towards social policies and they determine their saliency when citizens decide their vote. On the other hand, I argue that party identification generates a group-serving bias that affects the extent to which voters see governments as being responsible for policy outcomes. Government partisans give the incumbent credit for desired policy outcomes but tend to exonerate it for non-desired outcomes. The opposite occurs with the voters identified with opposing parties: they are reluctant to see the government as being responsible for good outcomes but they give full credit for the bad ones.

These three factors explain why the effect of social policies is not homogeneous for all the electorate. When the government decides to implement a social policy to gain electoral support, it must be aware that not all voters respond to these policies in the

same way. Recipients, left-wing voters and partisans would be more prone to react to a government's decisions that affect welfare benefits and social services. Hence, we should expect that parties (usually right-wing ones) whose core electorate is mainly conservative and non-recipient would have more difficulties in gaining their electoral support through social policies.

CHAPTER 3. THE DETERMINANTS OF PUBLIC PREFERENCES FOR SOCIAL SPENDING

3.1. Introduction

What determines citizens' policy preferences? Are they generally motivated by self-interested concerns or, conversely, are they more motivated by values such as left-right ideology or altruism? These questions have generated an intense debate in the literature on public opinion during the last two decades. Research in the field has been prolific in studying the individual as well as the contextual factors behind citizens' preferences in different policy domains. Although the experts have not always reached a common conclusion, most existing evidence seems to indicate that values, and not self-interest, are the primary source of citizens' policy preferences.

Most researchers do not reject the idea that citizens' preferences are partly motivated by self-interest, but they do emphasize the predominant role of "symbolic politics" (see Feldman and Zaller 1992, Jacoby 1991). The importance of ideological concerns in determining citizens' preferences is particularly relevant for the purposes of this dissertation since one of its main arguments is that governments, when using social spending, not only have welfare recipients as their potential clientele, but also the left-wing electorate.

The aim of this chapter is to provide evidence supporting the validity of the first hypothesis posited in Chapter 2: ideology and self-interest are two important determinants of public attitudes towards social policies. In particular, in this chapter I show that, in the OECD countries, the left-wing electorate and policy recipients are more likely to be in favour of spending increases of different social policies.[1] The corroboration of this hypothesis constitutes an essential step in validating one of the causal mechanisms through which ideology and self-interest mediate the effect of social policies on vote choice. If these two groups have a stronger preference for social spending, we shall expect them to be more satisfied with governments that increase social spending. And these higher levels of satisfaction may eventually translate into a higher likelihood to vote for the incumbent party.

As in the other empirical chapters of this dissertation, in the following pages I take a comparative perspective and I test the validity of my first hypothesis studying the 21 OECD countries included in the fourth wave of the ISSP's 'Role of Government' survey (2006).[2] The chapter is organized into three sections: in the first, I review the existing literature on the impact of self-interest and ideology on policy preferences, paying special attention to social policies. In the second, I briefly introduce the data and methods of the chapter and, finally, in the third section, I present the results. The chapter ends with some concluding remarks.

3.2. Self-interest, ideology and policy preferences

Since the 1980s, several social scientists have researched the individual-level determinants of public support for political issues

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[1] See causal arrows 1 and 2 of Figure 1 in Chapter 2.

[2] The OECD countries studied in this chapter are: Australia, Canada, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Japan, South Korea, Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Great Britain and the United States. See Table 3.1 for more information.

and public policies of different natures. Their results differ depending on the methodology, the country and the policy studied, but most authors seem to agree that preferences are not only influenced by self-interest; other types of values and motivations such as left-right ideology or altruism are also considered as relevant determinants of policy preferences. In fact, the explanatory power of ideology is, according to most experts in the field, even more important than self-interest. Indeed, according to these authors, the effect of ideology remains statistically significant once self-interested variables are included, but these latter variables sometimes turn out to be non-significant after controlling for ideology (see Bleckesaune and Quadagno 2003).

The literature has not only studied citizens' attitudes towards social policies, it has also paid attention to many other policy domains. In fact, the initial research in the field was particularly concerned about the issues related to the moral dimension such as abortion or affirmative action (paying particular attention to the American desegregation of school 'busing' policy). [3] In this latter case, for instance, Kinder and Sears (1981) argued that opposition to 'busing' policy (as well as other types of racial-related issues), was not mainly determined by self-interest but rather by what they called "symbolic racism", an ideology based on the values of individualism and self-reliance that rejects those policies that violate the principle of merit.

As I argued in the previous theoretical chapter (Chapter 2), most literature on public opinion has treated the term self-interest in a restrictive way to allow the hypothesis to be falsifiable. Sears and Funk (1990) explicitly excluded nonmaterial benefits such as spiritual contentment, morality or the individual's group interests. Some authors allow the definition to include group interests not

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[3] Desegregation of busing was a measure that took place especially in the United States during the 1970s that intended to create mixed racial schools by assigning schools not on the basis of geographical proximity, but on the basis of race. The measure required a bus transportation programme since this would ensure that students were not always allocated to the school closest to their homes.

for reasons of solidarity but of risk aversion (Cook and Barrett 1992). To put an example, individuals who work in labour sectors with high risk of unemployment would sympathize more with unemployment benefits even if they have never been jobless.[4] Risk aversion is a difficult concept to measure in quantitative analysis. Sometimes, it is measured using proxies such as family income, assuming that since lower income groups have a higher risk of qualifying for receiving welfare benefits, they have a higher chance of feeling risk aversion (Ponza *et al*. 1988). But leaving this latter group aside, most researches coincide in having a restricted definition of self-interest.

The recipients of any type of welfare benefit or frequent social service consumers are not the only two groups that have a direct material interest in social spending. As Andreβ and Heien (2001) rightly pointed out, service providers (such as public health care professionals) are also beneficiaries of this type of spending since their job opportunities are highly dependent on the size of the public sector. Providers may comprise a relatively minor portion of the electorate especially if we compare them with transfer recipients and service consumers, but they represent a potentially very powerful pressure group which, in some circumstances, may strongly condition governmental action. Without dismissing the importance of service providers in the policy making process, here I am particularly interested in the electoral impact of social spending on recipients –who are the most voluminous self-interested constituency with regard social policies.

Some researchers claim that self-interest is the most important motivation behind social policy preferences. This is the case, for

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[4] This argument is similar to the one provided by the Iversen and Soskice's well-known article 'An asset theory of social policy preferences' (2001), where the concept of risk aversion is at the core of their argument. According to these authors, workers with more specific skills (valid in one or few firms) have a higher risk of facing difficulties in finding new jobs that suits to their profile in the case of a job loss. This higher risk of long unemployment leads them to have higher demands for social security insurance.

example, of Ponza *et al.* (1988) who found that older people were less likely to support those programmes -such as public education- which do not yield a direct material benefit to their pocketbooks. Conversely, these authors found that the elderly population were more prone to support increases in programmes that benefit them such as old-age pensions. In a similar fashion, Lewis's (1979) results showed that younger people were more supportive of the expansion of education spending than their older counterparts. Hence, there is evidence in the literature indicating that younger and older citizens show different policy preferences and that these differences are compatible with the hypothesis of self-interest.

Whiteley (1981), on the other hand, reached mixed conclusions about the validity of the hypothesis of self-interest. Although he did not find significant differences in policy preferences between different age cohorts, his results showed that positive attitudes towards welfare policies were more frequent among lower income groups, who are more likely to be welfare recipients. Bleckesaune and Quadagno (2003) explained the lack of a statistical relation between the welfare policy preferences and age in some studies by arguing that younger cohorts incorporate future benefits into their self-interest utility calculus. But this argument does not consider any time discount factor among the young. If citizens value the present more than the future (which is a very plausible assumption), then we must observe a higher preference for social security spending among the older population.[5]

Similar results supporting the hypothesis of self-interest have been found in the case of preferences towards unemployment benefits. Several articles show that while the jobless are generally more willing to support increases in unemployment benefits, the opposite occurs among those who pay a higher portion of the bill, this is, higher-income employed people. (Cook and Barrett 1992,

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[5] As already mentioned in Chapter 2, I take time discount into account and I consider self-interest as an individual, short-term motivation.

Bleckesaune and Quadagno 2003, Fraile and Ferrer 2005). In sum, the correlation between individuals' labour market situation and their preferences for unemployment benefits also suggest that self-interest is a powerful force behind public support for social policies.

Ideology is the second factor behind citizens' preferences for welfare policies, according to most of the literature on public opinion. Sears and his colleagues, who have studied the determinants of citizens' attitudes towards different policy domains, used the concept "symbolic politics" to refer to the ideological and altruistic motivations that affect policy preferences (Sears *et al*. 1979, 1980). "Symbolic politics" is defined as a set of stable preferences derived from pre-adult socialization which includes party identification and left-right ideology (or liberal-conservative in the US). In general, social policies have traditionally been linked to the left-right conflict: compared with left-wing individuals, right-wing ones are more likely to show anti-social welfare attitudes on the grounds of individualism (in contrast to equality and redistribution) and limited government (in contrast to the state as a service provider) (Feldman and Zaller 1992).

The general assumption in the literature is that the effect of left-right ideology does not substantially differ from one social policy to another. Certainly, it is very likely that citizens generally consider all social policies as part of a broader project (related with welfare state development) with more or less similar principles and goals. As a consequence, it seems reasonable to assume that individuals legitimize social policies of a different nature by using the same ideological values. Usually, the literature has considered that the main principle that drives citizens' preferences towards social policies is egalitarianism, which is precisely one of the core values of the traditional left-right ideology. The concept of equality may have different meanings such as equality of access (social rights), equality of opportunity or income equality. Most research in the field tends to concentrate

on the latter dimension and consider that the main value behind welfare state policies is income redistribution.[6]

Apart from redistribution, left-right ideology is also very much related with the role of the state or public sector in the market and, in particular, as a service provider. As Christopher Pierson pointed out, right-wing ideology has a higher tendency to consider public services as an uneconomic, unproductive, inefficient, ineffective, despotic and impinging freedom (1997: 48-49). The right is more individualist and, among the three sources of welfare (State, market and family), it relies more on the family and, especially, the market. More precisely, one of the frequent arguments used by the right for showing less enthusiasm for welfare spending is that these public services are inefficient and ineffective (Cook and Barrett 1992). For example, a common argument used by President Ronald Reagan to justify his well-known welfare retrenchment agenda was that fraud, mismanagement and waste was inherent in public sector management. To put just one example, in his State of the Union speech of 1981 President Reagan raised the following point:

> Fraud alone may account for anywhere from 1 to 10 percent –as much as $25 billion of Federal expenditures for social programmes. If the tax dollars that are wasted or mismanaged are added to this fraud total, the staggering dimensions of this problem begin to emerge.[7]

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[6] Yet the main value behind the welfare state according to many experts is not equalizing income but the equality of status or citizenship. As T. H. Marshall put it: "the extension of the social services is not primarily a means of equalizing incomes (…) what matters is that there is a general enrichment of the concrete substance of civilized life, a general reduction of risk and insecurity, an equalization between the more and the less fortunate at all levels. Equality of status is more important than equality of income" (2006: 38).

[7] Reagan's State of the Union Address 1981, February 18. The address can be found on the following website: http://www.reagan.utexas.edu/archives/speeches/1981/21881a.htm.

In contrast to conservative ideology, the left is more willing to accept big governments and the direct participation of the state in the provision of social services. The left tend to consider the public sector as the best way to guarantee equality of access and redistribution (Iversen 2001).

In a nutshell, we shall expect to find a general propensity of left-wing individuals to be more supportive of welfare social spending. Although we cannot rule out the possibility of observing a certain level of variation in the impact of ideology across different social policies, it is reasonable to expect left-wing citizens to consider all social policies as different pieces of the same project.

In sum, in the following pages I study the empirical validity of the two following general propositions:

H1: social spending recipients are more likely to support spending increases in the policy domain that they directly benefit from.

H2: the left-wing electorate are more likely to support social spending even after controlling for self-interest.

Figure 3.1. The conditioning effect of ideology and self-interest through social spending preferences
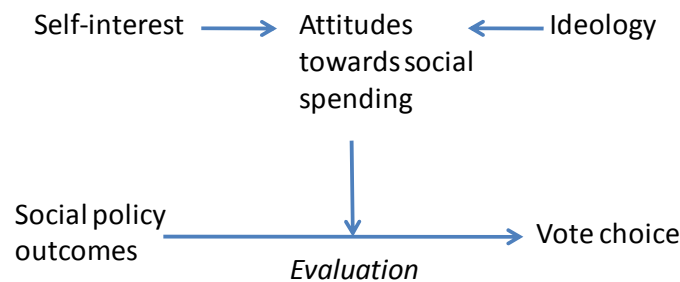
The validation of the above hypotheses will help to corroborate the first conditioning effect of ideology and self-interest posited in the theoretical chapter.[8] As shown in Figure 3.1, if the left-wing electorate and welfare recipients have a higher preference for these policies, we shall also expect that they would be more prone to support the government when it allocates more resources to these policies.

3.3. Data and methods

The literature generally takes two different perspectives when studying the determinants of citizens' attitudes towards welfare states. The first perspective focuses on *policy ends* such as the level of economic equality (Kluegel and Miyano 1995). Conversely, the second perspective focuses on the *means* to reach those ends and they study the spending preferences of different policies such as old-age pensions, health care or unemployment benefits. (Blekesuane and Quadagno 2003, Ponza *et al*. 1988, Hasenfeld and Rafferety 1989).

In this chapter, I take this second perspective by measuring the public support for welfare policies using the 'Role of Government' survey series that the International Social Survey Program (ISSP) has periodically carried out since 1986. There are substantive and methodological arguments for taking the second perspective – i.e. the spending programme-specific items. First, in this dissertation I am interested in the electoral implications of governments' decisions to increase (or decrease) social spending. Therefore, the item that best suits the purposes of this dissertation is the one that measures public preferences for public spending on different social policy items (such as pensions, health services or unemployment).

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[8] See causal arrows 1 and 2 of Figure 1, Chapter 2.

Table 3.1. List of the OECD countries included in the ISSP-Role of Government surveys

	ISSP-Role of Government				Obs. wave IV
	I (1985)	II (1990)	III (1996)	IV (2006)	
Australia	X	X	X	X	2781
Austria	X				
Canada			X	X	933
Czech Republic			X	X	1201
Denmark				X	1368
Finland				X	1189
France			X	X	1824
Germany	X	X	X	X	1643
Hungary		X	X	X	1010
Italy	X	X	X		
Ireland		X	X	X	1001
Japan			X	X	1231
South Korea				X	1605
Netherlands				X	993
New Zealand			X	X	1263
Norway		X	X	X	1330
Poland			X	X	1293
Portugal				X	1837
Spain			X	X	2517
Sweden			X	X	1194
Switzerland			X	X	1003
United Kingdom	X	X	X	X	930
United States	X	X	X	X	1518

The other reason for taking the second perspective is that it is the best option to study the hypothesis of self-interest. Policy goals tend to be general statements about the role and scope of the State and it is not always easy, at first glance, to assess their implications for peoples' material interests. Conversely, the second type of statement, such as the preferred level of spending on unemployment benefits or old-age pensions, tends to have a more definite and concrete group of beneficiaries. This enhances the awareness of survey respondents about the impact of these statements for their pocketbooks.

Most of the empirical analyses of this chapter use the last wave of the ISSP-Role of Government (2006), not only because it is the most recent survey but also because it is the one which includes the highest number of OECD countries (21 in total). Yet, I also use the previous three waves (1986, 1990 and 1996) to describe the evolution of public support for welfare spending during the last two decades.

Dependent variables. The dependent variables of the chapter come from the following question:

> Listed below are various areas of government spending. Please show whether you would like to see more or less government spending in each area. Remember that if you say "much more", it might require a tax increase to pay for it.

There are four different social policies included in the ISSP survey: health, education, old-age pensions and unemployment benefits.[9] The question has 5 categories: 1 "spend much more" 2 "spend more" 3 "spend the same as now" 4 "spend less" and 5 "spend much less". Note that the question is explicitly framed in a way that induces respondents to take into consideration the potential trade-off between spending and taxes. This may help to

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[9] Here I consider education as a social policy, but as I already pointed out in Chapter 1 not all authors agree that this is indeed the case. In any case, the results of this chapter remain unaltered if we leave education out of the analysis.

reduce the well-know ambivalence in public opinion which demands both more spending and less taxes (Sears and Citrin 1982). Yet, we cannot rule out the possibility that, although the trade-off is explicitly indicated, the survey is overestimating citizens' preferences for public spending. In any case, this problem becomes less important when the aim is not the study of people's preferred level of spending but the attitudinal differences between recipients and non-recipients and between the left and the right.

In this chapter I use two different sets of dependent variables, both based on the survey items indicated above. The first dependent variable is a factor extracted from a principal components analysis of the four spending items. This method is very useful to examine the structure of the variables and reduce them to a few underlying dimensions. In the case of the variables studied in this chapter, I find that there is a single factor that captures the general preference for social policies spending. The second set of dependent variables is the four social spending items independently. As I show later, most respondents are placed in the Categories 1 and 2 ("spend much more", "spend more") and there are very few cases that chose "spend less" or "spend much less". Due to this skewed distribution of the variable, I recode them into dummy variables that take value 1 when respondents prefer more spending and 0 when they prefer the same level or less spending.[10]

The statistical technique I use to estimate the parameters depends on the nature of the dependent variable. The first variable is continuous, so I use linear regression analysis. The second set of

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[10] Following the decisions of some previous research (see Fraile and Ferrer 2005), I recode these spending preference variables into dichotomous variables. An alternative recodification is to reduce them into three categories (1 "spend much more" 2 "spend more" and 3 "spend the same or less). In the appendix, I include multinomial logistic models that take these three-category variables (see Table A3), but the results do not substantially change from the ones provided in the following pages. The models of Table A3 use multinomial logistic regressions instead of the ordered-logit ones because they do not meet the assumption of parallel regressions.

dependent variables are dichotomous, hence, I use binary logistic regression. In both cases, I use random-intercept multilevel regressions in order to take into account the hierarchical structure of the data (i.e. individuals clustered in countries).

Independent variables. I use some socio-demographic variables in order to measure self-interest. The variables are: Age (5-point scale: 1 "between 18 and 34", 2 "between 35 and 44", 3 "between 45 and 54", 4 "more than 55, but not retired", 5"more than 55 and retired"), Income, Children in household (0 "there are no children", 1 "there is 1 or more children") and Labour situation (1 "unemployed", 0 "other situation").[11]

Some of the proxies of self-interest vary depending on which spending item I am taking into consideration. The two dependent variables that are easier to determine a proxy for self-interest are old-age pensions and unemployment benefits. We shall expect older retired people to be more likely to prefer increases in the first item. It is true that all citizens of working age may have an interest in public pensions since they will eventually retire and, therefore, benefit from this policy. However, if we follow the restricted definition of self-interest provided in Chapter 2 –that is, an individual and short-term interest-, we must take time discount into consideration and expect that those most interested in pension increases are the ones who currently receive public pension benefits (or are very close to receive them).

In the case of unemployment benefits, the best proxy for self-interest is the labour market situation. We shall expect the unemployed to be more likely to demand increases in unemployment benefits than the remaining population. This is indeed a simple measure of self-interest which does not take into account the potential different interests among the working population: some workers may be more likely to become unemployed; some others may experience more difficulties in finding a new job in the event of unemployment. For instance,

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[11] I also consider as unemployed or retired those individuals whose spouse or partner are in this situation.

Iversen and Soskice (2001) consider that workers' skills specificity is directly related with the demand for more social protection. According to their argument, workers whose skills are less transferable (that is, more specific skills) face potentially longer periods of unemployment and higher reductions in their income when they lose their job. As a result, they have higher interest in demanding more social protection such as unemployment benefits.

Also, if we divide labour into those with secure employment, the insiders, and those without, the outsiders (Rueda 2007), we shall expect the latter to demand more social protection even when they are working at that moment. Although I agree that there may be some relevant variation of interests among the people in employment, in this chapter I only take into consideration the differences between the unemployed and the employed.

The variable 'Children in household' is an important source of self-interest in education spending. I also expect 'Income' to have a negative impact on all types of spending items since richer people tend to benefit less from welfare spending (especially means-tested spending).

The ISSP-Role of Governments survey does not include the traditional left-right ideological scale. Instead, it measures respondents' ideology indirectly through their voting behaviour.[12] There are two exceptions, though: in Spain and New Zealand, ideology is measured by directly asking respondents their self-placement on the traditional left-right scale (using a 5-point scale). Unfortunately, if the researcher decides to use this direct measure of left-right ideology, he inevitably faces the loss of almost all countries included in the ISSP survey.

The fact that there is no direct measure of left-right ideology is indeed a limitation for those who work on left-right ideology: party preferences are not a suitable proxy for ideology since they

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[12] The original variable provided by ISSP has 6 categories (1 "extreme left" 2 "left" 3 "centre" 4 "right" 5 "extreme right" and 6 "others").

are influenced by many other unrelated factors.[13] An alternative measure of ideology that would allow me to include all countries in the ISSP survey is respondents' preference for income redistribution (Blekesaune and Quadagno 2003). In particular, the survey measures preferences for redistribution by using the following item: "On the whole, do you think it should or should not be the government's responsibility to reduce income differences between the rich and the poor?" The scale has four values: 1 "definitely should be" 2 "probably should be" 3 "probably should not be" and 4 "definitely should not be". This may be a plausible proxy for ideology since most experts in the field consider that the primary substantive value behind left and right ideology is economic equality (see Evans, Heath and Lalljee 1996).

The models in this chapter use the preference for redistribution as a proxy for ideology. Yet, the results are not substantially different if I only take into consideration Spain and New Zealand and I estimate the models using the traditional left-right scale. As I shall show later, in both cases ideology is statistically significant and shows the expected sign.

Finally, the models also include some other control variables: gender, education (1 "no formal qualification/ lowest formal qualification" 2 "above lowest qualification" 3 "higher secondary completed" 4 "above higher secondary competed" and 5"university degree"), social class (using the EGP schema),[14]

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[13] Despite its limitations, most researchers in the field using the ISSP-Role of Government survey have relied in this variable when measuring respondents' ideology (see, for instance, Fraile and Ferrer 2005 or Edlund 1999). Although I do not use this variable as a proxy of ideology, the conclusions of this chapter do not change if it is included in the statistical models.

[14] The Erikson, Golthorpe and Portocarero (EGP) class schema, which originally has 7 classes and 11 categories, has been reduced to the 5-category version: 1 "higher-grade controllers", 2 "lower-grade controllers", 3 "routine non-manual", 4 "self-employed" and 5 "working class".

unionisation (0 "not unionised" and 1 "unionised") and public/private sector employment (1 "public sector" and 0 "other").

It is important to acknowledge that the survey I use in this chapter has a cross-sectional design and, as a consequence, it may potentially cause problems with regards to the clarity of the causal ordering and the endogeneity of the variables introduced in the analysis. It is rather plausible to assume the exogeneity of my self-interested variables. In principle, we should not expect welfare spending preferences to have an impact on people's socio-economic and demographic characteristics such as labour situation, income or age. Yet, the problems of causality emerge when researchers try to explain attitudes with attitudes, which is the case of left-right ideology and preferences for social policies. Does ideology explain spending preferences or is it the other way around? Longitudinal surveys are much better equipped to answer these types of questions, but unfortunately there are no comparative panel surveys which include items related to welfare spending preferences. As a consequence, I have to rely on cross-sectional data and adopt the research strategy of virtually all empirical literature in the field: estimate the results by making the assumption that left-right ideology is exogenous to spending preferences. From a theoretical point of view, there are some powerful arguments to think that left-right ideology is causally prior to spending preferences. As already mentioned in previous chapters, ideology has been considered as an enduring political predisposition coming from socialization in the early years of adulthood which remains fairly stable over time (see Sears *et al*. 1980, Inglehart 1997). Ideology has also been considered as a belief system characterized by coherent opinions and attitudes towards different political objects. These two arguments are the main reasons why most authors in the field believe that it is ideology that helps people form their policy preferences and not the other way around.

3.4. Results

3.4.1. Descriptive analysis

Figure 3.2 shows the evolution of preferences for social spending in the OECD countries included in the ISSP-Role of Government survey. Only 5 OECD countries have taken part in all four waves of this survey: Germany, the UK, the US, Italy and Australia. If we focus only on these 5 countries and we track public support for spending increases during this 20 year period, we find that between 1986 and 1996 there was no clear trend in citizens' preferences. During this first decade, the critical voices against the 'Keynesian consensus' that dominated the post-war period were frequent. After the 'Golden Age' of the Welfare States, many scholars and politicians cast serious doubts on the sustainability of the system: the opinions favourable to welfare cutbacks gained support in a context in which the rising unemployment rates jointly with high inflation and low economic growth during the end of 1970s and early 1980s put pressure on welfare budgets (Gelissen 2000). These new voices highlighted that there was a basic trade-off between social-welfare spending and economic (and employment) growth (Esping-Andersen 1996). Since welfare spending was accused of causing inefficiency and rigidity in the functioning of the labour market, some experts in that period recommended most European countries to reduce social spending by 1 or 2 percent (Drèze and Malinvaud, 1994).

It is plausible to think that these voices against social-welfare spending, present among some scholars and politicians, were eventually transmitted to a portion of the public opinion. In fact, the support for welfare state programmes decreased in some countries such as the US or the UK during the end of 1970s and early 1980. Yet the trend did not last long and the support for welfare spending rapidly returned, especially after the first welfare

cutback experiences (Pierson 1996).[15] In most countries the support for welfare state programmes during the 1980s and 1990s remained high with no major changes in public opinion (see Svallfors and Taylor-Gooby, 1999). In his book 'Rich Democracies', Harold Wilensky was clear about that point: "the most remarkable and solid finding of public opinion research on taxing and spending –both over time and across countries- is the stability of issue-specific opinion about social programmes and the taxes to finance them".(2002: 222)

The first three waves in the ISSP-Role of Government survey (1986, 1990 and 1996) support these conclusions. Although during that decade the support for old-age pensions and unemployment benefits slightly decreased (about 7 and 5 percentage points respectively), the opposite took place among health care and education spending. Hence, overall, no clear trend can be found during this period.

A clearer pattern emerges during the 1996-2006 decade, when support for all programmes except unemployment benefits increased. This trend did not only take place in the 5 countries stated above, but also in the remaining 12 OECD countries that joined the ISSP-Role of Government programme in later waves. (see Chart 2 of Figure 3.2). The support for both health care and pension spending increased, on average, by about 7.5 percentage points during this decade, a rise slightly higher than that for education spending, which increased by 6.5 percentage points.

The only programme which the level of support decreased for during the 1996-2006 decade is unemployment benefits. The reduction was rather modest (below 2 percentage points), but if we study the changes during the whole 1986-2006 period, the drop becomes much more significant: if in 1986 about 35 percent of the population in the 5 countries supported increases for unemployment benefits, this percentage shrank to 23 percent two decades later. During these two decades the support for pension

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[15] The decline in public support for welfare spending in the US at the beginning of the 1980s is studied in more depth in Chapter 6.

spending also decreased, although the magnitude of this change was substantively smaller. These trends contrast with the notable increase in the number of individuals favourable to higher levels of spending in health and education, although almost all growth took place during the 1996-2006 period.

Figure 3.2. Public preferences for social spending in OECD countries, 1986-2006 (% of respondents who prefer spending increases)
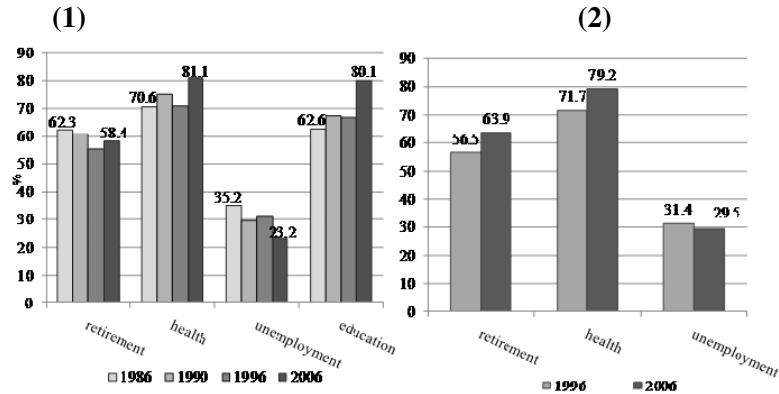
Source: **(1)** ISSP-Role of Government, cumulative dataset. Countries included: Australia, Germany, Italy, UK and US; **(2)** ISSP-Role of Government, III and IV waves only. Countries included: Australia, Canada, Czech Republic, France, Germany, Hungary, Ireland, Italy, Japan, New Zealand, Norway, Poland, Spain, Sweden, Switzerland, UK, US.

Figure 3.2 also shows that, in general, the more comprehensive and universal social services (such as health and education) tend to have higher levels of support. Conversely, targeted transfers to particular constituencies (especially unemployment benefits) are much less popular. This may be explained by self-interested arguments, this is, there are more individuals that benefit from services (which tend to be universal in many countries) than from transfers (most of them targeted to a

smaller portion of the population). Yet, values –especially perceptions about deservingness- may also be important to account for these differences. Usually, one of the main factors that determines which groups deserve more welfare assistance is whether individuals are responsible for their personal situation. For instance, widowed, disabled and retired are conditions usually out of individuals' control. Conversely, being unemployed may be perceived as a mixture of exogenous conditions and one's effort. This may partly explain why support for old-age pensions is higher than support for unemployment benefits: the population (including non-recipients) tend to perceive the elderly as more deserving of public assistance than the unemployed, often considered responsible for their own fate for not putting enough effort into finding a job.

Figure 3.2 only shows the average support for all OECD countries included in the ISSP survey, without showing the cross-country variation. Yet, the literature in the field indicates that the patterns of support for social welfare programmes are fairly similar among the different developed countries, especially if we take into consideration the important existing institutional variations among welfare states (Bonoli, 2000). Despite this, during recent years, the experts in the field have been particularly concerned about studying the factors that account for cross-country variation.

The literature has posited different contextual, national-level factors that influence public preferences for social spending. The most researched one is the role of institutions. Some authors, following the Esping-Andersen typology of welfare states (1990), study whether the different institutional designs shape citizens attitudes towards welfare policies. Their main hypothesis is that social-democratic regimes are associated with higher levels of public support for welfare policies and redistribution. The existing empirical evidence has reached mixed results.[16] Some other

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[16] While some authors confirm the hypothesis (see Svallfors 1997) others do not find evidence to support it (see Gelissen 2000). Yet, most

contextual factors posited by the literature have been the generosity of existing welfare benefits (which is somewhat related to the former factor) and the seriousness of the unemployment problem (Blekesaune and Quadagno 2003, Fraile and Ferrer 2005). For instance, Fraile and Ferrer (2005) found evidence to support the theory that citizens (regardless of their labour market situation) tend to be more supportive of unemployment benefits in those settings with higher levels of unemployment.

The question I use as the dependent variable in this chapter asks respondents whether they want more, equal or less spending. The answer does not only reflect citizens' preference for these programmes, but also the current level of welfare effort of that particular country. For instance, the Anglo-Saxon countries such as the United States, Australia or New Zealand, have a higher amount of people than some Scandinavian countries that want spending increases in health and education.[17] This by no means should be interpreted as the Anglo-Saxon countries having more positive attitudes towards welfare services than the Scandinavian ones; instead, it is that the welfare effort of the former group of countries is considerably smaller than that of the second group and therefore the need for increases is more visible. This is compatible with the Wlezien's thermostatic theory that people adjust their preferences in response to present levels of spending (1995).

As a consequence, cross-national differences may be better captured by questions which are not directly related with the current level of spending. For instance, the Role of Government survey also includes the question: "Should the government be responsible for providing health care for the sick?" If we analyze public support for social policies using this latter survey item we

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research in this field does not provide convincing evidence about the direction of the causality between institutions and public opinion: their results may be interpreted both that the institutional design of welfare states shapes citizens' attitudes towards welfare policies or that attitudes are responsible for the different institutional designs.

[17] See Table A1 in the appendix for the case of health spending preferences.

find that positive attitudes towards health services increase among Scandinavian countries and decrease in the Anglo-Saxon ones. For instance, while in Australia there are more positive attitudes towards health spending than in Finland, the opposite occurs when we take the government responsibility item. In any case, both questions are positively correlated (0.32 and statistically significant at p<0.01).

In this chapter, rather than the study of cross-country differences, I am especially interested in finding which factors account for the differences at the individual-level (i.e. whether self-interest, ideology or both factors explain social spending preferences). A preliminary strategy to observe whether people tend to have consistent opinions across different social policies and do not only prefer the ones that they have a direct material interest in is to study the level of correlation between these preferences. The four spending items (health care, pensions, unemployment benefits and education) are positively correlated (all of them statistically significant at a p<0.01 level). The most correlated items are old-age pensions and health, and old-age pensions and unemployment benefits, both with a correlation value of 0.4. Conversely, the items least correlated are education and unemployment (corr=0.21).

These correlations may indicate that there is an underlying preference behind these four items, that is, that there may be a general preference for social spending that enhances the consistency of the responses between the four spending items. The policies I consider in this analysis do not always benefit the same socio-demographic groups. For example, the spending items unemployment benefits and old-age pensions are positively correlated but the nature of their beneficiaries is rather different. The correlation between these two programmes (corr=0.4) suggests that people tend to have consistent opinions between the different social spending items regardless of whether they are directly benefiting from them.

In order to have a clearer idea whether there is indeed a single underlying dimension behind these four items, I carry out a

principal component analysis (PCA). This method allows to study the correlation of different variables by reducing them to a smaller number of orthogonal variables. Hence, the PCA is an appropriate technique to study the structure and relationship between these different spending items. The results of the factor loading in Table 3.2 (see PCA 1) clearly show that the structure of preferences for social spending is one-dimensional. Indeed, the first factor has an egeinvalue of 1.94 and it accounts for 49% of the total variance. The egeinvalues of the remaining factors are not greater than 1 and the most common rule of thumb to decide the number of relevant factors is to retain only the ones whose eigenvalues are at least 1 (Kaiser's criterion). Hence, the analysis shows that there is only one relevant factor.

If we focus on the factor loadings of the model we find that all four items show a similar value, although the ones associated to health care and old-age pensions are slightly bigger than the remaining two items. The correlation of the different items and the extracted factor are between 0.63 (education) and 0.75 (pensions). In sum, the single extracted factor can easily be interpreted as the underlying preference for (social) public spending.

The first principal component analysis only includes the social-welfare related variables, but the results substantially change when we take into account other spending items very different in nature from social policies, such as national defence or law and order. The second principal component analysis of Table 3.2 includes the previous four social spending items plus two new security-related spending items: (i) police and law enforcement and (ii) the military and defence. The results of this new analysis (see PCA 2 of Table 3.2) suggest that there are two different factors behind the variables, which together explain about 54% of the total variance. The scores of the first factor are especially high among the social spending items, although the value for education (0.54) is smaller than the other three social policies. Conversely, the security-related items obtain substantively smaller scores in this first factor. The results are the opposite in the case of the second factor: while the scores of the police/ law enforcement and

defence items are close to 0.8, the scores for the social spending variables are substantively smaller. An intuitive and simple interpretation of the results is the following: the first factor represents preferences for welfare-related polices and the second one represents the preference for security-related ones.

Table 3.2. Factor loadings of the social spending preferences

	Factor Loadings		
	PCA 1	PCA 2	
Item	1	1	2
Health Care	0.73	0.66	0.28
Education	0.63	0.54	0.29
Old-age Pensions	0.76	0.75	0.15
Unemployment benefits	0.65	0.73	-0.1
The military/defence		-0.01	0.79
Police /Law enforcement		0.22	0.77
Egeinvalue	1.94	1.88	1.4
Percent of variance	48.5	31.4	23.4

Note: Principal components factor, rotated.

This second principal component analysis helps us to see that there is no single underlying dimension behind public spending preferences once we include more spending items that are very different in nature. The existence of two factors suggests that citizens do not have a single preference for all public spending; the nature of the spending item is an important factor.

Let me come back again to the first principal component analysis, which I interpreted as the underlying general preference for social spending. This factor is correlated with respondents'

ideology (see Figure 3.3). However, we need more sophisticated methods to clearly determine whether ideology (as well as self-interest) is behind public preferences for social spending. To do so, in the following section I carry out different multivariate regression analysis where I use two different dependent variables: (i) the factor extracted from the principal component analyses of Table 3.2 (PCA1) and (ii) each of the four social spending items separately.

Figure 3.3. The preference for social spending (using the PCA factor's predicted values) by ideology
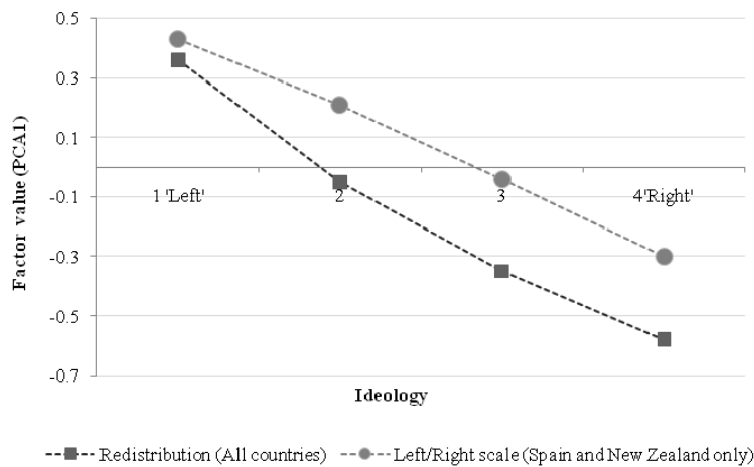
3.4.2. Multivariate analysis: The effect of self-interest and ideology on welfare spending preferences

The first two regression models of this section use the factor extracted from the principal components analysis of the previous section (see Table 3.3). As I have just explained, this factor measures the underlying demand for social spending: the higher the value of the factor, the higher the preference for these policies.

Model 1 includes all OECD countries and uses the variable 'Preference for redistribution' as a proxy for ideology and in Model 2 I reduce the sample to only Spain and New Zealand to include the traditional left-right ideological scale.

In the first model, the coefficients associated with ideology show the expected sign and they are statistically significant at $p<0.01$. The variable that best measures self-interest in the regression models of Table 3.3 is respondents' income since their dependent variable (the extracted factor) refers to a heterogeneous set of social policies that benefit not only the unemployed or the retired but also the remaining population (i.e. health care and education). If we focus on the effect of income, the results in both models are compatible with the hypothesis of self-interest. In general, welfare-related policies tend to benefit the poor; not only because they are more likely to be the recipients of these policies (and especially the means-tested ones), but also because the richer population pay a greater portion of the bill. Hence, we shall expect income to be inversely associated with public preferences for social spending. The results are consistent with this expectation: the coefficient associated to income is negative and statistically significant.

Table 3.3. The determinants of social spending preferences in the OECD countries, 2006. Dep. Var.: factor extracted from the PCA of Table 3.2

Ideological variables	**M1**: All OECD countries		**M2:** Only Spain & New Zealand	
	Coeff.	S.E.	Coeff.	S.E.
Preference for redistribution	-0.25**	(0.01)		
Left/Right ideology (5-point scale)			-0.14**	(0.02)
Education				
Primary	-0.06**	(0.02)	-0.03	(0.06)
Secondary	-0.06**	(0.02)	0.03	(0.07)
Above secondary	-0.13**	(0.02)	0.05	(0.08)
University	-0.18**	(0.02)	-0.10	(0.08)
Social Class				
Low-grade controllers	0.06**	(0.02)	0.02	(0.07)
Routine non-manuals	0.08**	(0.02)	0.09	(0.08)
Self-employed	-0.05	(0.03)	-0.14	(0.08)
Working Class	0.05*	(0.02)	-0.01	(0.07)
Unemployed	0.15**	(0.03)	0.12	(0.09)
Union mebership	0.04*	(0.02)	0.13*	(0.06)
Public sector	0.04**	(0.01)	0.09	(0.06)
Age categories				
Between 35 and 44	0.04	(0.02)	0.07	(0.06)
Between 45 and 54	0.12**	(0.02)	0.05	(0.06)
more than 55. but not retired	0.18**	(0.02)	0.29**	(0.07)
more than 55 and retired	0.14**	(0.02)	0.19**	(0.07)
Income	-0.03**	(0.00)	-0.02*	(0.01)
Sex	0.08**	(0.01)	0.10**	(0.04)
Children in household	0.04**	(0.01)	0.03	(0.04)
_cons	0.27**	(0.05)	0.52**	(0.13)
num. Obs.	20149		1844	
num. Countries	21		2	

Note: Coefficients are least-squares estimates. The standard errors are in brackets *significant at the 95% level; ** significant at the 99% level. Reference categories; Education: no formal qualification/ lowest formal qualification; Social class: professionals. M1: linear regression multilevel estimates; M2: OLS estimates, country fixed effects not shown.

The effects of age and gender also have a relevant impact in both models: females and older people are more likely to demand more social spending. In the case of sex differences, a plausible explanation may be that women are more likely to demand social protection because they have to leave and then return to the labour market due to child rearing (Iversen and Soskice 2001). And in the case of the positive effect of age, there are multiple possible explanations: (i) older people are retired or closer to retirement age, (ii) they use health services to a greater extent, and (iii) in the event of job loss, they tend to have more difficulties in finding a new employment. Finally, the results also show that the most educated (with above secondary studies), high-grade professionals and the self-employed demand less social spending than the remaining class categories.

The results of these initial models are compatible with the idea that both ideology and self-interest (measured with income as a proxy variable) are significantly correlated with welfare spending preferences. But in order to have more accurate proxies for self-interest we need to study each spending item separately. The two items that are particularly interesting for the purposes of this chapter are old-age pensions and unemployment benefits. In these two cases, it is plausible to consider that age and labour market situation are good proxies for self-interest since they specify the group to which these two social transfers are targeted (older and retired people in the former case and unemployed people in the latter).

Table 3.4 shows the logit random-intercept multilevel regression estimates for each social spending item. The coefficients associated with ideology show the expected sign in all four models, although the coefficients are higher in the case of unemployment and smaller in the case of old-age pensions. As in the model of Table 3.3, the variable 'preference for redistribution' is positively correlated with all social spending items. This variable is more correlated with unemployment benefits than the remaining items. Conversely, the coefficient is smallest in the case of education. The same pattern emerges if we only take Spain and

New Zealand into account and we measure ideology with the traditional left-right scale (see Table 3.5): in these two countries ideology is also significantly correlated with all spending items although the effect is again slightly higher in the case of unemployment benefits.

In sum, despite some minor differences, the results indicate that ideology is an important factor behind all types of social policies: left-wing voters and those who prefer more economic equality are more likely to prefer spending increases in all four social policies.

Most proxies of self-interest also follow my expectations in models of Table 3.4. In all models except the education spending one, income is negatively correlated with preferring more spending. Again this variable has a greater effect on unemployment benefits than on old-age pensions or health services.

Table 3.4. The determinants of spending preferences on pensions, unemployment, health and education in the OECD Countries, 2006 (logit multilevel estimates)

	Old-age pensions		Unemployment		Health		Education	
Ideological variables	Coeff.	S.E.	Coeff.	S.E.	Coeff.	S.E.	Coeff.	S.E.
Preference for redistribution	-0.35**	(0.02)	-0.56**	(0.02)	-0.34**	(0.02)	-0.23**	(0.02)
Education								
Primary	-0.30**	(0.06)	-0.23**	(0.05)	0.01	(0.07)	0.03	(0.06)
Secondary	-0.41**	(0.06)	-0.25**	(0.06)	-0.11	(0.07)	0.13*	(0.06)
Above secondary	-0.51**	(0.06)	-0.42**	(0.06)	-0.26**	(0.07)	0.14*	(0.06)
University	-0.88**	(0.07)	-0.42**	(0.07)	-0.44**	(0.08)	0.26**	(0.07)
Social Class								
Low-grade controllers	0.18**	(0.05)	0.02	(0.07)	0.08	(0.06)	0.09	(0.06)
Routine non-manuals	0.30**	(0.06)	0.24**	(0.07)	0.17*	(0.07)	-0.03	(0.06)
Self-employed	0.12	(0.08)	-0.11	(0.09)	-0.09	(0.09)	-0.20*	(0.08)
Working Class	0.32**	(0.06)	0.22**	(0.07)	0.03	(0.07)	-0.14*	(0.06)
Unemployed	0.05	(0.08)	0.79**	(0.07)	0.14	(0.09)	-0.06	(0.08)
Union mebership	0.05	(0.04)	0.18**	(0.05)	0.14**	(0.05)	0.00	(0.04)
Public sector	0.06	(0.04)	-0.01	(0.05)	0.07	(0.05)	0.06	(0.04)
Age categories								
Between 35 and 44	0.22**	(0.05)	0.03	(0.05)	-0.05	(0.06)	-0.01	(0.05)
Between 45 and 54	0.37**	(0.05)	0.22**	(0.05)	-0.01	(0.06)	-0.03	(0.05)
more than 55 but not retired	0.57**	(0.06)	0.27**	(0.05)	-0.00	(0.06)	0.04	(0.06)
more than 55 and retired	0.55**	(0.06)	-0.03	(0.07)	-0.10	(0.07)	-0.05	(0.06)
Income	-0.06**	(0.01)	-0.15**	(0.01)	-0.4**	(0.01)	0.01	(0.01)
Sex	0.13**	(0.03)	0.04	(0.04)	0.25**	(0.04)	0.05	(0.04)
Children in household	-0.11**	(0.04)	-0.04	(0.04)	0.09*	(0.05)	0.34**	(0.04
_cons	1.15**	(0.20)	-0.03	(0.2)	1.91**	(0.19)	1.16**	(0.17)
num. Obs.	20846		20622		21014		20872	
num. Countries	21		21		21		21	

Note: Coefficients are maximum-likelihood estimates. The standard errors are in brackets *significant at the 95% level; ** significant at the 99% level. Reference categories: see Table 3.3.

Table 3.5. The determinants of spending preferences on pensions, unemployment, health and education in Spain and New Zealand, 2006 (logit estimates), using the left-right ideological scale

	Old-age pensions		Unemployment		Health		Education	
Ideological variables	Coeff.	S.E.	Coeff.	S.E.	Coeff.	S.E.	Coeff.	S.E.
Left/Right ideology	-0.22**	(0.07)	-0.35**	(0.07)	-0.24**	(0.08)	-0.24**	(0.08)
Education								
Primary	-0.39	(0.20)	-0.26	(0.18)	0.04	(0.21)	0.1	(0.22)
Secondary	-0.40	(0.21)	-0.37	(0.19)	0.34	(0.23)	0.06	(0.23)
Above secondary	-0.27	(0.22)	-0.37	(0.24)	0.21	(0.25)	0.03	(0.24)
University	-0.84	(0.24)	-0.43	(0.25)	0.01	(0.27)	-0.12	(0.27)
Social Class								
Low-grade controllers	-0.05	(0.18)	-0.09	(0.21)	0.01	(0.21)	0.28	(0.20)
Routine non-manuals	-0.11	(0.22)	-0.11	(0.21)	0.66*	(0.29)	0.51	(0.26)
Self-employed	-0.47*	(0.20)	-0.32	(0.25)	0.19	(0.27)	-0.16	(0.25)
Working Class	-0.17	(0.20)	0.08	(0.22)	0.21	(0.23)	0.21	(0.22)
Unemployed	0.24	(0.26)	0.49*	(0.22)	-0.05	(0.29)	0.08	(0.28)
Union mebership	0.23	(0.17)	0.25	(0.17)	0.38	(0.22)	0.42	(0.21)
Public sector	-0.06	(0.17)	0.28	(0.18)	0.06	(0.22)	0.12	(0.21)
Age categories								
Between 35 and 44	0.09	(0.16)	-0.18	(0.16)	0.20	(0.20)	0.24	(0.19)
Between 45 and 54	0.17	(0.16)	-0.20	(0.16)	0.12	(0.19)	-0.07	(0.19)
more than 55 but not retired	0.54**	(0.20)	0.39	(0.22)	0.22	(0.23)	0.78**	(0.23)
more than 55 and retired	0.66**	(0.23)	-0.30	(0.19)	0.14	(0.23)	0.58*	(0.25)
Income	-0.03	(0.03)	-0.13**	(0.03)	0.00	(0.04)	0.05	(0.04)
Sex	0.05	(0.12)	0.07	(0.12)	0.45**	(0.14)	-0.08	(0.13)
Children in household	-0.11	(0.13)	0.10	(0.12)	0.14	(0.15)	0.38**	(0.15)
_cons	0.81*	(0.40)	1.37**	(0.36)	0.93*	(0.46)	2.13**	(0.41)
num. Obs.	1904		1875		1915		1902	
num. Countries	2		2		2		2	

Note: Coefficients are maximum-likelihood estimates. The standard errors are in brackets *significant at the 95% level; ** significant at the 99% level. Reference categories: see Table 3.3. Country-fixed effects not shown.

Age is also positively correlated with preferences for old-age pensions (see Figure 3.4). The model indicates that older people are more likely to prefer spending increases in this policy: whereas the probability of preferring more spending in old age pensions is 0.62 among the youngest age group (below 35 years old) this probability increases up to 0.74 in the oldest groups (over 55).[18] However, the predicted probabilities are the same among those of that age group who are retired and those who are not. In sum, the results indicate that elderly individuals close to retirement age have the same preference for pension spending as the retired.

Figure 3.4. Probability of preferring more spending in old-age pensions, by age
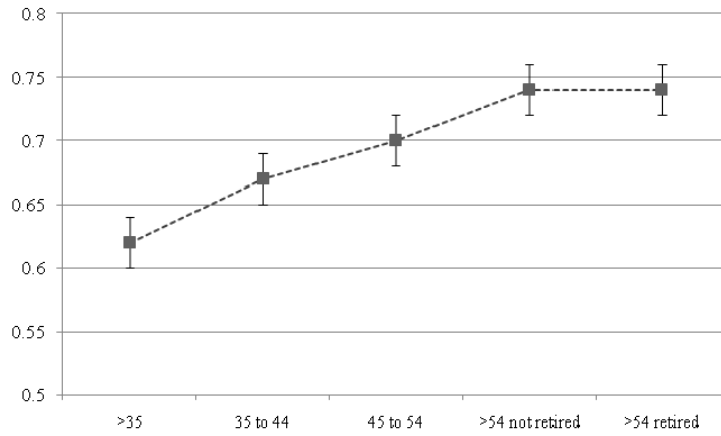
Note: Predicted probabilities using model 1 of Table A4, remaining variables at their mean. The figure shows the 95% confidence intervals.

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[18] All predicted probabilities in this chapter are calculated keeping the remaining variables at their mean.

Preferences for unemployment benefits also seem to be influenced by self-interested concerns. Indeed, the model of Table 3.4 indicates that unemployed individuals are more likely to prefer spending increases in this policy than the employed. Moreover, retired individuals, who are not entitled to receive these benefits any more, are less favourable to this policy than employed people. According to the model, unemployed individuals have a probability of 0.43 of preferring more spending, but this probability significantly decreases among the remaining population (0.25).

It is more difficult to test whether self-interest is behind spending preferences in the case of the two remaining spending items, health and education. These policies benefit a more heterogeneous socio-demographic group and, as a consequence, it is difficult to capture a good proxy for self-interest with the information that the ISSP survey provides. In many settings both policies are universal and therefore all citizens are potentially beneficiaries of these policies. This may explain why, in these two items, I do not find significant differences in spending preferences between high-grade professionals and the working class.[19]

A plausible proxy for self-interest in the case of education spending is having children in the household. As expected, this variable is positively correlated with preference for education. Another interesting finding is that individuals' level of education has, in most models, a negative effect on social spending preferences. Yet, in the case for education spending the opposite sign emerges: individuals with higher levels of educational attainment are more likely to be in favour of increasing public spending in education. It is difficult to know whether this correlation is due to self-interested motivations (i.e. they also expect their children to study) or simply due to the fact that one's

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[19] In fact, if we estimate a model that compares the working class with all the remaining class categories we find that in the case of education and health services there are no statistically significant differences (at $p<0.05$) in their spending preferences.

educational attainment is a revealed preference for education itself. In this latter case, both sides of the equation would be measuring the same underlying attitude.

Probably, the best proxy for self-interest in the case of healthcare is the variable income. Indeed, richer people tend to pay a higher portion of the bill and, hence, we shall expect richer people to be less favourable to spending increases. In fact, the effect of income is, as expected, negative and significant at the $p<0.01$ in all spending items except for education.

Figure 3.5. Probability of wanting more spending in unemployment benefits and education, by labour market situation and by having children in the household
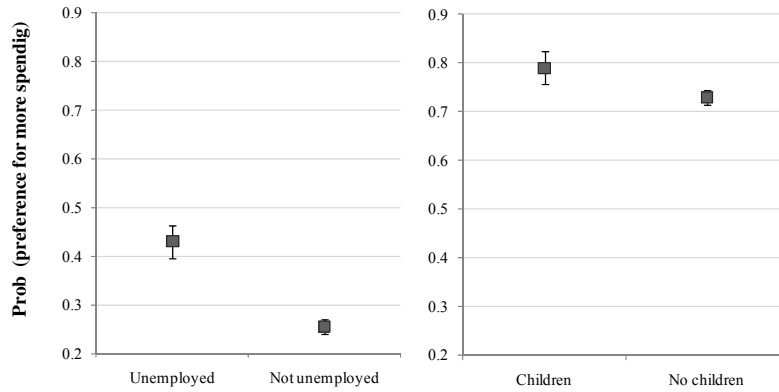
Note: Predicted probabilities using the models 2 and 4 of Table 3.4., remaining variables at their mean. The figure shows the 95% confidence intervals.

The hypothesis of self-interest is also consistent with the results of the models in Table 3.5, where I include the left-right ideological scale instead of 'preference for redistribution' (but I only study the subsample of Spain and New Zealand). Older people are more likely to demand increases in old-age pensions,

the unemployed are more in favour of unemployment benefits and having children is positively correlated with demanding more spending in education. Having a better measure of ideology does not hinder the effect of our main proxies of self-interest. The only exception is income which is only statistically significant in the case of unemployment benefits.

In sum, most findings in this chapter are consistent with the idea that self-interest and ideology are two influential forces behind citizens' attitudes towards social spending. On the one hand, the effect of left-right ideology is statistically significant in all policies analyzed in this chapter. On the other hand, most proxies for self-interest (income, age, having children and labour market situation) are also correlated with spending preferences as expected. This is especially true in the case of pensions and unemployment, where it is easier to define which socio-demographic groups benefit the most from these policies. Healthcare is probably the policy that least suits my hypothesis. However, this is probably due to problems of finding good proxies for measuring self-interest.

3.5. Conclusions

Most of the findings in this chapter are in line with those reported in previous research in the field. The main conclusions can be summarized in two points. First, the chapter suggests that values (left-right ideology) and self-interest are the primary forces behind public support for social spending. Using the principal components analysis technique, I find that there is a single underlying factor behind the four social policies considered in this chapter (pensions, unemployment, health and education). This factor, which may be interpreted as the preference for social spending is highly correlated with left-right ideology. Ideology is also correlated with each social spending item separately, but the correlation is stronger in the case of unemployment benefits and weaker in the case of old-age pensions and education. Despite the

differences, it is worth pointing out that the left has in all cases a higher preference for spending increases than the centre or the right.

Secondly, ideology is not the only relevant factor behind public attitudes towards welfare spending. Contrary to the conclusions of some previous research that consider that policy preferences are not shaped by one's self-interest, in this chapter I have rather found that: (i) rich people demand less social spending, (ii) the jobless demand more unemployment protection, (iii) the elderly demand more spending on old-age pensions and (iv) individuals with children demand more spending in education. Hence, results are largely consistent with the hypothesis that welfare recipients are more in favour of increasing spending on welfare.

In sum, the results in this chapter are compatible with the main argument of this dissertation: governments may use social spending as an effective tool to attract the electoral support of both welfare recipients and left-wing voters. It should be noted that in these pages I only study the main determinants of social spending preferences but I do not directly deal with their potential electoral impact. Indeed, the evidence of this chapter supports that both left-right ideology and self-interest are correlated with citizens' preferences for social spending. But this does not imply that the electorate will finally take them into account when deciding whom to vote for. Indeed, voters have only one vote to express their preferences with regard a large variety of issues. Governments' decisions regarding welfare-related issues constitute a small portion of their overall performance during their mandate. Hence, it may well be that, even though welfare recipients and the left-wing electorate are more in favour of social spending increases, they may not consider these policies sufficiently important to influence their vote choices. If this is the case, governments would not be able to gain votes by increasing welfare spending.

The next step is precisely to provide evidence that these two factors (ideology and self-interest) also determine the extent to which social policies are perceived as important issues in an

electoral context. The next chapter is dedicated to finding out whether the left and welfare recipients are more likely to consider social policies as salient issues and whether their perceptions of the government's performance regarding these policies have electoral implications.

CHAPTER 4. ISSUE SALIENCE AND SOCIAL POLICY VOTING

4.1. Introduction

In Chapter 3 I showed that ideology and self-interest are two important factors behind citizens' attitudes towards social spending. In particular, I found some evidence that left-wing individuals and welfare recipients (or those more likely to benefit from these policies) are more in favour of spending increases in this policy area. This does not mean that right-wing individuals and non-recipients are against these policies. In fact, I found that the spending preferences among these two latter groups were not a mirror of their counterparts: instead of being strongly against such policies, they were rather more in favour of the status quo. The fact that non-recipients and right-wing people do not have extreme opinions on these issues suggests that they probably do not find them particularly salient. The former does not necessarily imply the latter, but there is a significant correlation between them (Krosnick 1988, Fournier *et al.* 2003). The objective of this chapter is precisely to study whether it is indeed the case that social policies salience depends on ideology and self-interest.

Issue salience has been considered as an important condition of policy voting by the literature on electoral studies. However, as I argued in Chapter 2, some of the claims in the literature on issue salience are rather trivial or even tautological. Indeed, the idea that salient issues are more important than non-salient ones in individuals' vote decisions is not very challenging from a

theoretical point of view. Instead, it is far more relevant to take issue salience as a dependent variable and study the factors that explain it. This is precisely the main aim of this chapter, where I study whether ideology and self-interest are two relevant factors to explain social policy salience.

The confirmation that these two factors explain social policy salience is particularly important for the purposes of this dissertation. This is so because issue salience is the second mechanism stated in Chapter 2 through which ideology and self-interest mediate the relation between social policies and the vote.[1] As I argued in Chapter 2, it is not enough to corroborate that left-wing voters and welfare spending recipients have more positive attitudes towards social policies (Chapter 3). We also have to assess the salience of social policies among these two electorates. Indeed, if left-wing individuals and recipients find social policies more salient, we shall expect them to be more responsive to increases (or decreases) in social spending.

The chapter is structured in 5 sections: in the next section, I briefly review the literature on issue salience and I introduce the two hypotheses of the chapter. The empirical part starts in Section 3. In that section, I show that (i) in OECD countries, the electorate tend to regard social policies as particularly salient; and (ii) ideology and self-interest are two relevant forces behind social policy salience. Once investigated the determinants of issue salience, in Section 4 I change the perspective and I take issue salience as an independent variable to explain vote choice (as most literature does). In particular, I show that perceptions of social policy performance have a significant impact on vote choice among those who find these policies salient. Finally, the chapter ends with the some concluding remarks.

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[1] See arrows 2 and 3 of Figure 1 of Chapter 2.

4.2. Social policies and issue salience

The importance of issue salience in policy voting has been long established in electoral studies literature. Although the concept of issue salience was already present in the early classics of the Michigan school,[2] RePass was probably the first to study it in detail. In his influential article 'Issue salience and party choice' (1971), RePass argued that the effect of voters' attitudes towards issues was mediated by issue salience. He considered that "if we wish to know how issues affect behaviour we must first find out which issues are salient to individual voters" (1971: 391). The relation between issues and vote choice is obscured if we do not distinguish between salient and non-salient issues. In fact, RePass claimed that the omission of this variable was precisely responsible for the lack of evidence of issue voting in previous research. Once he took this omitted variable into account, he found that issues had almost as much influence as party identification in explaining vote choice in the 1964 American Presidential election.[3]

The importance of issue salience has also been corroborated by more recent authors such as Franklin and Wlezien (1997), who found that voters were more responsive to the policies that were salient to them.[4] However, not all studies have reached this

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[2] See: Campbell *et al.* (1960) or Butler and Stokes (1969).

[3] Taking the supply side perspective of the electoral market, Robertson (1976) and Budge and Farlie (1983) also suggested that saliency is a key factor in issue voting literature. They argued that parties: "do not compete by arguing directly with each other, but trying to render their own areas of concern most prominent" (1983:23). The issues that parties try to emphasize are those on which they enjoy a reputation of competence (Petrocik 1996). The intention of the salience theory of party competition is to explain how parties behave, but it may ultimately have an impact on voters' political preferences (i.e Van der Burg 2004).

[4] see also: Rabinowitz, Prothro and Jacoby 1982, Fournier *et al.* 2003, Bélanger and Meguid 2008.

conclusion. For instance, Niemi and Bartels (1985) found that issue distances between parties and voters weighted on the basis of salience were not more correlated with vote choice than the unweighted issue distances. As a result they concluded that: "Issue salience (…) is of little use for explaining electoral choices" (1985: 1219). Although the evidence in the literature is not completely robust yet, most articles in the field seem to corroborate the importance of taking into consideration issue salience when studying policy voting.

Most of the investigations cited above considered issue salience as an omitted factor that prevented researchers to find significant effects of policy preferences on vote choices. In that sense, researchers have treated issue salience as a methodological concern in the field of issue voting with a limited ambition from a theoretical point of view. There are some exceptions, though. This is especially the case of Krosnick's investigations (i.e. 1988, 1990). This author has put more effort in determining (i) the causes of issue salience and (ii) the causal mechanisms by which salience mediates policy voting.

First, Krosnick and his colleagues argued that issues become salient when individuals perceive that they are linked to their material self-interest, the interests of their social reference group or their basic values (Krosnick 1990, Boninger, Beret and Krosnick 1995). Using small samples of undergraduate females, Krosnick and his colleagues (1995) showed that those who considered abortion as an important issue also believed that this issue had a big impact in their interests and values. Similarly, using larger and nation-wide data, Sears *et al*. (1980) concluded that self-interest was behind voters' perceptions of the most important problem. According to their results, while 71 percent of the unemployed or non-active individuals mentioned the unemployment as an important national problem, this percentage dropped to 56 percent among the employed ones. These findings are in line with the hypothesis studied in this chapter which claims that social policies salience depends on self-interest and political values (and, in particular, ideology).

Secondly, Krosnick investigations have also examined the causal mechanisms behind issue salience theory. He provided three reasons why salient issues mediate policy voting: first, they are more cognitively accessible and, therefore, more likely to come to mind as a factor to decide whom to vote for; second, saliency increases citizens' the incentives of being informed about parties' policy positions (or government performance on this issue); and third, salient issues are more resistant to change: voters are less likely to accommodate their policy positions to the position of their preferred party in order to resolve the ideological inconsistencies between the two.

Hence, Krosnick considers that one of the major reasons why issue salience is important in policy voting is that it increases the incentives to gather information about this issue. And we know that information is considered as one of the key factors in accountability literature. Indeed, voters can only judge governments for their past policy performance if they are sufficiently informed. Indeed, governments that want to gain the approval of welfare recipients and left-wing voters do not only need to increase social spending, they must also make sure that the electorate is aware of their record in office.[5] Information is also important because it helps voters to become conscious about the implications of a specific policy to their values (Zaller 1992, Alvarez and Brehm 2002). This is one of the core arguments of Zaller's Receive-Accept-Sample (RAS) model, which suggests that people tend to interpret political facts according with their political predispositions "only to the extent that they possess the contextual information necessary to perceive a relationship between the message and their predispositions" (1992: 58).

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[5] It is true that some authors argue that voters rely in some heuristics and informational shortcuts in order to overcome their lack of political information (Popkin 1991, Sniderman *et al.* 1991, Lupia and McCubbins 1998). Yet recent research on economic voting has found that the effect of government performance varies from one voter to another depending on their level of political information (Krause 1997, Gomez and Wilson 2006, Fraile 2008).

Hence, political information is indeed an important condition for policy voting. It is plausible to consider that welfare recipients are more informed about these policies since the information costs are smaller among this group. It is plausible to think that welfare recipients are better informed about government record in this area because they have the opportunity to check the evolution of welfare entitlements in their monthly payslips. Indeed, recipients do not have to make the effort to gather information about the evolution of a particular welfare entitlement: their knowledge is simply a by-product of their personal experience. Conversely, it is less reasonable to think that non-recipients ideological voters are informed in that policy domain. The information costs among citizens who are not directly affected by a policy are higher since they cannot acquire information from their personal experience. Yet, as I have just pointed out, Krosnick and some other authors have argued that issue salience is an incentive for individuals to be informed of these issues and, therefore, the likelihood of having an opinion. (Holbrook *et al.* 2005, *Fournier et al.* 2003, Krosnick 1990, Krosnick *et al.* 1993).[6]

In sum, there is evidence in the literature compatible with my hypothesis that self-interest and ideology are important determinants of social policy salience. In the following sections of this chapter I empirically test the following propositions:

H1: The left-wing electorate and social policy recipients find these policies as more salient or important than the remaining population.

H2: Social policies performance evaluations have a greater impact on vote choice among those who find them salient.

The corroboration of these two hypotheses has relevant implications for the purposes of this dissertation. Indeed, an implication of the above propositions is that governments can gain

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[6] In the case of social policies, there is anecdotic evidence that older people are more able to remember those news related with social security policy (Price and Zaller 1993).

the electoral support of both welfare recipients and left-wing voters by expanding social spending. This is precisely the main argument of this dissertation.

Figure 4.1. The conditioning effect of ideology and self-interest through issue salience
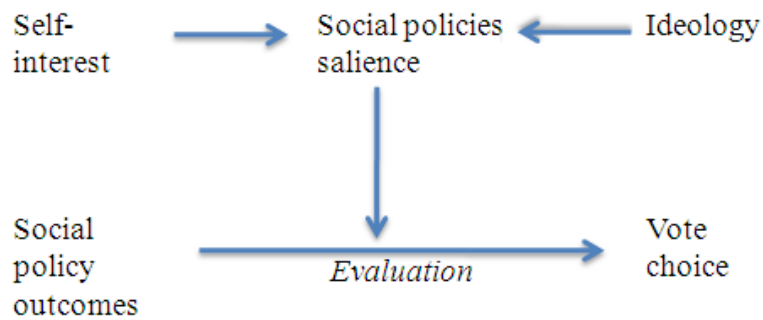
4.3. The determinants of social policy salience

4.3.1. The salience of social policies in the electorate

The second wave of the Comparative Study of Electoral Systems (CSES) survey asked respondents to say what they felt had been the most important issue during recent years. [7] In particular, the CSES survey included the following item: "What do you think has been the most important issue facing [country] over the last [number of years that the last government was in office] years?" Note that the question does not ask for "the most important *problem*" (commonly used in the literature to measure issue salience) but for the "most important *issue*". The question wording of the CSES survey apparently solves some of the

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[7] See Chapter 1 (Data and Methods section) for more details about this survey.

objections that Wlezien (2005) raised about the measure of issue importance by asking for important problems -since issues and problems are two different concepts. As Wlezien pointed out: "an issue is a problem if we are not getting the policy we want" (2005: 559). For instance, there are good reasons to believe that the economy is always an important issue, but it only becomes a problem when economic outcomes (i.e. inflation or unemployment) are poor. Conversely, when the economy is performing well, we may still consider it to be an important issue in spite of the fact that it is no longer a problem.

The CSES question wording is framed in such a way ("facing [country] during the past years") that it may induce respondents to think about important *problems to society* instead of important *issues to themselves*. Hence, the question still generates some confusion about what respondents actually have in mind when they answer the question.[8] Despite these possible flaws, this is the best cross-country survey currently available on this topic.

The item that measures issue salience is an open-ended question, which means that the list of issues reported by respondents is long and heterogeneous across countries. As a result, a comparative study requires the creation of broader thematic categories. In this chapter I have classified the responses in 7 broad categories: (1) social policies (2) economy, (3) foreign affairs and security, (4) law and order (5) immigration, (6)

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[8] The best way to capture issue importance is to use close-ended questions that ask about the importance of several specific issues (see, for instance, Fourier *et al.* 2003). This also solves another problem of open-ended questions, that is, the importance of some issues depends on the degree to which other things are important. For example, using open-ended questions about the "most important problem" in the US, we find that social policies are not particularly salient among the electorate. However, when using close-ended questions to ask the importance of a different set of issues, health care and education are the second and third most important issues respectively, just after the economy (Wlezien 2005).

ecology, and (7) other issues.[9] Figure 4.2 summarizes the most salient issues in these 7 categories for all CSES countries.

In general, the most important issue is the economy with 38 percent of the total answers, followed by social policies with 22 percent. These are the two main broad categories of political issues in the OECD countries studied in this chapter. The remaining ones are much less salient: all those issues related with external security and international relations constitute 10 percent of all responses and the issues related with internal security are almost 8 percent. Obviously, the importance of each category largely depends on how the answers are grouped into a smaller set of thematic categories. For instance, the economy contains a heterogeneous group of issues. Most items in this category are related to labour issues and especially unemployment (about 18 percent of the total responses). Similarly, social policies also include a broad set of issues. Among all policies contained in this category, the most important is, by far, health care services, which represents about 11 percent of all respondents (and about 50% of the responses of the social policies category), and, to a lesser extent, pensions and elderly care services (4% of all respondents) and education (3%). The remaining items included in the social policies category (about 4% of total responses) refer to other

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[9] The recodification of this variable has met the following criteria: (1) social policies include all social policies -including education- and references to poverty and redistribution; (2) the economy comprises references to a broad spectrum of economic outcomes (such as inflation, unemployment or public debt) and references to public spending and taxing; (3) foreign affairs and security includes the relations with neighbouring countries and external security issues; (4) law and order comprises those issues related with internal security concerns (law, order, more police, etc.) (5) immigration includes those issues related with immigration and asylum policies; (6) the environmental issues are those related with concerns about ecology; and finally (7) other issues includes all those not related with the previous categories'. For more detailed information of the classification, see Appendix A.4.2.

specific social policies and general statements about the welfare state and social protection.

Figure 4.2. The most important issues in the elections (CSES surveys)
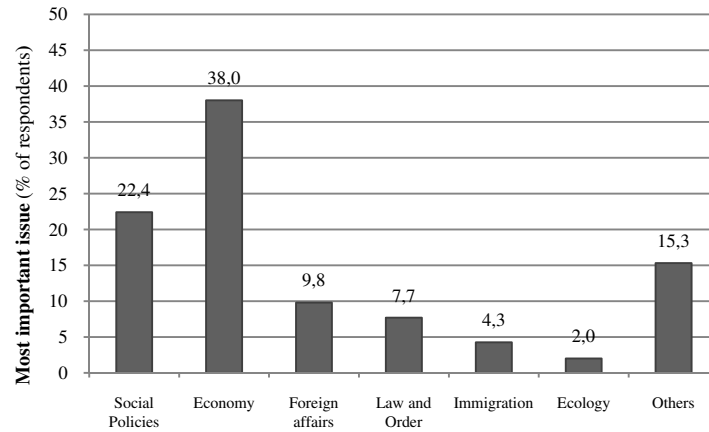
Source: CSES, second wave (2003-2006).

In short, the CSES data show that, in general, social policies represent one of the main concerns of the electorate in the OECD. There are, however, important cross-national differences (see Figure 4.3). The social policies category is the most important one in 9 out of the 25 OECD democracies included in the second wave of the CSES project. For instance, in countries such as Japan, Australia and Canada more than 40 percent of the respondents considered that the most important issue was a social policy. However, this percentage drops to less than 10 percent in countries such as the US, Belgium, France, Germany or Spain.

Figure 4.3. Social policies as the most important issue, by country
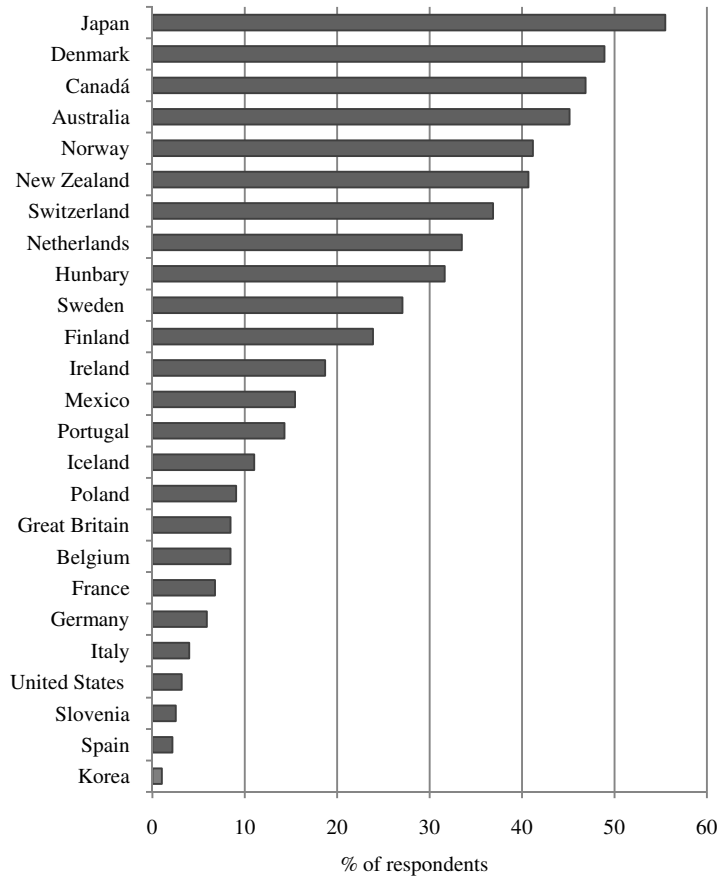
Source: CSES, second wave (2003-2006).

This cross-country variation is also present in the remaining issues.[10]

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[10] For example, foreign and security issues are above 15 percent in the US, the UK and especially Spain –marked by *Al Qaeda*'s terrorist attacks in 2004, just four days before the elections. South Korea, Poland

4.3.2. Ideology and self-interest as determinants of social policy salience

In the previous section I showed that social policies are particularly salient issues among the electorate. But, we have not answered yet the main research question of this chapter: why do some individuals find social policies salient and some others do not? In this section I study whether ideology and self-interest are relevant determinants of social policy salience. I expect left-wing voters to be more likely to report a social policy as the most important issue. I also hypothesize that social policies are especially salient among recipients- namely the elderly, pensioners and the low-income electorate.

Using the CSES second wave, I create some random intercept mulitievel logit regressions (see Table 4.2) in order to study whether self-interest and ideology explain social policies salience. The dependent variable is a dichotomous variable that takes value 1 when respondents picked a social policy as the most important issue and value 0 otherwise. The main independent variables included in the model are ideology (using the traditional ten-point left-right scale) and the proxies of self-interest: age, labour situation and income (like in the previous chapter). Unfortunately, it is not easy to specify good proxies for self-interest using the CSES survey since it does not ask respondents whether they are in receipt of any social welfare entitlement. Moreover, the social policies category includes items of heterogeneous nature: beneficiaries of some programmes are not beneficiaries of some others. To put an example, the elderly population are clearly more likely to benefit from, for instance, pensions and health care

and Germany are mainly concerned about economic issues (and in particular about unemployment) and preoccupation with welfare-related issues is rather marginal. In Poland and Germany, the unemployment and labour-related issues are the most salient ones. In the latter country, almost three quarters of the sample considered these issues to be the most important ones in the 2002 elections.

services, but, conversely, they are less likely to benefit from education or childcare facilities.[11] Hence, the inclusion of all social policies in just one category complicates the measurement of self-interest and, in the particular case of the variables age and being retired, their opposing effects may cancel each other out.

In order to partly solve this problem, I define my dependent variable in three different ways. First, I compare all social policies (value 1) with the remaining issues (value 0); second, I compare all social policies, except for education, with the remaining issues. Age and being retired are better proxies in the second model and, thus, I expect the effect of these two factors to be higher in the latter models.

Apart from ideology and the self-interest proxies, I also include some socio-demographic control variables: gender (base category: male), social class, unionisation and education.[12]

The results of Table 4.1 are compatible with my expectations. The negative and statistically significant coefficient of ideology indicates that left-wing individuals are more likely to be concerned about welfare-related issues. The probability to choose a social issue as the most important one ranges from 0.18 among the extreme left citizens to about 0.13 among the extreme right ones (see Figure 4.4).[13] Although the magnitude of the effect is not large, the results are compatible with the hypothesis that social policies are more important among the left-wing electorate. Besides, these findings are in the line with the conclusions of my

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[11] As I have already mentioned in the introduction, not all experts in the field consider education as a social policy.

[12] The variable education contains 8 categories: (1) none, (2) Incomplete, (3) Primary completed, (4) Incomplete secondary, (5) secondary complete, (6) Post-secondary trade, (7) University undergraduate degree incomplete, (8) University undergraduate degree completed. In order to reduce the number of coefficients, the variable is included as continuous. The main findings of this model do not change if I include education as a categorical variable.

[13] Probabilities estimated keeping the remaining variables of the model at their mean.

previous chapter, where I found that ideology also explains citizens' welfare spending preferences. Hence, the results indicate that voters with leftist values are both more in favour of a welfare state expansion and more likely to consider social policies as salient issues.

Table 4.1. The determinants of issue salience (random intercept multilevel logit regression estimates)

	MODEL 1 (all social policies)		MODEL 2 (all except education)	
	Coeff.	S.E.	Coeff.	S.E.
Ideology (Left/Right scale)	-0.03**	(0.01)	-0.03**	(0.01)
Between 35 and 44	-0.08	(0.08)	-0.06	(0.07)
Between 45 and 54	-0.12	(0.08)	-0.05	(0.07)
more than 55, but not retired	-0.06	(0.09)	0.08	(0.07)
more than 55 and retired	0.15	(0.09)	0.26**	(0.08)
Unemployed	-0.12	(0.13)	-0.08	(0.13)
Income	-0.04	(0.02)	-0.04*	(0.02)
Education	-0.09**	(0.02)	-0.08**	(0.02)
Gender	0.42**	(0.05)	0.49**	(0.05)
Union mebership	0.03	(0.06)	0.10*	(0.05)
Children in household	-0.02	(0.06)	0.02	(0.05)
Working class	0.19**	(0.07)	0.14**	(0.06)
Self-employed	-0.10	(0.09)	-0.10	(0.08)
Other	0.18	(0.15)	0.01	-0.09
_cons	-1.91**	(0.37)	-2.07**	(0.33)
num. Obs	15452		15452	
num. Countries	19		19	

Note: Coefficients are maximum-likelihood estimates. The standard errors are in brackets. *significant at the 95% level; ** significant at the 99% level. Reference categories: Social class: white collar.

The effects of most variables that measure self-interest are compatible with the hypothesis only in Model 2, where I do not include education in the social policy category. In this second model, age is correlated with issue salience in the expected direction. In particular, the older retirees (with a higher probability of benefit from social policies such as pensions or healthcare) are more likely to consider social policies as the most important issue.[14] The fact that age becomes statistically significant only in Model 2 is good evidence that self-interest is an important force behind issue salience when good proxies are available.

The hypothesis of self-interest is also compatible with the fact that lower income people are more willing to pick a social policy as the most important issue. Although the effect of income, age and being retired are significant from a statistical point of view, the probability change between the maximum and minimum values of these variables are not very big.

Finally, the effect of being unemployed is not relevant. This is especially due to the fact that these collective find the economy (and, in particular, unemployment) as the most important issue.[15]

In sum, the conclusions derived from the regression models of Table 4.1 support the idea that ideology and self-interest are, in general, correlated with social policies salience. The effects are not always very big, and self-interest only emerges when we exclude education from the social policies category.

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[14] Interestingly, older people are also less likely to be concerned about labour related issues, probably because they are generally not affected by these policies (see Table A2 of Appendix A.4.2).

[15] See Table A2 of the appendix of this chapter.

Figure 4.4. The probability of choosing a social policy as the most important issue in the elections, by left-right ideology
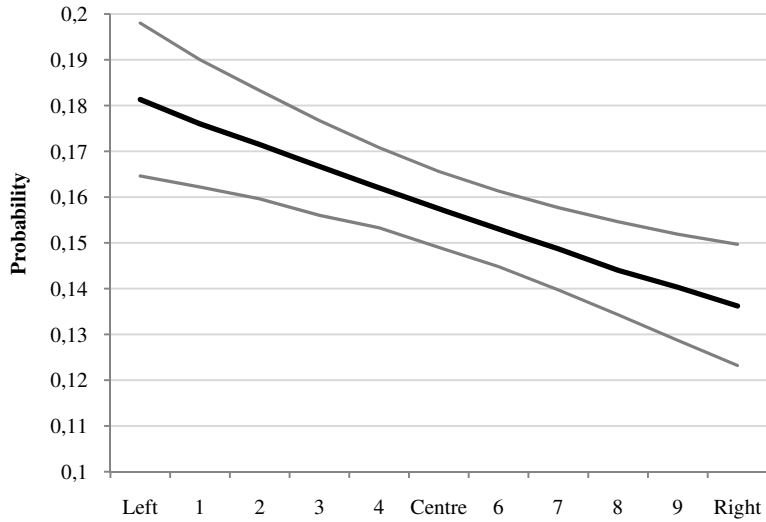
Note: Predicted probabilities of Model 1, Table 4.1 and 95% confidence intervals.

4.4. The influence of voters' attitudes towards social policies on vote choice

Until now, I have shown that ideology and self-interest influence citizens' attitudes towards welfare policies. I proved that to some extent these two factors have a significant impact on social policies salience: the left and recipients tend to find social policies more important. And, as mentioned early in this chapter, issue salience is a key condition of policy voting.

These findings are compatible with my first hypothesis. But we still need to know whether social policy evaluations are indeed correlated with citizens' vote decisions (hypothesis 2). This is precisely the aim of the last empirical section of this chapter. In

the following pages, I study whether social policies' evaluations have electoral implications. To advance the results, I find that those who consider that the government is doing a good job in the social policy area are more likely to vote for the incumbent.

Generally, the literature has paid particular attention to the role of the economy. Indeed, some authors have considered that the economy is more important than other types of political issues (Alvarez and Nagler 1998). However, this does not mean that other policy domains are not relevant at all; they may also influence the vote of some people, especially of those who consider them as salient. Here, using again the second wave of the CSES survey I study the case of social policies in the OECD democracies in the 2003-2006 period.

In Table 4.2, I include the estimates of random intercept multilevel models using two types of dependent variables. The two are dummy variables and take value 1 when respondents voted for the incumbent and value 0 when they voted for another party. But they differ in the definition of incumbent party: in Models 1 and 2 the incumbent is only the Prime Minister's (or President's) party. Conversely, in models 3 and 4, I consider that, in case of coalition governments, all parties in office are incumbent members. More detailed information about this dependent variable is provided in section 1.4 of Chapter 1 (data and methods).

The main independent variables included in the model are incumbent general performance, performance in the most important issue (both variables have four categories: very good, good, bad and very bad), the standard control variables in electoral studies: ideological closeness (in the traditional 0-10 left-right scale), party identification (with three categories: identified with the party in government –base category-, independent voter, and identified with any party of the opposition, political knowledge, education, gender and age.

Models 1 and 3 only allow me to study the effect of respondents' perceptions about the government performance in the most important issue regardless the nature of the issue. Yet, here I

am mainly interested in social policy performance. Hence, in Models 2 and 4 I also include the variable respondents' "most important issue" reduced in 5 broad categories: 1 "social policies" (base category), 2 "economy", 3 "foreign affairs/security", 4 "environment", 5 "other issues". The interaction between this variable and the variable "most important issue performance" will allow me to study the effect of government performance only among those who considered social policies as the most important issue.

Models 1 and 3 of Table 4.2 show that -after controlling for the variables stated above- government performance is strongly correlated with voting for the incumbent. The coefficients of Model 1 and Model 3 are very similar: the results do not depend on how we define incumbency. In both models, performance in the most salient issue has a significant effect on vote choice even after controlling for general performance. However, the influence of the former variable is significantly smaller than the latter. If we focus in Model 1, the coefficient of general performance (0.83) is considerably greater (and statistically significant at the 95% level) than the coefficient of performance on the most important issue (of 0.34).

I must point out that these two variables are highly correlated (0.63) as they both measure similar things. The post-estimation diagnostics show that this correlation is not a major cause of concern. The inclusion of the two variables does not generate any of the problems associated with multicollinearity. Moreover, the Variance Inflation Factors (VIF) scores of these two independent variables are below 2 in all models of this section, which means that they do not exhibit a significant degree of multicollinearity.

We shall consider that perceptions of general performance are partly conditioned by the evaluation of the most important issue. As mentioned above, people tend to be more attentive to salient issues and, as a consequence, they may use them to infer the overall government performance. If this is true, social policy salience would not only have a direct effect but also an indirect

Table 4.2 Social policy performance and vote choice in the OECD, 2001-2006

| | Head of the government only | | | | All parties in government | | | |
| | model 1 | | model 2 | | model 3 | | model 4 | |
(0=vote for the opposition; 1=vote for the incumbent)	Coeff.	S.E.	Coeff.	S.E.	Coeff.	S.E.	Coeff.	S.E.
Issue (economy)			0.34	(0.24)			0.65**	(0.24)
Issue (foreign/security)			-0.27	(0.26)			-0.16	(0.25)
Issue (environment)			-0.34	(0.66)			0.22	(0.67)
Issue (other)			-0.74**	(0.28)			-0.69**	(0.27)
Most important issue performance	0.34**	(0.04)	0.34**	(0.04)	0.33**	(0.04)	0.31**	(0.07)
Issue (economy) x performance			0.14	(0.09)			0.25**	(0.09)
Issue (foreign/sec.) x performance			-0.05	(0.09)			-0.04	(0.09)
Issue (environment) x performance			-0.19	(0.25)			-0.02	(0.23)
Issue (other) x performance			-0.20**	(0.09)			-0.19**	(0.9)
General government performance	0.83**	(0.04)	0.84**	(0.05)	0.88**	(0.04)	0.88**	(0.04)
Ideological distance	-0.23**	(0.01)	-0.24**	(0.01)	-0.25**	(0.01)	-0.25**	(0.01)
Party ID (independent)	-2.25**	(0.06)	-2.25**	(0.06)	-2.24**	(0.06)	-2.23**	(0.06)
Party ID (opposition)	-3.96**	(0.08)	-3.97**	(0.08)	-4.04**	(0.08)	-4.05**	(0.08)
Political knowledge	-0.01	(0.03)	-0.01	(0.03)	-0.05*	(0.03)	-0.02	(0.03)
Education	-0.05**	(0.01)	-0.04**	(0.01)	-0.02	(0.01)	-0.02	(0.01)
Gender (female)	0.09*	(0.05)	0.09*	(0.05)	0.06	(0.05)	0.05	(0.05)
Age	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)
_constant	5.01**	(0.21)	1.46**	(0.28)	5.54**	(0.21)	5.53**	(0.28)
num. Obs.	17136		17136		17136		17136	
num. Countries	21		21		21		21	

Note: Coefficients are maximum likelihood estimates. The standard errors are in brackets; * significant at the 95% level; ** significant at the 99% level.

one by influencing the general performance evaluation. If we leave this latter variable out of my models the coefficient associated to most important issue performance substantively increases (from 0.34 to 0.68 in case of Model 1).

In sum, Models 1 and 3 of Table 4.2 show that voters' evaluations of government performance on the most salient policy matter in general, but we need a better test to corroborate that it is still true when the salient issue is related with social policies. In order to do this, I effectuate the same models 1 and 3 of Table 4.2 but including an interaction between performance and a variable "issue" –voters' most important issue-, and I leave social policies as the base category. Hence, the main effect measures the electoral impact of government performance on social policies and the interactions measure whether the effects of the other four issue categories are statistically different from social policies.

The results of this new model find that social policies are also strongly correlated with the vote. The coefficient of social policies (of 0.33) is virtually identical as the one found in the previous model. In general, when deciding their vote, citizens tend to bring into consideration incumbent performance on the most important issue. Still, the effect of performance differs depending on which issue is considered as the most important one. The economy is the one that has the highest impact on vote choice. The coefficient associated to economic performance in Model 4 is 0.56 and it is significantly higher than the coefficients associated to the remaining four issue categories. [16] The effect of the economy is only significantly different from social policies in model 4 (all parties in coalition). Conversely, the differences between social policies and the economy disappear in model 2 (Prime Minister' party only).

In sum, these results seem to indicate the supremacy of the economy vis-á-vis other policies. A general explanation in the literature about why the economy has a greater influence on vote

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[16] The coefficient of the economy is the result of the principal effect (0.31) and the interaction term associated to the economy (0.25).

choice compared to other issues has been that citizens tend to consider it as more important. However, the results of Table 4.2 seem to indicate that the economy remains the most influential issue even when we compare among other salient issues. Hence, the pre-eminence of the economy highlighted by the literature cannot only be explained by the fact that it is considered as the most important issue by a higher amount of people (as shown in Section 2 of this chapter). There must be other factors out of its salience that make the economy more influential than the remaining political issues. Yet, the study of the reasons why the economy is, among all salient issues, the most correlated with vote choice falls beyond the scope of this chapter.

Social policy performance has the second highest coefficient among the five issue categories included in the model, but its coefficient is not significantly higher than performance on security/foreign affairs and on environmental issues. The effect of social policies performance is only statistically greater than the coefficient associated to "other policies" performance (at $p<0.05$ level).

Figure 4.5 shows the predicted probabilities of voting for the incumbent by policy performance (using Model 2).[17] The figure shows that all issues follow the expected positive trend, but as I already mentioned, the effect of the economy is slightly greater than social policies and significantly greater than the remaining three issue categories.[18] The differences are smaller when voters have a negative evaluation, but they increase when evaluations become more positive. In fact, the predicted probabilities of the economy and social policies are only different from a statistical point of view when voters consider that the government has performed a good or very good job.

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[17] I keep the remaining variables at their mean.
[18] I do not include the confidence intervals to make the figure more readable.

Figure 4.5. Government performance in the most salient issue and vote choice
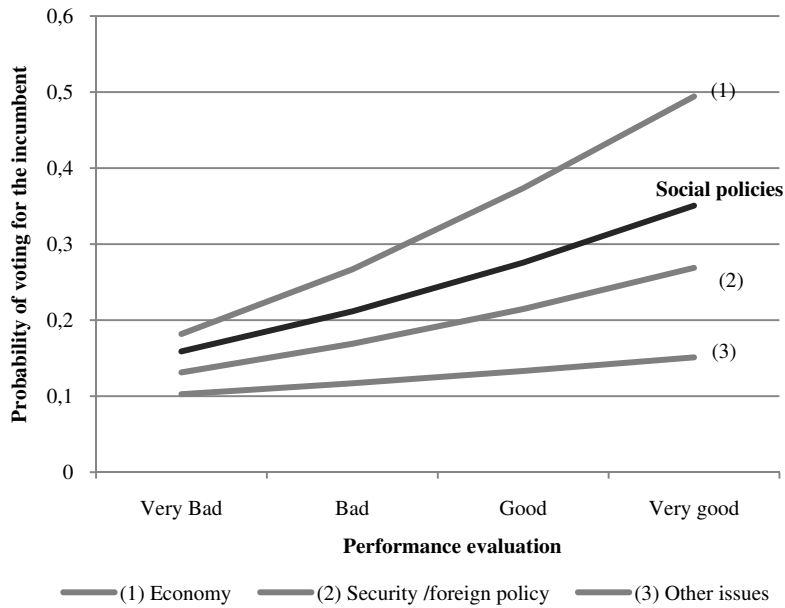
Note: Predicted probabilities of Model 2, Table 4.2.

In sum, when deciding whether to punish or reward the incumbent, citizens take into consideration government performance in the most salient issue. It does not matter which issue is reported as the most important, all of them -including social policies- are influential (although there are some significant differences between them). Once voters consider an issue important, the government's action on this issue becomes relevant when deciding their vote.

The statistical models of Table 4.2 indicate that social policy performance has a relevant impact on vote choice, but its influence may also be conditioned by the salience of these policies in the supply side of the political market: the political parties. The cross-country differences showed in the third section of this chapter may

play a relevant role: the effect of social policies may be stronger in those settings where parties put more emphasis and are more polarized over these policies. The latter factor is especially relevant if we take the selection voting point of view. Indeed, when selecting among different political alternatives, individuals can only take policies into account when parties provide information about their policy positions as well as when these positions are divergent.[19]

In this chapter I am less concerned about the political implications of social policy salience among political parties. The main objective is to corroborate some of the causal mechanisms by which self-interest and ideology mediate the relation between social policies and vote choice. Despite this, I provide more information about this point in the annex of this chapter, where I briefly study the implications of (i) social policy salience in party manifestos and (ii) party polarization over this issue. To summarize the results, the analysis of the annex does not provide evidence that these two factors mediate the relation between social policy evaluations and vote choice. The electoral impact of the evaluations of social policy performance does not depend on the salience of social policies in party manifestos nor on party polarization over these policies.[20]

4.5. Conclusions

The aim of this chapter was to find evidence of the empirical validity of some of the mechanisms by which ideology and self-interest condition the electoral impact of social policies. In the above pages, I showed that the left and recipients are more likely

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[19] Recent investigations have shown the relevance of party polarization for policy voting. Green and Hobolt (2008) for the British case and Ensley (2007) for the American one demonstrated that the relation between ideology and vote choice increases as the candidates diverge ideologically.

[20] See annex for more details.

to find these policies as the most salient ones. Since the social policies category included a heterogeneous set of policies, it has been difficult to find good proxies for self-interest. Such proxies (i.e. family income and a combination of age and being retired) only turn out to be statistically significant if we exclude education from the social policy category.

Issue salience is an important condition of policy voting according to the literature. Certainly, social policies are especially influential among those voters who find them salient. The last section of the chapter I provided some evidence that the evaluations about government performance on social policies have an electoral impact among the electorate who find them salient.

In sum, the findings of this chapter, together with the ones of Chapter 3, are compatible with my expectations: there is some evidence that ideology and self-interest are important factors behind citizens' attitudes towards social policies. The implication of these findings is that, by expanding social spending, governments can attract the support of the left and welfare recipients. This is precisely the main research question of this dissertation, but, until now, I only tested the causal mechanisms behind this hypothesis. Once we have found some evidence supporting these mechanisms, in the following chapters I move on to investigate whether social spending does indeed have an impact on the vote. This chapter represents a first step towards this objective, since it shows that social policy performance evaluations are, in fact, correlated with vote choice. But in the following chapter, I study the electoral impact of policy outcomes (measured with public spending) and not citizens' evaluations of these outcomes. The problem of evaluations is they are partially endogenous to vote choice and the best strategy to solve this problem of endogeneity is to switch the study from perceptions to actual spending.

This is precisely the task of the next chapter, which is dedicated to study the electoral impact of old-age pension spending in most OECD democracies. In the following pages, I test whether increases in pension spending are associated to a

higher likelihood to vote for the incumbent among pensioners and left-wing voters.

CHAPTER 5. OLD-AGE PENSION SPENDING AND VOTE CHOICE IN THE OECD

5.1. Introduction

The distribution of the public resources through transfers and grants constitutes an opportunity for governments to claim credit among their recipients (Mayhew 1974). As a consequence, governments are sometimes tempted to manipulate the budget and expand public transfers in election years in order to obtain an electoral advantage (Tufte 1978). In the introduction of this dissertation I discussed an example of this type of political business cycles: the increase of public pensions as a vote-seeking strategy in the Spanish region of Andalusia. In fact, this has not been a region-specific issue; the Spanish national political parties have frequently tried to gain the vote of the older electorate by promising pension increases just before the elections. For instance, in the last 2008 Spanish general elections, public pensions became again an important issue in the electoral campaign. The Spanish Prime Minister, the Socialist José Luís Rodríguez Zapatero, announced an increase of the lowest pension benefits and the devolution of 400 Euros to all workers and pensioners few months before the elections. Some newspapers and the main opposition parties described the measure as a "clear vote-seeking strategy" which contradicted an earlier President's promise of not increasing public pensions in election years.[1] This commitment precisely

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[1] El Mundo 3/9/2007.

aimed to prevent the government from the usual strategic and opportunistic increase of public transfers in pre-election periods. The Prime Minster responded to these attacks arguing that: "nobody can think that it is possible to buy the vote of any Spanish citizen".[2]

The candidate of the main opposition party, the conservative Mariano Rajoy responded to these governmental initiatives by also announcing similar increases in the benefits of the pensioners. Again, some journalists considered it as a vote-seeking measure. For instance, the Spanish leading newspaper *El País* argued that: "Mariano Rajoy addressed to one million and a half pensioners (...) to ask their vote in exchange of the monthly increase of 150 euros in their benefits".[3]

In all, the Spanish politicians seemed to be very confident about the influence of public pensions in the elections. In this chapter I test this assumption and, following the hypotheses of Chapter 2, I study whether incumbents can gain the vote of the retired and the left-wing electorate by increasing the spending in old-age pensions. I do not only study the Spanish case; I also include in the analysis most of the remaining OECD countries. This chapter tests the validity of the hypothesis of self-interest by studying whether retired voters are more likely to vote for the incumbent party (or parties in case of coalition governments) in those settings where pension spending has increased more during the past years. It also studies the electoral reaction of ideological voters. According to the hypothesis presented in Chapter 2, social spending has also an influence on left-wing voters even when they are not recipients. The chapter shows that pension policy is particularly influential among both the retired and the leftist electorate.

Pension policy is a particularly valuable case study for both technical and substantive reasons. First, the self-interested electorate is easy to identify in surveys. Although the elderly

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[2] El Mundo 29/01/2008.
[3] El País, 13/12/2007.

population is the main beneficiary of many other important social services such as health care, these policies are also targeted to citizens of all ages who are in need. Contrarily, old-age pensions only benefit a specific age group –namely, the elderly retirees- and this allows us to easily discriminate recipients from non-recipients in electoral surveys. Indeed, most surveys specify whether respondents are still working or they are retired and the number of retirees is big enough to comfortably apply statistical analysis. This is also true for the CSES (Comparative Study of Electoral Systems) survey, which includes most OECD democracies.

A more substantive argument for studying the electoral effect of public pensions is that the economy of a big portion of the elderly population strongly depends on these transfers. Old-age pensions represent on average almost 6 percent of the GDP in OECD countries and they are generally the main source of recipients' income (Campbell 2003b). Hence, if citizens vote with their pocketbooks, public pensions are very likely to influence the vote of the elderly electorate.

The chapter have four sections. First, I summarize the existing literature on the electoral behaviour of the elderly and I introduce the hypothesis of the chapter. The main theoretical foundations of these hypotheses are, however, developed in Chapter 2. In the second section I describe the data, methods and statistical models used in the chapter. The results are presented in the Section 3 and I end the chapter with some concluding remarks.

5.2. Literature and hypotheses

The literature on voting behaviour has traditionally not paid much attention to the elderly electorate as an independent constituency. Yet, the interest in age politics has increased in the last years due to the confluence of two different phenomena: (i) the accelerating pace of population aging and (ii) the increasing involvement of the elderly population in political activities, especially in electoral turnout. Older people were traditionally

considered to be less active in politics than their younger counterparts, especially due to their higher levels of social disengagement.[4] Yet, more recent research has reached opposite conclusions. Now, some investigations conclude that elderly citizens are nowadays more interested in politics than the remaining age groups, even after controlling by some other important variables such as education or income. They also tend to participate in elections in the same, or even higher, proportion than their younger counterparts (McManus 1996, Campbell 2003a, Berglund 2006). The rapid increase of the elderly population jointly with their stronger political involvement have been interpreted by some social scientists (and journalists) as the emergence of a new "grey power", progressively influential in domestic politics.

However, the political relevance of the older electorate is conditioned on showing a differential electoral behaviour. And most gerontologists conclude that older people do not constitute a cohesive and organized political group with a distinctive political behaviour. They argue that the elderly population is divided along the same political cleavages and factors as the rest of the society and that they vote in a similar way as the remaining electorate.[5]

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[4] The well known Elaine Cumming and William Henry´s *Growing Old* book popularised the "disengagement theory" that postulates that old people are less involved in public affairs and more concerned about themselves (1961:14). This minor involvement of elderly citizens in the social sphere also implies lower levels of political interest and political participation.

[5] See, for instance, Binstock (1997 and 2006) for the 1996 and 2004 American Presidential elections. Yet, Binstock's analysis is rather unsophisticated since his argument is only supported by a simple comparison of percentages, without taking any control variables into consideration. The conclusions might substantially change if the relevant control variables (such as ideology or party identification) are included in his analysis. To put an example, imagine a country where the older electorate tends to have more conservative values. If we find that the elderly vote for the Conservative Party in the same extent as the

There are some exceptions, though. Even admitting that the interests and attitudes among the elderly population is heterogeneous, there is evidence indicating that age is correlated with conservatism.[6] The literature mainly studies the effect of age on conservative values, but it is plausible to conclude that this different attitudinal pattern in older ages is translated to a higher propensity to vote for the conservative or right-wing parties.

Some authors have also found that older people tend to have stronger party identification and a higher preference for big and established political parties –regardless their ideology. This theory was introduced by the Campbell *et al.*'s *American Voter* (1960) and developed afterwards by Converse (1969). The causal mechanism, however, is not age itself but the length that a voter has held his partisan attachment. Hence, the age-partisanship relation would only emerge in democracies with enduring party systems, where voters are exposed to the same political parties during their life course.

In sum, the literature seems to recognize that the elderly is a heterogeneous electorate whose group sentiments like social class or religious pertinence are not essentially different from the remaining population. Besides, even when we find some differences between older and younger cohorts in their ideology or party identification, it is not clear that age is the explanation of such differences. Some age differences are not caused by age-related factors but they rather reflect generational differences.[7] The lack of sense of community among the elderly population, led

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remaining population, we will probably conclude that, after controlling for political attitudes, the elderly population is less prone to vote for the Conservatives.

[6] There is much less consensus on its explanation: some argue that it is primarily an age effect because attitudes become less susceptible to change with people's age (see Glenn 1974); others consider that it is primarily to a cohort effect because newer generations tend to be more libertarian than the older ones (Tilley 2005).

[7] Cross-sectional data is not suitable for disentangling age effects from cohort effects; to do so, it is necessary to employ longitudinal data.

some authors to conclude about old-age politics: "large numbers but small influence" (Walker and Naegele 1999).

The literature has focused on whether age mediates the effect of certain traditional long-term variables such as ideology or party identification, but it has not given a convincing answer about the influence of more short-term forces such as issues and policies. If we assume that all age groups are somewhat self-interested and take government performance into account when they vote, we may easily conclude that policies mobilize different age constituencies depending on who benefits from them: public housing policies may generally attract the emancipating young electorate, childcare services may especially influence the middle-aged parents, and old-age pensions may mobilize the elderly electorate. Indeed, if pocketbook voting exists, elderly people would have different incentives when voting even when they are not consciously organized as a distinctive political group or lobby. The above research fail to recognize that there is still room for a decentralized "grey power" even when the elderly does not follow a coordinated agenda. Old-age policies and especially Social Security transfers may be an important issue for elderly retired voters as it directly affects their pocketbooks. In fact, Andrea Campbell showed that the growth in Social Security spending during last decades in the US has been translated into higher levels of political participation among the older electorate. In Campbell's words: "as seniors' wellbeing is ever more closely tied to government action we might expect them to be more engaged with politics and more likely to participate" (2003a: 35). Following this argument, Campbell also found that elderly people participate more in politics when spending cutback threats appear (2003b).[8] If the elderly population intensify their contacts with congressmen when their interests are in stake, it is also possible that they would

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[8] The empirical evidence for Campbell's conclusions is based in the first years of Ronald Reagan's presidency in the US, which it is precisely the period that I study in Chapter 6.

finally decide to punish the incumbent when their interests are damaged.

This chapter does not intend to prove the existence of an organized "grey power" that pressures governments to satisfy the interests of the elderly. Instead, my claim is that different age groups have different interests in public policies, and that public pension policies mobilize the elderly electorate even when they have not a sense of a cohesive group with common interests.

I must point out that this claim is supported by two necessary conditions: voters must think retrospectively (Key 1966, Kramer 1971) and they must take their pocketbooks into account when they decide their vote. However, as I have already mentioned in previous chapters most economic voting scholars do not agree that self-interest play a major role. Kinder and Kiewet (1981), Fiorina (1981) and posterior investigations refuted the belief that people's political preferences were influenced by their personal economic circumstances and claimed that they were better explained by the national economic performance. Consequently, these authors concluded that voters were more motivated by sociotropic attitudes than by self-interested or pocketbook-based ones.

Some political scientists suggested that a possible explanation to account for the lack of relation between personal finances and vote choice is that voters do not generally blame the government for their economic situation (Brody and Sniderman 1977, Abramowitz *et al*. 1988). As Abramowitz *et al*. (1988) suggested: "citizens who attribute responsibility for their situation to purely personal factors such as changes in job or family circumstances (...) do not translate such chances into political evaluations"(p.849). Indeed, citizens' finances generally come from their participation in the labour market and voters not always find convincing arguments to connect their economic well-being to government's policies. Hence, the fact that one's personal economic situation is a poor predictor of vote choice does not directly mean that voters are not motivated by self-interested arguments. It is possible that the causal attribution of

responsibility mediates voters' pocketbooks and their political behaviour.

Citizens –such as pensioners- whose income is mainly based on public benefits may more easily make the government responsible for their personal economic situation. Since the government's responsibility is clearer, pocketbook voting is more likely to emerge. Hence, there is still room for the existence of a relation between government transfers and recipients support. My expectation that elderly voters are particularly responsive to pension policy is supported by the findings of the two previous chapters where I found that the elderly electorate is more likely to support increases in pension spending and more likely to consider them the most salient issue in the elections.

In sum, we still do not have much evidence to respond the following question: do public pension recipients make governments accountable for the evolution of their benefits? This is precisely what I investigate in this chapter by studying in a comparative perspective the effect of pension's policy on elderly retired voters. In particular, this section studies two different hypotheses:

> **H1:** Government support among the elderly is higher in those settings where old age pensions are more generous.

This first hypothesis claims that governments can take credit from the benefit checks they sign even when they are only maintaining the status quo. It may be reasonable to think that pensioners have no rational reasons for being grateful to the government who simply maintain the quantity of their entitlements. But there is evidence that governments perform better in the constituencies with higher levels of public spending even when that spending comes from old policies created by previous governments (Alvarez and Saving 1997). From this point of view, the electorate only cares about who signs the transfer check. In the empirical part I test this hypothesis by studying

whether the incumbent support among retired voters is affected by the generosity of the public pension system.

> **H2:** Government support among the elderly is higher in settings where government has increased the pension spending in the previous legislative period.

This is the general view of retrospective voting literature, which claims that voters hold governments accountable for past performance. Contrarily to the previous hypothesis, pensioners do not evaluate the government for the level of spending they inherited from previous administrations; they only take into account the policy outcomes during the last mandate.

In chapter two I introduced the hypothesis that the effect of policies is conditioned on voters' partisanship. Not all welfare recipients would react to the same way when government decides to increase their benefits. The self-serving bias effect of partisanship I described in the theoretical chapter implies that voters not identified with the party in government may seek arguments in order to avoid giving credit to the incumbent when their benefits are increased. Hence, the effect of welfare spending is cushioned by party identification. In this section I study the following hypothesis:

> **H3:** The effect of public pension's spending growth is mediated by party identification: the influence of spending growth is higher among retirees identified with the government than among those identified with other parties.

In the final part of the empirical section of the chapter I study how pension spending influences the vote of the left-wing electorate. In chapter two I explained that one of the distinctive characteristics of social policies is that they can attract both policy recipients and the (non-recipient) leftist electorate. This latter group usually have a preference for a more equal society and for a big Welfare State even when they are not the main beneficiaries. In this chapter I hypothesize that the support of the incumbent

party among the leftist electorate is conditioned on pension spending growth. In the previous chapters I found that ideology explains citizens' preferences for social spending including old age pensions. I also found that social related policies are more salient among left-wing voters. All these previous findings indicate that ideology is strongly correlated with citizens' attitudes towards social policies and they support my expectation that the leftist electorate take pension spending policy into account when they vote. In sum, the fourth hypothesis of the chapter is the following:

> **H4:** The government support among the left-wing electorate is higher in settings where pension spending had increased more during the previous years of the elections. I expect that pension's growth is more important for leftist voters.

5.3. Data, variables and methods

In this chapter, I use the waves I and II of the CSES (Comparative Study of Electoral Systems) project, which contain comparable electoral data across different democracies. This survey includes respondents' socio-demographic characteristics, political attitudes and electoral behaviour. Hence, it provides the necessary information for my individual-level variables. I use OECD data for the contextual level variables. In total, the data I use in the empirical part comprise 37 election years in 21 OECD democracies.[9]

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[9] The elections included are 37: Australia (1996, 2004), Belgium (1999), Canada (1997, 2004), Czech Republic (1996, 2002), Germany (1998, 2002), Spain (1996, 2000, 2004), Finland (2003), France (2002), UK (1997, 2005), Hungary (1998, 2002), Italy (2006), Ireland (2002), Japan (1996, 2004), Korea (2000,2004), Mexico (2000), Netherlands (1998, 2002), Norway (1997, 2001), New Zealand (1996, 2002), Poland (1997), Portugal (2002, 2005) Sweden (1998, 2002) and US (2004). Denmark and Iceland are not part of the multilevel models because they

The *dependent variable* is the same as the one used in the previous chapter. It is a dichotomous variable that takes value 1 when respondents voted for the incumbent party in the past general elections and value 0 when they voted for one of the remaining parties. As I mentioned before, the incumbent party is easier to specify in presidential systems –i.e. the President's party- but it is less clear in parliamentarian democracies where coalition governments are possible. In this chapter I have to make the assumptions that I discussed in the introductory chapter. In particular, I identify my dependent variable in two different ways: the first assumes that only the head of the government is accountable for governmental performance and second assumes that all parties in government are equally rewarded or punished.

Individual level independent variables: The CSES surveys include respondents' labour situation. I use this item to measure the main individual-level independent variable: a dichotomous variable that takes value 1 when respondents declare to be retired and value 0 otherwise. I exclude retired respondents below retirement age (only the 4% of this group) because they are not entitled to receive old- age pensions.[10] The main disadvantage of these data is that I cannot discriminate the retired people who receive a public pension from those who do not. Although the variable "retired" is only a proxy for old-age pensioner, public

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do not have the political information item in their survey. However, the exclusion of political information from the models (and, therefore, letting Denmark and Iceland be part of the sample) does not change significantly the results. I do not include Belgium 2003 and US 1996 because their surveys do not do have the political parties' ideology. Finally, Slovenia, although it formally became an OECD member, the organization still does not provide data on pensions and social spending in its databases.

[10] Younger retirees may receive other type of public pensions, such as the disability benefits or, in some countries, the war veterans' ones. None of them are taken into consideration in this chapter.

pension coverage rates[11] in developed countries are very high (above 90 percent) or even universal (Scruggs 2005). There are some relevant cross-country variations that must be acknowledged: for instance, while in Australia the coverage rate is almost 70 percent, the Scandinavian countries have attained something approaching the universal take-up (Scruggs 2006:306). Despite these cross-country variations, this is the best proxy variable of being in receipt of an old-age pension in the CSES survey.

In this chapter I also measure self-interest by combining age and being retired in a 5-category variable (1 "from 18 to 35", 2 "from 36 to 45", 3 "from 46 to 55", 4 "more than 55 and not retired", and 5 "more than 55 and retired"). I expect this latter category to be more responsive to pension growth than the remaining categories.

I include the following independent variables to control for alternative hypotheses that may account for the higher likelihood of retired people to vote for the government:

(1) I already explained early in this chapter that some authors consider that the elderly electorate shows some different attitudinal patterns. First, there is evidence that older voters tend to be more conservative. In order to control for this I include the *Downsian ideological closeness*[12] to the incumbent party (using the traditional 10 point left-right scale). Secondly, party identification is stronger among the elderly electorate and, therefore, I expect them to be more influenced by partisanship when they vote. In the models of this chapter I control for *party*

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[11] The pension coverage rate is the portion of people above official retirement age who receive a public pension.

[12] Specifically, the variable is:

$$ideol._\_closeness_{p,i} = abs(party\_ideol._{p,i} - individual\_ideol._i),$$

where *party_ideol.* is the ideology of the party *p* (the Prime Minister's) in a 0/10 scale according to individual *i* and *individual_ideol* is the ideology of individual *i* in the same scale. In the case of coalition governments I include the average ideological closeness.

identification (1=identification with the incumbent party – following the same criteria as the dependent variable's-, 2=identification with another party 3=independent). These two control variables are also the main two standard determinants of vote choice in the electoral research.

(2) Older people may be more likely to support the incumbent because of their higher aversion to changes. The beliefs of the elderly population are more resistant to change and they probably have a higher preference for stable social environments. Supporting the status quo (and, therefore voting for the incumbent party) may be a sensitive option for the older electorate. As a result, the incumbency voting may increase with age. If this is true, retired people may show a pro-incumbency preference because of age effects and not because of being public transfer recipients. Hence, I include respondents' *age* as a control variable. This variable is strongly correlated with *retired* (0.6) but this does not seem to cause multicollinearly problems in the statistical models of this chapter.

(3) A third hypothesis is that retired people have the attributes of the electorate who traditionally uses the incumbency as a voting cue. According to Bartels (1996), uninformed voters have a higher inclination to vote for the incumbent party. His study of the US Congressional elections indicates that incumbents would obtain, on average, 5 percentage points less if all voters were fully informed. Hence, Bartels consider that incumbency vote is a simple voting rule for citizens with insufficient information to evaluate government policies or compare the different political platforms. This idea is consistent with the existing evidence about the importance of information for economic voting (Duch 2001).

I include two control variables related with this hypothesis: education (an ordinal variable, from 1 to 8) and a political knowledge scale. The CSES survey measures respondents' political knowledge by including three questions about different political issues. These variables take value 1 when respondents' give a correct answer and 0 otherwise. I have constructed a *political knowledge* index where 1 means that the respondent did

not give any correct answer and 4 means that all answers were correct. This may be a potential explanation of an incumbency bias among retired voters because, on average, they are less educated than the rest of the population (see Figure 5.1). Age differences in political information are much less pronounced. Although Figure 5.1 shows a curvilinear trend, there are no statistical differences between retired and non-retired political information. Despite this, the models of this chapter include both education and political information as control variables to account for the Bartels alternative hypothesis.

Figure 5.1. Education and political knowledge by age in CSES surveys
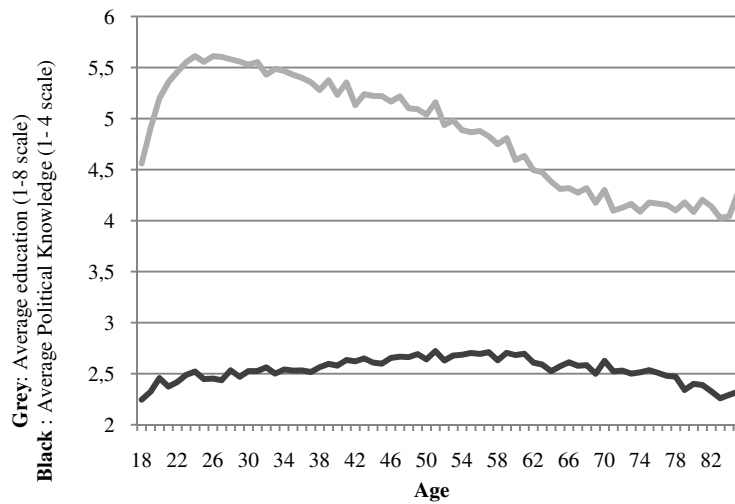
Source: CSES surveys.

Contextual level independent variables: In this chapter I study how contextual factors mediate the relation between individual

level variables. The contextual variables in this section are related with public pension policy. I include two different variables using OECD data: the first measures the generosity of the old age pension system and the second measures pension growth.

There are two different ways to measure pension generosity: pension replacement rates,[13] and level of spending on pensions. Although the variable that best captures the generosity of a pension system is the replacement rates, they describe the benefits of prospective pensioners. Unfortunately, OECD does not provide data about the current pensioners' replacement rates. Hence, in my models I rely in the second variable, the level of spending (as % of GDP).

I use public spending data to measure *pension growth*, the second contextual independent variable. Specifically, the variable is the mean annual increase (in %) in pension spending per elder (older than 65) at constant prices during the legislature. Clayton and Pontusson (1998) argued that the use of government spending as a proxy for "welfare effort" requires the control for some factors that automatically generates spending increases. In the public pension's case, I shall control for two factors: the automatic price indexation and the increase of the retired population. First, most OECD countries had implemented automatic indexation rules (Vording and Goudswaard 1997) that increase pensions only in nominal terms, but in this paper I am only interested in real increases.[14] Secondly, the population ageing trends are not homogenous across countries. For instance, while in Australia and Japan the number of citizens over 65 increased about 3 percent annually in the 1995-2000 period, this percentage did not reach 1 percent in UK, France or Belgium. I divide pension spending by

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[13] The replacement rates are the expected benefit for a full career of a worker in private sector entering at labour market at the age of 20. The OECD organization provides the replacement rates for different income groups in its periodical reports "Pensions at a Glance".

[14] Some countries, link the increase of pension benefits to the evolution of wages instead of prices which may lead to increases in real terms.

the number of elderly population in order to deduct the spending growth derived from the increase of the number of pensioners.

In this chapter I do not take into account the wide variety of public pension systems in the OECD countries and its potential implications for my hypotheses. Indeed, the chapter is built on the assumption that public spending on old-age pensions has a similar effect on self-interested and ideological constituencies regardless of the particular institutional design of the pension system. For instance, some pension systems have a more generous redistributive pillar than others; or some of them are more linked to previous contributions than others.[15]

Yet, it is possible that the different institutional designs have an influence on the hypotheses tested in this chapter. For instance, pensioners would be more responsive to old-age pensions spending in settings where pension generosity is higher and pensioners' income is more dependent on these public transfers. Also, not all pension systems have the same impact on the core values of the left-right ideology, such as equality or solidarity. Thus it is possible that the effect of ideology is stronger in those systems where old-age pension policy has a higher redistributive impact. Still, in previous chapters I have already argued that left-wing individuals have a stronger preference for all types of social policies regardless of their level of redistribution (see Chapter 3). This is probably because individuals tend to regard all social policies as different pieces of the same project (i.e. welfare state development). Although we cannot rule out the possibility of some variation in the effect of ideology across the different pension systems, we shall expect the left to be more prone to rewarding

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[15] See the OECD's 'Pensions at a Glance' reports (OECD, 2004, 2005, 2007 and 2009) for a simplified taxonomy of pension systems in developed democracies. Their classification is based on three pillars: (i) the mandatory redistributive pillar, which provides pensioners with a minimum standard of living and prevents poverty in old age; (ii) the mandatory saving pillar, which is linked to previous contributions and (iii) the voluntary pillar.

pension increases as long as they regard this policy as an important piece of the welfare state.

The multilevel model: According to the three first hypotheses, the likelihood of retired people to vote for the incumbent party is mediated by the different pension policy variables described above. Hence, I am hypothesizing an interactive effect between contextual (pensions) and individual (retired) variables. The cross-level interaction model can be expressed as follows:

level-one model

$$\log\left(\frac{p_{ij}}{1-p_{ij}}\right) = \beta_{0j} + \beta_{1j} retired_{ij} + \sum_{q=2}^{Q} \beta_{qj} x_{qij} \tag{1}$$

where

$$p_{ij} = \Pr\left(incumbent\_vote_{ij} = 1\right)$$

level-two model

$$\beta_{0j} = \gamma_{00} + \gamma_{01}\left(pensions\_growth\right)_j + \gamma_{02}\left(pensions\_spending\right)_j \tag{2}$$
$$+u_{0j}$$

$$\beta_{1j} = \gamma_{10} + \gamma_{11}\left(pensions\_growth\right)_j + \gamma_{12}\left(pensions\_spending\right)_j$$
$$+u_{1j} \tag{3}$$

The term p_{ij} is the probability of voting for the incumbent for the individual i in the elections j. The dependent variable of the binary logistic model is the log of the odds of voting for the incumbent and the individual level model is expressed in equation 2. I let β_{0j} and β_{1j} be a random coefficients and I include the level two models in equations 3 and 4, where γ_{0q} and γ_{1q} are the fixed effects of the model and u_{0j} and u_{1j}, the variance components. I am especially interested in estimating γ_{1q}, which

represent the cross-level interactions between pension policy indicators and the variable *retired*.[16]

The above model is suitable to test the hypotheses 1 and 2. For studying my third hypothesis I only need to include an interaction term between the variables *party identification* and *retired*. However, the fourth and fifth hypotheses require a different multilevel model specification in order to include some new variables related with respondents' and governments' ideology. The new model for this hypothesis is the following:

level-one model

$$\log\left(\frac{p_{ij}}{1-p_{ij}}\right) = \beta_{0j} + \beta_{1j}ideol_{ij} + \sum_{q=2}^{Q}\beta_{qj}x_{qij} \qquad (4)$$

where

$$p_{ij} = \Pr\left(incumbent\_vote_{ij} = 1\right)$$

level-two model

$$\beta_{0j} = \gamma_{00} + \gamma_{01}\left(pensions\_growth\right)_j + \gamma_{02}\left(government\_ideol\right)_j + u_{0j} \quad (5)$$

$$\beta_{1j} = \gamma_{10} + \gamma_{11}\left(pensions\_growth\right)_j + \gamma_{12}\left(government\_ideol.\right)_j + u_{1j} \quad (6)$$

The main difference of this new model is that I include individuals' left-right ideological scale in the model. [17] I also

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[16] The full model can be expressed by substituting β_{0j} and β_{1j} of the equation 2 and 3 into the equation 1:

$$\log\left(\frac{p_{ij}}{1-p_{ij}}\right) = \gamma_{00} + \gamma_{10}\left(retired\right)_{ij} + \sum_{q=2}^{Q}\beta_{qj}x_{qij} + \gamma_{01}\left(pensions\_growth\right)_j + \gamma_{03}\left(pensions\_spending\right)_j$$

$$+\gamma_{11}\left(pensions\_growth\right)_j\left(retired\right)_{ij} + \gamma_{13}\left(pensions\_spending\right)_j\left(retired\right)_{ij} + u_{1j}\left(retired\right)_{ij} + u_{0j}$$

[17] The full model can be expressed by substituting β_{0j} and β_{1j} of the equation 5 and 6 into the equation 4:

include a new level-2 variable that measures the ideology of the government.[18]

5.4. Results

As Paul Pierson (1996) argued, social spending tends to be highly stable because of the electoral costs of welfare retrenchment. Indeed, as I have seen in Chapter 3 public pension spending is generally very popular in OECD countries. In most them, the support for cutbacks in pensions do not exceed the 5 percent and only in France and Canada it reaches the 10 percent.

Figure 5.2 shows the evolution of public pension spending (per elderly and at constant prices) in the OECD countries included in this chapter and it corroborates that in most countries the trend is positive (with annual increase of 2.4 percent on average). The increase in pension spending is particularly pronounced in Korea, Mexico, Portugal, Poland and Japan. The annual increase of these countries during the period 1990-2003 was between 5-15 percent. Cuts in pension spending are rather exceptional and only New Zealand shows a negative trend during most of the period. Hence, I have a sample problem due to the small variation of my main independent variable in its negative values. This may affect the precision of the coefficient estimate associated to this variable. As welfare cutbacks occur occasionally, a good alternative research strategy is to focus on key cases like the neoliberal experiences in the United States or United Kingdom during the 1980s. I follow this strategy in the

$$\log\left(\frac{p_{ij}}{1-p_{ij}}\right) = \gamma_{00} + \gamma_{10}\left(ideol.\right)_{ij} + \sum_{q=2}^{Q}\beta_{qj}x_{qij} + \gamma_{01}\left(pensions\_growth\right)_j + \gamma_{03}\left(government\_ideol.\right)_j$$

$$+\gamma_{11}\left(pensions\_growth\right)_j\left(ideol.\right)_{ij} + \gamma_{13}\left(government\_growth\right)_j\left(ideol.\right)_{ij} + u_{1j}\left(ideol.\right)_{ij} + u_{0j}$$

[18] This variable is the average of the individuals' perception of the ideological position of the party (or parties) in the government.

next chapter studying first years of the Ronald Reagan Presidency in the US (1980-1982).

Figure 5.2. Old-age pension cumulative annual growth in OECD countries (1991-2003)
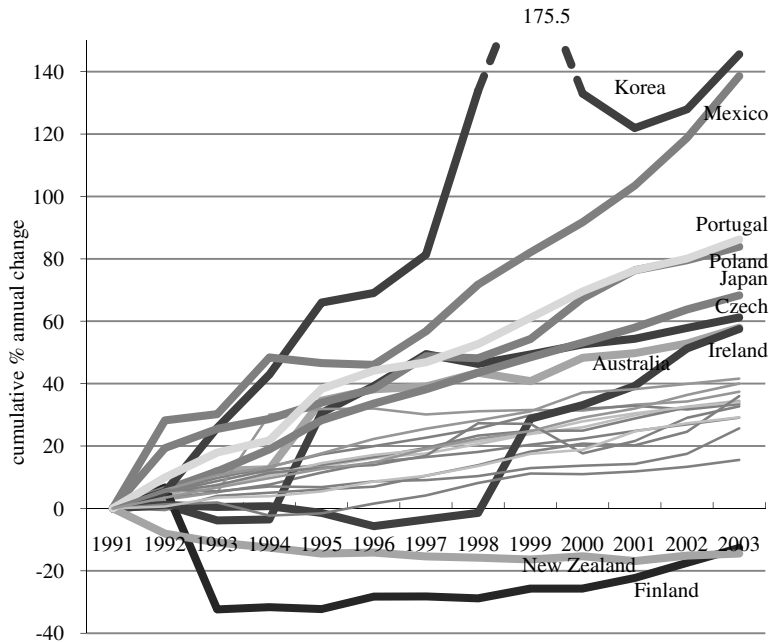
Source: OECD.

5.4.1. Public pensions and the vote of the retired electorate

The first objective of this empirical section is to validate that government spending on public pensions is a relevant issue for retired people when they decide their vote. Table 5.1 shows the multilevel logit regression estimates that test the two first hypotheses of the chapter. The dependent variable of these models takes value 1 when the respondent voted for the incumbent and

value 0 otherwise. But I have characterised the incumbent party or parties in two different ways: in Models A, the incumbent is only the Prime Minister's party and in models B I change the definition of incumbency and I include all parties in the coalition. As argued previously, the still developing evidence on accountability within coalition governments seems to support the idea that voters generally hold the Prime Minister's party responsible for the government record (Urquizu, 2008). Hence, I expect Models A to perform better than Models B.

Models 1 and 2 only include the individual-level variables; the contextual variables are introduced in Models 3 to 5. The coefficient of the variable *retired* is positive in the model with no controls and statistically significant at a $p < 0.01$ level. Yet, the effect of being retired is rather small. The probability of voting for the incumbent party among retired people in model A1 is only 0.02 greater than the rest of the population.

Once I include the individual-level control variables, the coefficient *retired* becomes statistically insignificant in both Models A and B (see A2 and B2). On average, being retired is not related with voting for the government, but I still need to include the aggregate level variables to study whether retired voters react differently depending on the evolution of public pension spending.

All control variables included in these second models show the expected sign. The variables *ideological closeness* and *party identification* are strongly significant in the expected direction. The coefficients of *education* and *political knowledge* are also compatible with Bartels' hypothesis that people less informed in politics are more likely to vote for the incumbent party. The variable political knowledge is not statistically significant in Models 2, but it always shows the expected sign and it actually becomes significant in some of the models that include aggregate-level variables. Finally, *age* is only a relevant variable in the B models.

Table 5.1. The influence of old-age pensions on the incumbent support among the elderly electorate

	Vote choice (1= Prime Minister's party 0= Other parties)									
	A1		A2		A3		A4		A5	
Level-One Effects										
Intercept	-0.84**ª	*(0.09)*	2.94**	*(0.09)*	2.93**	*(0.27)*	2.97**	*(0.25)*	3.16**	*(0.01)*
Retired (1=retired 0=not retired)	0.21**	*(0.05)*	0.06	*(0.05)*	0.06	*(0.05)*	-0.09	*(0.13)*		
Age (35-45)									-0.23*	*(0.11)*
Age (45-55)									-0.22	*(0.12)*
Age (>55 & non-retired)									-0.36**	*(0.13)*
Age (>55 & retired)									-0.25	*(0.14)*
ideological distance			-0.32**	*(0.01)*	-0.32**	*(0.01)*	-0.32**	*(0.01)*	-0.32**	*(0.01)*
Party identification (independent)			-2.53**	*(0.04)*	-2.62**	*(0.04)*	-2.61**	*(0.04)*	-2.62**	*(0.04)*
Party identifcation (opposing party)			-4.36**	*(0.04)*	-4.33**	*(0.05)*	-4.34**	*(0.04)*	-4.33**	*(0.05)*
Education			-0.05**	*(0.01)*	-0.05**	*(0.01)*	-0.05**	*(0.01)*	-0.05**	*(0.01)*
Political Information			-0.03	*(0.02)*	-0.03	*(0.02)*	-0.04*	*(0.02)*	-0.03	*(0.02)*
Age			0.001	*(0.001)*	0.001	*(0.001)*	0.001	*(0.001)*		
Level-Two Effects										
Pensions' spending growth					2.62	*(2.92)*	1.95	*(2.62)*	0.56	*(2.69)*
Pensions' spending level					-0.01	*(0.03)*	-0.01	*(0.03)*	-0.04	*(0.03)*
Cross-Level Interactions										
Pensions' spending growth * Retired							2.63*	*(1.20)*		
Pensions' spending growth * Age (35-45)									2.17	*(1.19)*
Pensions' spending growth * Age (45-55)									1.59	*(1.21)*
Pensions' spending growth * Age (>55 & non-retired)									2.23	*(1.34)*
Pensions' spending growth * Age (>55 & retired)									3.95**	*(0.04)*
Pensions' spending level * Retired							0.01	*(0.02)*		
Pensions' spending level * Age (35-45)									0.03*	*(0.02)*
Pensions' spending level * Age (45-55)									0.02	*(0.02)*
Pensions' spending level * Age (>55 & non-retired)									0.05**	*(0.02)*
Pensions' spending level * Age (>55 & retired)									0.04*	*(0.02)*
Variance Components										
Intercept	0.54	*(0.05)*	0.19	*(0.05)*	0.24	*(0.06)*	0.24	*(0.06)*	0.23	*(0.06)*
Retired	0.25	*(0.06)*	0.00	*(0.00)*	0.004	*(0.01)*				
Number level-one observations	42027		42027		42027		42027		42027	
Number level-two observations	37		37		37		37		37	

	B1		B2		B3		B4		B5	
	Vote choice (1= All parties in the coalition 0= Other parties)									
Level-One Effects										
Intercept	-0.53**	(0.01)	2.53**	(0.08)	2.74**	(0.27)	2.89**	(0.27)	3.05**	(0.27)
Retired (1=retired 0=not retired)	0.16**	(0.05)	-0.05	(0.06)	-0.01	(0.06)	-0.21	(0.15)		
Age (35-45)									-0.15	(0.11)
Age (45-55)									-0.13	(0.11)
Age (>55 & non-retired)									-0.17	(0.13)
Age (>55 & retired)									-0.25	(0.13)
ideological distance			-0.36**	(0.01)	-0.34**	(0.01)	-0.34**	(0.01)	-0.34**	(0.01)
Party identification (independent)			-2.32**	(0.04)	-2.44**	(0.04)	-2.44**	(0.04)	-2.44**	(0.04)
Party identifcation (opposing party)			-4.05**	(0.05)	-4.25**	(0.05)	-4.25**	(0.05)	-4.25**	(0.05)
Education			-0.02*	(0.01)	-0.03**	(0.01)	-0.03**	(0.01)	-0.03**	(0.01)
Political Information			-0.01	(0.02)	-0.00	(0.01)	-0.00	(0.02)	0.005	(0.02)
Age			0.003**	(0.001)	0.002	(0.001)	0.002	(0.001)		
Level-Two Effects										
Pensions' spending growth					0.88	(2.99)	-1.71	(2.89)	-3.00	(2.89)
Pensions' spending level					0.02	(0.04)	0.003	(0.04)	-0.01	(0.02)
Cross-Level Interactions										
Pensions' spending growth * Retired							3.9**	(1.49)		
Pensions' spending growth * Age (35-45)									2.04	(1.16)
Pensions' spending growth * Age (45-55)									1.75	(1.17)
Pensions' spending growth * Age (>55 & non-retired)									1.82	(1.31)
Pensions' spending growth * Age (>55 & retired)									4.90**	(1.34)
Pensions' spending level * Retired							0.02	(0.02)		
Pensions' spending level * Age (35-45)									0.02	(0.02)
Pensions' spending level * Age (45-55)									0.01	(0.02)
Pensions' spending level * Age (>55 & non-retired)									0.03	(0.02)
Pensions' spending level * Age (>55 & retired)									0.03	(0.02)
Variance Components										
Intercept	0.44	(0.05)	0.33	(0.08)	0.29	(0.07)	0..29	(0.02)	0.27	(0.06)
Retired	0.27	(0.04)	0.04	(0.02)	0.04	(0.02)				
Number level-one observations	65817		42027		42027		42027		42027	
Number level-two observations	41		37		37		37		37	

Note: Coefficients are maximum-likelihood estimates. The standard errors are in brackets. *significant at p<0.05; ** significant at p<0.01 Reference categories: Party identification (incumbent party).

The intercept's variance component in all A and B models is statistically different from zero. This indicates that, after including the independent variables, there is still unexplained heterogeneity in the average level of incumbent support across countries. But in this chapter I am interested rather in the variance associated with the coefficient *retired*. This is statistically insignificant in Models A2 and B2, which indicates that once I include the control variables the effect of being retired does not significantly vary across countries. This potentially invalidates the second hypothesis of this chapter, which states that support for the incumbent party among retired people is a function of the evolution and generosity of public pension policy. However, as Snijders and Bosker (1999) argue, the lack of significance of a random slope does not always mean the inexistence of significant cross-level interactions. According to these authors, the test of interaction effects has higher statistical power than the test of random slopes and they conclude that: "the significant result of the test of this [cross-level interaction] effect is what counts, and not the lack of significance for the random slope" (pg 96).

Following Snijders and Bosker's recommendation, I include in the remaining models of Table 5.1 the country-level variables and I study the cross-level interactions. My first hypothesis is not compatible with the results of these models. In Models A4 and B4, neither the main effect nor the interaction terms associated with the pension generosity variable (*spending level*) are significant. Indeed, the results show that the retirees' vote does not depend on the generosity of their public benefits. These results suggest that a government cannot gain pensioners' votes by just maintaining the generosity of the benefits they were already entitled to.

However, governments may still gain votes by increasing pension spending (Hypothesis 2). As expected, the interaction term between the variables *retired* and *pension growth* turns out to be positive and statistically significant in both Models A (at a 0.05 level) and B (at a 0.01 level). This result corroborates my second hypothesis that retired people are more likely to vote for the incumbent when the government decides to increase pension

spending. The main effect of the variable *pension growth* is not statistically significant, which means that the vote of the non-retired population is not explained by the evolution of pension spending. This policy is only politically relevant among its recipients, which is compatible with the idea of a self-interested electorate.[19]

The coefficient *retired* (-0.09) in Model A4 is the main effect of this variable when *spending growth* and *spending level* take value zero. For a better interpretation of this coefficient I have centred the latter variable on its mean. Hence, the coefficient represents the effect of being retired when there are no spending variations in countries with an average pension generosity level. In these circumstances, retired people are not more likely to vote for the government. Differences between pensioners and the remaining population only emerge when there are changes in pension spending. This conclusion is different in the models where the dependent variable is all parties in government, as in the case of coalitions. Now, when there are no spending variations, retired voters tend to have a lower likelihood of voting for the incumbent. But in either Models A or Models B, governments can increase the support of the retired electorate by spending more on pensions.

To see this latter point more clearly, in Table A1 of the appendix of this chapter I show how the coefficient corresponding to the variable *retired* changes across different values of *pension growth*.[20] For instance, the coefficient associated with the variable 'retired' is 0.23 (significant at a $p < 0.05$ level) when the annual pension spending increases by 10 percent. In these settings,

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[19] The effect of pension spending growth among retired people is the sum of the main effect (*pension growth*) and the interaction term (*pension growth*retired*). Hence for Model A the coefficient is 4.58 and for Model B it is 2.19. Only the former value is statistically different from zero.

[20] Table A1 presents the main effects of being retired when I centre the variable *pension growth* on different values. This implies a linear transformation of this variable, by subtracting the values in the first column (10%, 5%, 0%...) of Table A1 from the original values.

retirees are more likely to vote for the government than the remaining electorate. Conversely, the coefficient turns out to be non-significant when pension spending remains invariant. Hence, the coefficient *retired* changes in the expected direction. Retired people are only more likely to vote for the incumbent when governments increase old-age pensions spending. I must point out that small changes in pension spending do not always lead to significant differences between retired and non-retired voters: such differences are not relevant when spending growth is, for instance 2.4%, the sample mean.

A second method of illustrating the results is by estimating the predicted probabilities of voting for the incumbent party for different values of pension spending growth. In this model, retired voters have a probability of voting for the incumbent of 0.15 when the annual pension spending decreases by 3 percent, but this probability increases to 0.33 when spending grows by 13 percent, the sample maximum (see Figure 5.3). [21]

These results only show the importance of pension spending among the retired electorate. Although we know that pension spending is also very popular among non-retired voters, pension growth does not correlate with their vote choice. There are various explanations to account for this finding: first, voters may be generally poorly informed about government performance in policies that they do not have a direct material interest in; second, despite being informed they still do not consider these policies as important enough to decide their vote; and third, their satisfaction with pension growth is compensated by the resulting cutbacks in other budget items or increases in taxes or in government debt. However, as I show later in this chapter not all ideological constituencies follow the same pattern: while pensions are relevant for the left-wing electorate, its influence vanishes among right-wing voters.

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[21] I estimate the predicted probabilities by keeping party identification in the modal value (independent voter) and the remaining variables at their mean.

Figure 5.3. Pensions' growth and vote choice by being retired: predicted probabilities

(1) Prime Minister's Party

(2) All parties in government
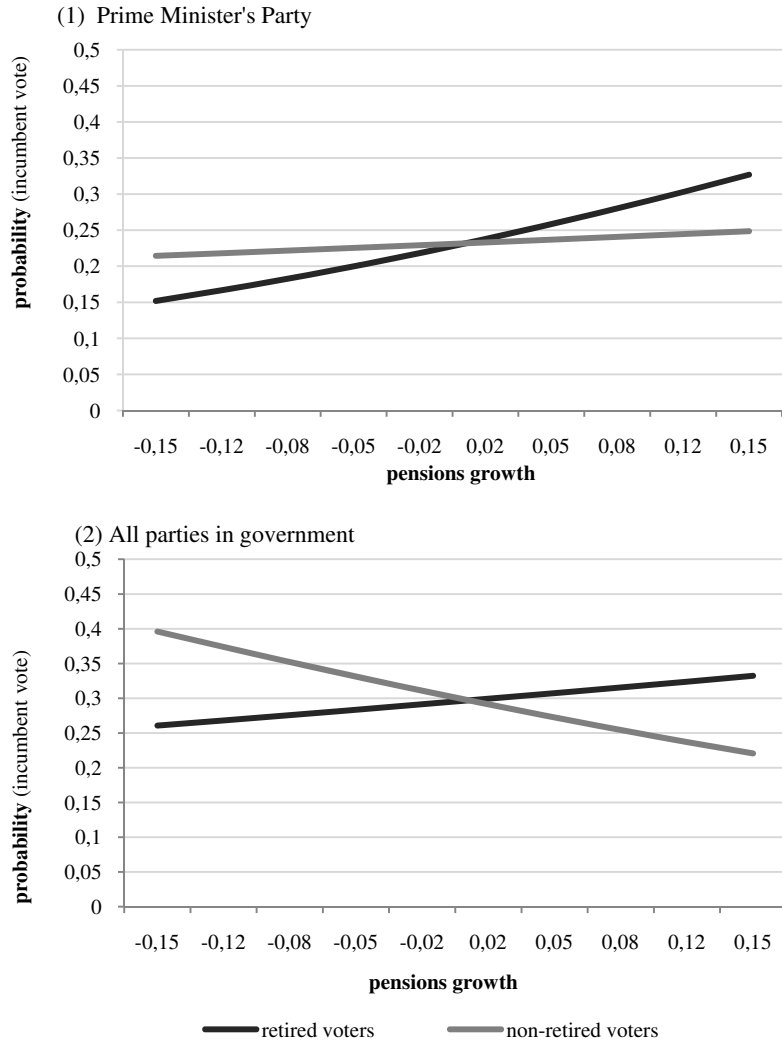
Finally, models A5 and B5 include the second proxy of self-interest: the categorical that combines age and being retired.[22] The results are analogous to the ones found in A4 and B4: the coefficient associated with retired individuals (category 5) is the only age group that is statistically different from the youngest age-group (between18 and 35 years old). There are no differences between the remaining age groups. These findings do not change depending on how we define the incumbent party (either the Prime Minister's party or all parties in the coalition). This confirms that old-age pensions policy is particularly relevant among retired people, who are likely to be recipient of this policy.

It may be argued that citizens that still do not receive pension benefits but are very close to the retirement age may also have a particular interest in these policies because they may be anticipating their immediate future benefits. Although this seems a plausible hypothesis, the data do not support this perspective: the coefficient associated to the category 'more than 55 years old and not retired' in models A5 and B5 are not statistically significant.

In sum, the evidence from different OECD elections during the 1996-2006 period provided in this chapter are compatible with the hypothesis that public pension policy is an effective tool in governments' hands to gain the support of the retired constituency. The findings do not support the idea that retired voters are more likely to vote for the government in countries where pensions are more generous. The level of spending has no relevant influence on retirees' vote. Instead, it is the spending variation during the previous legislative period that retirees take into account when they vote. Hence, these results suggest that voters do not reward the government for the benefits that they already obtained from previous administrations; governments are only accountable for the increases implemented during their last term in office. This goes against the idea of Alvarez and Saving (1997) that maintaining government transfers also increases the likelihood of

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[22] See 'Data and Methods' section of this chapter for more information.

voting for the incumbent among the recipients. The results of this chapter imply that the government has no special advantage over the passive population that receives a public benefit. Governments need to do something more than simply signing the elderly's monthly check. This section of the electorate only rewards the government when their benefits are increased.

5.4.2. The mediating role of party identification

Until now I have rejected the first hypothesis and I have found evidence that supports the second. But I still need to test the third hypothesis which suggests that partisanship mediates the relation between pension spending and retirees' vote choice. In order to study this hypothesis in a more understandable way –avoiding a three interaction term-, I create a new econometric model. This model only includes the sub-sample of retired voters and I specify a cross-level interaction between pension's growth and partisanship. [23]

My hypothesis suggests that effect of partisanship is different depending on whether pension growth is negative or positive: while being identified with the party in government boosts the effect of positive growth, it cushions the effect when the growth is negative. As I do not have many cases of negative growth (only 4 out of 37), in this chapter I only study this hypothesis for positive increases in pension spending. Therefore, in the following model I test whether the effect of pension's growth (always positive) is higher among retired voters who identify with the incumbent party. In the next chapter I analyse the effect of welfare cuts (in the 1982 Reagan Presidency) and in this case I will be able to

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[23] The full model can be expressed by substituting β_{0j} and β_{1j} of the equation 3-4 into the equation 1:

$$\log\left(\frac{p_i}{1-p_i}\right) = \gamma_{00} + \gamma_{10}\left(party\_id\right)_{ij} + \sum_{q=2}^{q} \beta_{qj} x_{qij} + \gamma_{01}\left(pensions\_growth\right)_j + \gamma_{11}\left(pensions\_growth\right)_j\left(party\_id\right)_{ij} + u_{0j}$$

study the mediating role of partisanship in a spending retrenchment scenario.

The results of Table 5.2 do not fully support the hypothesis. If we focus in the model where the incumbent is only the Prime Ministers' party, the results are to some extent consistent with my hypothesis. The coefficients of the interaction show the expected sign, but they are not statistically significant. Therefore, the model fails to show a significant differential effect of pension growth across the three party identification groups. However, it is interesting to point out that the coefficient associated to pension growth is only statistically different from zero (at the $p<0.05$ level) among government partisans.[24] This means that, according to this model, pension growth *only* influences the vote of those identified with the government. The remaining electorate –and specially the identified with the opposition parties- are not affected by this policy. All in all, the results only provide mixed evidence on my hypothesis: although I find that the effect of pension growth is not different across party identification groups, the effect is only statistically different from zero among government partisans.

The regression estimates change when all members in the coalition–and not only the Prime Minister- are considered as incumbents (see Model B). In this model, the signs are contrary to my expectations and even the effect for the independent voters is significantly higher than government partisans. Despite that, the effect of pension's growth is not statistically different from zero in none of the three party identification groups. Again, the Prime Minister model is more consistent with my hypothesis than the coalition government model.

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[24] The coefficient *pension's growth* for independents (resulting from the sum of the principal effect and the interaction term) is 5.27 and it is only statistically significant at the $p<0.10$ level. The coefficient for voters identified with opposition parties is 1.61 and it is not statistically different from zero.

Table 5.2. The role of partisanship (multilevel regression logit estimates)

	Vote choice 1= Incumbent 0=Other parties	
	A	B
Level-One Effects		
Intercept	2.2**	2.61**
	(0.44)	(0.43)
ideological distance	-0.29**	-0.31**
	(0.02)	(0.02)
Party identification (independent)	-2.76**	-2.78**
	(0.12)	(0.13)
Party identifcation (opposing party)	-4.41**	-4.59**
	(0.16)	(0.04)
Education	-0.05*	-0.03
	(0.02)	(0.02)
Political Information	-0.02	-0.004
	(0.04)	(0.04)
Age	0.01	0.01
	(0.01)	(0.01)
Level-Two Effects		
Pensions' spending growth	7.9*	-3.77
	(2.62)	(3.59)
Cross-Level Interactions		
Pensions' spending growth * Independent	-2.63	5.97*
	(3.55)	(2.92)
Pensions' spending level * Opposing party	-6.29	4.68
	(4.59)	(4.12)
Variance Components		
Intercept	0.42	0.47
	(0.07)	(0.07)
Number level-one observations	6691	6691
Number level-two observations	33	33

Note: Coefficients are maximum-likelihood estimates. The standard errors are in brackets; *significant at the 95% level; ** significant at the 99% level. Reference categories: Party identification: Independent.

In sum, I have only found mild evidence supporting the mediating role of partisanship. However, the results are still partly compatible the idea that pension increases only "buy" the vote of those retirees identified with the Prime Ministers' party. Pension policy has no influence at all among independents or voters identified with opposition parties. This contradicts the common interpretation in political science that policies are particularly effective over independents because they are more likely to switch their vote depending on the government record.

5.4.3. Public pensions and the ideological electorate

In this final part of the empirical section I study the effect of pension growth among the ideological electorate and, to do so, I must change the statistical multilevel model and use the one annotated in the equations 4 to 6. My hypothesis 4 postulates that leftist voters are more likely to vote for the party in government when it expands social benefits –in this chapter, the old-age public pensions. Accordingly, in the individual-level part of this new model I include a new variable that measures respondents' ideology –where 0 is extreme left and 10 extreme right- and I let it to have a random coefficient.[25] In the aggregated-level part of the multilevel model I keep the pension spending growth and I add the governments' ideological position as a control variable.

The coefficients of the control variables in these two new models (see Table 5.3) are very similar to the ones presented in Table 5.1. Also, the cross-level interaction between governments' ideology and voters' ideology is highly significant in the expected direction. Indeed, the coefficient associated to ideology is negative and significant when there is an extreme left government

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[25] *Voters' ideology* is also used to calculate the variable *ideological closeness*, but, despite of that, these two variables are not correlated (only 0.05). Moreover, the exclusion of ideological closeness does not affect the estimates of the relevant coefficients.

($\beta = -0.72$), it becomes not different from zero in centre governments ($\beta = -0.02$) and it turns to positive in extreme right governments ($\beta = 0.68$).[26] I have centred the variable to the mean of the scale (value 5) so that we can interpret the coefficient associated to individuals' ideology as the effect of this variable when governments are centrist.

As in the previous model, I am mainly interested in the cross-level interaction effects between voters' ideology and pension's growth. The coefficient of the interaction term is negative and statistically significant at the p<0.1 level in both the Prime Minister' and in the coalition government's model. In fact, the effect of the first model is very close to the p<0.05 level of significance. These results are compatible with hypothesis 4. The negative sign of the interaction means that the effect of the ideology becomes more negative when pension growth is higher. Since left is coded as 0 and right as 10, a negative coefficient of ideology means a higher propensity of left-wing voters to vote for the party in government.

The results are consistent with the idea that the leftist electorate take social policies into account when they decide their vote even controlling for being retired. This supports the idea that pensions are not only popular among their recipients. Another strategy by which to corroborate this point is estimating the model of Table 5.3 only for the non-retired sub-sample. The results indicate that pension policy is particularly relevant among the left wing electorate who is *not* receiving this benefit at that moment. The cross-level interaction between ideology and pension growth remains statistically significant (at a p<0.05 level).[27]

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[26] The table only shows the coefficient for centrist governments of a value 0 in a -5 to 5 scale. The other coefficients are the sum of the principal effect (-0.02) and the interaction term (0.14) multiplied by the government's ideological position (i.e the coefficient ideology for a left government of -5 is $-0.02 + 0.14 \cdot (-5) = -0.72$).

[27] See Table A2 of the Appendix.

Table 5.3. The influence of old-age pensions on the incumbent support among the ideological electorate (multilevel logit regression estimates)

	Vote choice 1= Incumbent 0=Other parties	
	A	B
Level-One Effects		
Intercept	2.62**	2.46**
	(0.19)	(0.23)
Retired (1=retired 0=not retired)	0.05	-0.03
	(0.05)	(0.05)
Party identification (independent)	-2.44**	-2.27**
	(0.04)	(0.04)
Party identification (opposing party)	-4.16**	-4.09**
	(0.05)	(0.05)
Education	-0.05**	-0.03**
	(0.01)	(0.01)
Age	0.001	0.001
	(0.001)	(0.001)
ideological distance	-0.26**	-0.27**
	(0.01)	(0.01)
Political Information	-0.04**	-0.01
	(0.02)	(0.02)
Ideology (0=left 10=right)	-0.02	0.03
	(0.03)	(0.04)
Level-Two Effects		
Pensions' spending growth	8.82*	6.5
	(4.14)	(5.1)
Government's ideology (-5=left. 5=right)	-0.72**	-0.81**
	(0.11)	(0.12)
Cross-Level Interactions		
Pensions' spending growth * Ideology	-1.38'	-1.47'
	(0.74)	(0.85)
Government ideology*Ideology	0.14**	0.14**
	(0.02)	(0.02)
Variance Components		
Intercept	0.61	0.98
	(0.17)	(0.25)
ideology (1=left . 10=right)	0.02	0.03
	(0.01)	(0.01)
Number level-one observations	42027	41355
Number level-two observations	37	

Note: Coefficients are maximum-likelihood estimates. The standard errors are in brackets ** significant at the 95% level; *** significant at the 99% level. Reference categories: Party id.: incumbent party.

Again, the model performs better when the incumbent is only Prime Minister's party. This is consistent in all models, which seem to be compatible with the theory that the electorate generally make the Prime Minister accountable for the governmental action.

In this section I follow the same strategy as before and I illustrate the findings by first estimating how the coefficient associated with ideology varies across different levels of pension growth. [28] The effect of ideology becomes stronger when pension growth increases: the coefficient of 'ideology' is negative and statistically significant at the $p<0.01$ level when pensions are increased by at least 5 percent. But ideology has no influence on vote choice when pensions grow at rates below this percentage. Although negative rates lead to positive coefficients, these do not reach the 95% level of significance. This indicates that the effect of pensions is not fully symmetrical: while the expansion of pension spending generates gains among the left, pension cutbacks have no significant electoral costs. I do not have a plausible explanation for this finding, especially if we take into account some investigations in psychology indicating that individuals usually overestimate losses (Kahneman and Tversky 1979).

A second strategy to exemplify the findings is by calculating the estimated probabilities of voting for the government by different levels of pension growth According to these estimations, about 15 percent of the left-wing electorate (ideology of 1) decide to vote for a centrist incumbent when pension spending decreases in 5 percent-points. But this proportion almost reaches to 50 percent when pension spending increases in 15 percent points. The probability change in the remaining categories (centre and right) is considerably smaller, especially among centrist voters (ideology

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[28] See Tables A5 and A6 in the Appendix of this chapter. The tables are divided in three columns: the first estimates the coefficient change when the government is held by a left-wing party (of an ideology of 1 in the 10 point scale); the second column estimates the same change for a centrist government (with an ideology of 5) and the third for a right-wing one (with an ideology of 10). This table follows the same methodology as Table A1 of the Appendix.

of 5). This latter group has always a probability around 0.5, regardless the evolution of public pensions.

Figure 5.4. Predicted probabilities of voting for a centrist government (ideology=5) by old-age pensions' growth for different ideological groups
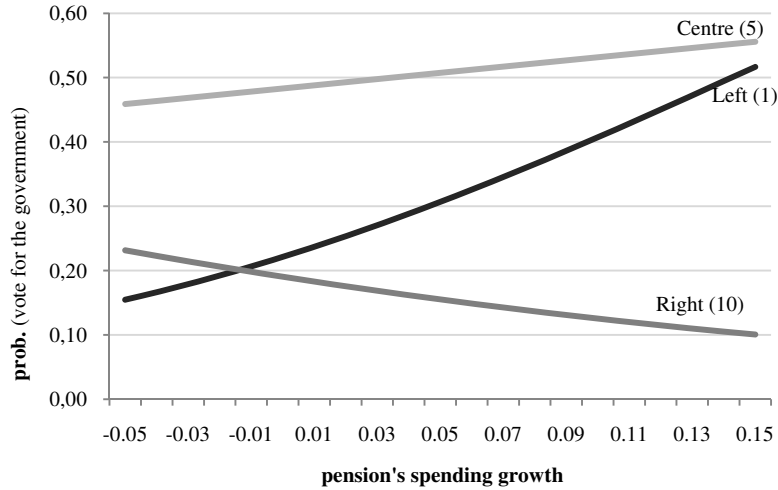
These models show how pension policy affect ideological voters once I control for respondents' labour status (either retired or non-retired). Hence, I am estimating the effect of ideology after controlling for a proxy of self-interest –in this case being recipient. However, it may be claimed that left-wing voters are more likely to depend on public pensions because they tend to be poorer. Indeed, there is a positive and significant correlation between ideology and income. Also, the costs of the expansion of social spending (via taxation or cutbacks in other policies) may also be particularly concentrated among the population with higher income. Therefore, it is possible that it is self-interest and not ideology what accounts for this finding. A way to control for this

counter-hypothesis is by including the respondents' (relative) income as a control variable. The inclusion of this variable does not change any of the results of this chapter. The left-wing electorate still remains more responsive to old-age public pension policy.[29]

5.5. Conclusions

Can governments "buy" retirees' vote by increasing pension spending as some Spanish politicians seem to assume? Are public pensions also influential among the left-wing electorate even when they are not recipients? The evidence of different OECD elections during 1996-2006 period provided in this chapter is consistent with this point of view. The main implication of this chapter is that pension policy is an effective tool in governments' hands to consolidate the support among the retired and leftist electorate. These results support the dominant idea in Spanish politics about the electoral importance of pensions and justify the temptation of some governments to raise welfare benefits in the election years.

The findings of this chapter do not support the idea that retired voters are more likely to vote for the government in countries where pensions are more generous. The level of spending has no relevant influence on retirees' vote. Instead, it is the spending variation during the previous legislative period what retirees take into account when they vote. Hence, the results suggest that voters do not reward the government for the benefits that they already obtained from previous administrations; governments are only accountable for the increases implemented during their last term in office.

Most policy voting literature relates individuals' voting behaviour with their attitudes towards government performance in

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[29] Since the non-response rate of this variable is high and results do not vary, I decide to exclude it from my model. Nevertheless, the models with income can be found in the appendix (see Tables A3 and A4).

different policies. The potential risk of these studies is that attitudes may be partly endogenous to vote choice, overestimating the importance of policy voting. Conversely, this paper explains retirees' individual behaviour using pension policy outcomes (and not attitudes towards them), which are exogenous to vote choice. Yet, there are some disadvantages of using this methodology. Especially, the chapter takes the assumption that the population is aware of government spending variations. Although it is rather a strong assumption, I tried in Chapter 4 to provide some evidence supporting the idea that the left and retirees are more interested in social policies. And interest is very likely to be correlated with being informed in that issue.

This chapter only provides weak evidence about the mediating role of partisanship. I hypothesized that the effect of pension increases is particularly important among those retired voters identified with the incumbent party. Although these results do not show significant differences between these three groups, the effect of pension growth is only statistically different from zero among the government supporters.

The results also indicate that the evolution of pension spending is not only important among the retired electorate. Voters with a left ideology are also responsive to this policy. We have seen in Chapter 3 that this electorate has a strong preference for social policies and this is not only explained by self-interested motivations. Hence, not only ideology constitutes an important determinant of their policy preferences (as I showed in Chapter 3), it also plays an important role in determining the electoral impact of these policies.

In this chapter I did not take into account the big variety of public pension systems in the OECD countries and its potential implications for my hypotheses. But, as I have already mentioned early in this chapter, it is possible that the validity of my hypotheses slightly varies across the different pension systems. Further investigation is definitely needed in order to disentangle the potential effect of the institutional design on the electoral impact of pension spending.

Finally, there were very few cutback experiences in pension spending in the period of time studied in this chapter. As a consequence, the empirical evidence provided in this chapter does not allow us to make good inferences about the implications of welfare cuts. I try to solve this problem in the next chapter, where I study a key case of welfare retrenchment: the Reagan experience.

CHAPTER 6. THE ELECTORAL EFFECTS OF SOCIAL SPENDING CUTBACKS: THE EXPERIENCE OF REAGAN PRESIDENCY (1980-1982)

6.1. Introduction

In the previous chapter, I found that retired people and the left-wing electorate were more likely to be more responsive to variations in old-age pension spending. However, during the period covered in Chapter 5 (1996-2004) there were only occasional experiences of public spending cutbacks. As a consequence, the conclusions I reached in the previous chapter only apply to spending expansion contexts. Hence, further evidence is needed in order to assess whether a similar pattern also takes place when governments decide to cut (instead of increase) welfare spending. The aim of this chapter is precisely to fill the gap left in the previous chapter and study the specific effects of welfare cutbacks. Since retrenchment experiences are rather infrequent, I leave the comparative perspective of my previous chapters aside and I focus on the analysis of a key case study: the American experience under the Reagan Presidency.

Ronald Reagan is one of the most emblematical symbols of the welfare retrenchment wave that took place in the late 70s and 80s. Only few months after the victory of the former British Prime Minister Margaret Thatcher in 1979, the 40th president of United States arrived at the White House with similar ideas about how the

economy and the public finances should be run. The Reagan administration had, in a nutshell, three main ideas about how to manage domestic policy. First, the public provision of services was seen as bureaucratic and inefficient and he claimed that the optimal solution was to move the responsibility from the State to the market. Secondly, the role of the Federal government as a service-provider had to be reduced in favour of the State government. This principle was known as the New Federalism and it was an indirect way to promote spending cuts. And thirdly, he considered that the fraudulent behaviour of many benefits' claimers prevented the efficient allocation of public resources to the people who really needed them. In accordance with these principles, Reagan tried to rely more on the market to provide public services and he tightened the eligibility criteria of social benefits to focus the entitlements on the "truly needy".

In this chapter, I focus in the first term of Reagan Presidency, when the President was most successful in following his welfare retrenchment agenda. The case of Reagan's social policy agenda is also worthy to study because most literature focuses on the governments' ability to create constituencies through public spending, but there is much less research on voters' reactions to spending cutbacks.

In sum, the Reagan experience is a key case for studying the electoral consequences of public spending cuts since he was strongly committed to cutting the size of the public sector and especially the generosity of welfare entitlements. The availability of an ANES (American National Election Study) survey of 1982 that includes items related to Reagan's social policies offers an exceptional opportunity to analyse the political reactions of people who lost their social spending during the Reagan's years.

The chapter is organized in 5 sections. First, I briefly review the Ronald Reagan's social policy reform, especially during his first years in the White House. I focus in that period for two reasons: (i) it was the moment when cutbacks were more pronounced and (ii) the survey I use belongs to 1982. I next present the hypotheses of this chapter. In the third section, I

describe the methodology and the data I use in this chapter. Then, I show the empirical results and, in the final section, I close the chapter with some concluding remarks.

6.2. Reagan and his welfare policies

Reagan was long committed to the idea of replacing the term "welfare state" with "workfare state", because he believed that some social transfers discouraged people from working. He was especially sceptical about those social entitlements not destined to disabled or poorer people –known in his administration as the "truly needy". Formally, he supported the policies against poverty but he criticized the fraudulent allocation of many welfare benefits. As he asserted in the 1983 State of the Union address:

> "Our standard here will be fairness, ensuring that the taxpayers' hard-earned dollars go only to the truly needy; that none of them are turned away but that fraud and abuse are stamped out. And, I am sorry to say, there's a lot of it out there. In the food stamps program alone, last year, we identified almost $1.1 billion in overpayments. The taxpayers aren't the only victims of this kind of abuse. The truly needy suffer as funds intended for them are taken not by the needy, but by the greedy. For everyone's sake, we must put an end to such waste and corruption."[1]

Accordingly, the Reagan administration introduced the concept of a "safety net" to label transfers and service programmes that the Reagan administration promised to maintain without changes. The "safety net" programmes were those directed at poorer members of the population and at people unable to work or not of working-age, which represented about 64 percent of the total social spending. Therefore, most social transfers and services were considered to belong to this "safety net". However, this did not mean that they were untouchable; in fact, some of the

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[1] Quotation extracted from Weiler and Pearce (1992).

programmes that belonged to the "safety net" suffered important modifications in the eligibility criteria.

His ideological commitment to the reduction of the government expenditure had already come from his years as the Governor of California (1967-1975) when, despite not being fully successful, he passed a welfare reform designed to cut the Aid to Families with Dependent Children programme (AFDC), withdrawing it from parents that were able to work. However, these ideas did not have a broader electoral appeal until the economic crisis of the 1970s. From 1973 -when the first oil crisis took place- to 1980 –when Reagan won the presidential election- the annual labour productivity increase dropped to 1.4 percent which was a fall of almost 50 percent compared with previous decades' growth (Lindbeck 1983) . This was paired with problems of unemployment and inflation which started to rise in 1974 and peaked in 1980 when inflation reached 13 percent. The economic crisis, which combined inflation, a drop in productivity and higher unemployment, increased the pressure on the budget and put an end to the post-war consensus about the welfare state. In fact, it was during Carter's Presidency that criticising the viability and fairness of the Welfare State became popular among many American voters. Public opinion data from the General Social Surveys (see Figure 6.1) show that the belief that the government spent too much on welfare rapidly increased during the mid 70s – from 42 to 60 percent.[2] This new public opinion atmosphere helped Reagan's electoral victory and the success of his initial welfare policy reforms. However, this trend did not last long: after Reagan's first cutback initiatives, voters immediately reacted with an increase in welfare state support (Shapiro and Young 1989).

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[2] Although the poor economic conditions the country was facing took place in the same period as the increase in public hostility to welfare spending, some authors differ as to the causality of the latter. According to Kluegel (1987), a closer look at the evolution of both public opinion and the economy from the 60s to the 80s cannot support the widespread view that there is a causal link between them.

During his first term in government, Reagan completely eroded the anti-welfare climate generated in the second half of 1970s.

Figure 6.1. Public opinion on welfare spending in the US, 1973-1986
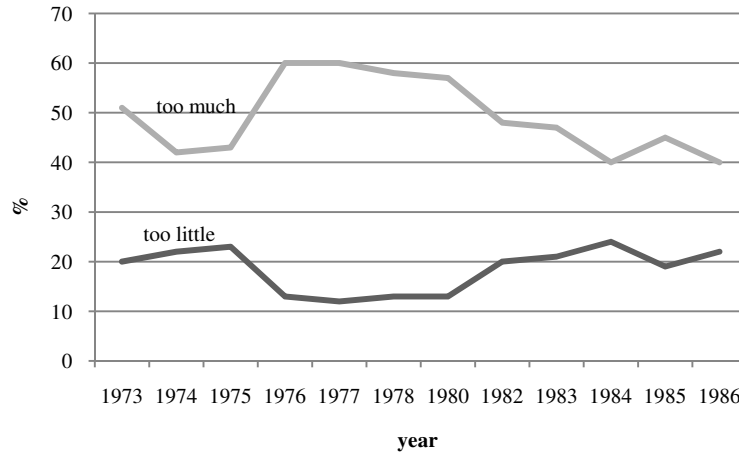
Source: General Social Surveys.

There was an almost twenty percentage-point drop -from about 57 to 40 percent- in the number of people holding the opinion that the government was spending too much money on welfare spending, returning to the same levels as in 1973. In fact, most of this decline was produced in the first two years of Reagan's mandate, which gave the President a very short period of time to carry out his social policy reform without public resistance. This pro-welfare spending rebounded after these two years of Reagan's Presidency has been considered a reaction to the welfare cutbacks and to the loss of jobs due to the economic recession (Shapiro *et al*. 1987). This interpretation is, therefore, partly compatible with Christopher Wlezien's theory (1995) that

public opinion behave like a thermostat, adjusting preferences in response to policy changes.[3]

Reagan arrived at the White House with ambitious reform plans to reduce public expenditure but the reversion of this public opinion trend after his first two years in office forced him to renounce most of his policies. Reagan not only had to face the resistance of social programme recipients, he also had to deal with the opposition of ideological voters that did not directly benefit from these policies. Moreover, during that period, Congress was dominated by a Democratic Party that became increasingly hostile to Reagan's plans. However, during these first years, the President was successful at implementing some cuts and would possibly have managed to carry out his retrenchment programme if public support had remained at the same level as when the President entered the White House.

Figure 6.2 shows how the Reagan administration was characterized by low levels of social expenditure growth.[4] Even though the trend started with President Carter, it is during the Reagan years that spending growth reached its historical minimum. It is in 1982 and 1984 when the increase in welfare outlays was lowest with 0.6 and -1.3 percent growth respectively. Indeed, the Reagan administration has the most modest record on social spending growth during the 1960-1995 period. The mean annual increase during the Kennedy-Johnson and Nixon-Ford administrations was about 7 percent but, with President Carter, there was a significant drop to almost 3 percent and the trend continued with Reagan when the annual increase was only 1.6

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[3] Wlezien, however, does not find support for "thermostatic" reactions to social appropriations. The explanation that Wlezien suggests is the lack of information that the public has on governmental social appropriations. This would not be the case of the Reagan presidency, when social spending cuts were especially salient.

[4] OECD data at constant prices.

percent during his first term.[5] However, the trend reversed with his successor George Bush, when the percentage rose again to 5.7.

Figure 6.2. Welfare spending annual change in the US, 1960-1996
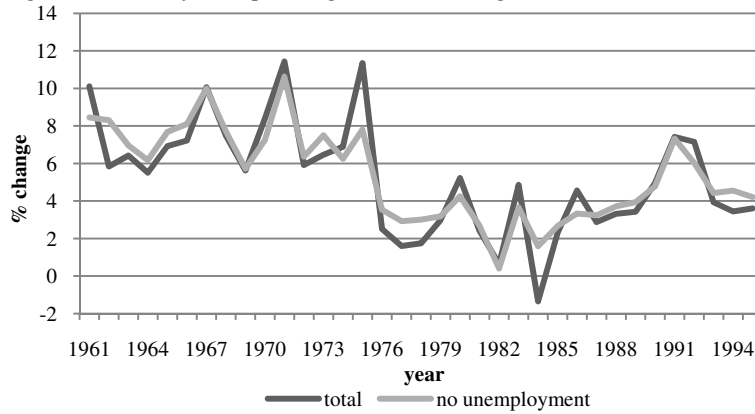
Source: OECD.

I must point out that the use of government spending as a proxy for "welfare effort" is problematic because it does not take into account automatic changes in public spending that the government is not responsible for, such as the evolution of unemployment or the proportion of older people (Clayton and Pontusson, 1998). For instance, if we do not take unemployment benefits into account –which is the programme most dependent on the economic conjuncture-, we see how some of the contraction in social spending under Carter was partly due to the reduction in the number of unemployed people. Similarly, the strong reduction of

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[5] Reagan redistributed the allocation of federal funds between budget items; while the welfare outlays as a percentage of total federal spending were reduced from 54,4 to 49,5 during his eight-year mandate, military spending and the payment of national debt grew persistently during these years (O'Connor 1998).

1984 is mainly explained by the 20 percent decline in the unemployment rate that year. Hence, the exclusion of unemployment benefits reveals that it was in the 1980-1982 period that Reagan was most successful in reducing social expenditure.

Bawden and Palmer (1984) have calculated the spending consequences of Reagan policies during his first mandate in a way that avoids the problems that Clayton and Pontusson mention. The first column of Table 6.1, which is used as the benchmark, shows how outlays would have increased if social policies had not been altered during the Reagan administration. The second and third columns show the percentage change in projected outlays that would have resulted from the policies that Reagan initially proposed, and the percentage change resulting from what he was finally able to pass, respectively.[6] The advantage of this methodology is that the automatic variations in social expenditures (such as the level of unemployment) are included in both the projected outlay estimations and in Reagan's changes; consequently, they do not influence the calculation of the percentage change.

Table 6.1. Welfare spending retrenchment during Reagan's first term

Programs	**Projected Outlays**	**Proposed changes**	**Enacted changes**
	($1000)	*(% change)*	*(% change)*
Retirement and Disability	223.2	-9.9	-3.9
Other Income Security	74.9	-29.8	-15.3
Health	107.1	-12.8	-6.3
Education and Social Services	19.7	-45.7	-22.1
Employment and Training	11.7	-69.3	-61.8
TOTAL	436.6	-17.2	-8.8

Source: Bawden and Palmer (1984).

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[6] Data presented in Table 6.1 summarizes the authors' calculations in big social policy areas. For more complete information about estimated outlays of specific social programmes and about the methodology used see Bawden and Palmer (1984: 186).

Table 6.1 shows that Reagan was mainly successful at cutting minor programmes in education and social services (student loans and other student financial assistance, social services block grants, etc), employment and training or other income security policies (AFDC, food stamps, unemployment insurance, etc). The majority of the changes presented in Table 6.1 were introduced in 1981, the year when Ronald Reagan was most successful in his retrenchment plans. In July of that year, the Congress passed Reagan's Omnibus Budget Reconciliation Act (OBRA) with the objective of saving over 30 billion dollars by changing and restricting eligibility criteria and reducing benefits, especially of those with multiple entitlements (O'Connor 1998).

In the Other Income Security category of Table 6.1, the reduction of about 17 percent in unemployment insurance, which was one of the biggest welfare programmes, was especially noticeable. In that category, the 14 percent cut in foods stamps and Aid to Families with Dependent Children (AFDC) was also significant. Indeed, OBRA was responsible for the reduction of about 1.5 billion dollars in food-stamps during 1982 and the estimated loss of about a million (out of twenty million) recipients (Bawden and Palmer 1984). Reagan was also successful at cutting Education spending especially because of the significant spending reduction of Guaranteed Student Loans (of about 33 percent), which was even more than Reagan's initial proposal. Student loans spending grew rapidly under the Carter administration because he removed the income ceiling, increased the amount that the student could borrow and, more importantly, the interest rates paid by the students became much lower than market rates. Reagan's cuts were designed to reintroduce the income ceiling and to reduce the divergence between loan and market interest rates.

However, there were also some defeats of Reagan's plans during these years. Except for Employment and Training, in almost all programmes his record fell far short of his original proposed changes. He was also less able to alter the major programmes in the welfare budget such as Social Security or Health, which represented three quarters of the total federal

welfare outlays. He especially failed in reducing Medicaid expenditures and Veterans compensation and in 1981 the Senate veto aborted his Social Security reform aimed at reducing benefits for the early-retired.

The OBRA was Reagan's main piece of legislation designed to reduce welfare spending, but during his 8 years in the Presidency there were at least two other major laws: the Social Security Amendments (SSA) of 1983 and the Family Support Act (FSA) in 1988. Reagan had difficulties in passing the SSA legislation because the social programmes affected were some of the most popular among public opinion. However, the financial stress derived from the ageing demographic trend made the reform more acceptable to American voters. In order to tackle the imminent Social Security deficit, the SSA increased the contributions of both employers and employees, taxed some benefits and changed the way of computing benefits, making it more difficult to receive the full pension. The FSA was aimed at encouraging AFDC recipients to work. Its main measure was to force AFDC beneficiaries to attend training programmes and to accept job offers under the threat of losing their benefits if they refused to do so. However, neither of these two laws represented a significant public spending saving as OBRA did.

Reagan's contention of welfare spending was not only achieved by cutting the existing programmes, but also by the absence of policies designed to create new entitlements or services, which had been common in previous administrations. In that sense, Reagan never used the social expenditure to create new constituencies of recipients. Instead, the target of his policies was the middle class and especially rich families. While the real disposable income of families in the lower quintile decreased by about 7.6 percent during Reagan's first term, those in the top quintile saw their income grow almost 9 percent (Moon and Sawhill, 1984).[7] This was also true of the reduction in benefit

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[7] However, Niskanen (1988) considers that Reagan policies were not the key explanation behind the increment of inequality between

payments; the cutbacks of both cash and in-kind benefits mainly affected poor families. According to Moon and Sawhill's (1984) estimations, the benefits reduction experienced by the poorest families was almost three times higher than the richest. On average, families with an annual income of less than 10.000 dollars suffered a 375 dollar loss (which was about 7 percent of their income), while this amount went down to 131 dollars for families with an income of 80.000 dollars or more (which represented less than 0,1 percent of their income).

6.3. The electoral implications of Reagan's retrenchment

In previous chapters, I theorised about the electoral reactions to government welfare spending. I argued that governments may use social transfers and services to gain the vote of both left-wing ideological voters and recipients of these policies. However, Reagan's objective was not to create constituencies using public transfers; on the contrary, as we have just seen, his policies were directed to reduce the amount of the benefits and the number of recipients. Hence, the electorate that Reagan could attract indirectly with his policies was mainly the higher income groups – those voters whose taxes are higher than the amount of public transfers they receive. However, the refusal of using the welfare spending to expand the government electoral support does not only have the potential cost of losing the recipients, but also the ideological constituencies around these policies.

In this dissertation, I am only interested in the spending side of fiscal policy and not in the effects of revenues. It may be argued that the electoral costs of reducing spending can be compensated with the benefits of reducing taxes. Indeed, Reagan may lost the vote of the recipients but he may at the same time gained the support of the high-income group if welfare cutbacks were

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American families; instead, it was due to changes in the distribution of pre-tax income that were out of government's responsibility.

accompanied with tax cuts. Even though this is a plausible hypothesis, here I mainly focus in the electoral effects of spending variations.

The hypotheses of this chapter are similar to the ones in the previous chapter but applied for welfare spending cuts. I hypothesize that welfare cutbacks harmed the popularity of the President Reagan among the recipients affected and the leftist electorate. I also take into account the self-serving bias of party identification: Republican partisans would be less prone to punish the Republican Ronald Reagan for their benefit cuts.

My hypotheses do not give a clear answer about the behaviour of welfare recipients not affected by Reagan's cuts. According to the hypotheses posited in Chapter 2, if their benefits are not modified, welfare recipients do not have reasons to punish the government. In the previous chapter I find that government support among the elderly electorate is not higher in those settings where old age pensions were more generous. Instead, the elderly have a higher inclination to vote for the incumbent only when pension spending increases. This suggests that governments can only take credit for spending increases. In this case, people that still keep their benefits may see the incumbent as a threat to their interests and, accordingly, they may prefer an alternative government.

To sum up, in the empirical part of this chapter I test the following hypotheses:

H1 (the self-interest hypothesis): Welfare recipients that suffered a loss in their benefit were less favourable of the President Reagan.

H2 (the ideology hypothesis): Welfare retrenchment has electoral costs not only from self-interested voters (transfer recipients) but also from pro-public spending voters.

H3 (the party identification hypothesis): The self-serving bias generated by party identification led Republican recipient losers to be less responsive to Reagan's welfare cutbacks.

Apart from the previous hypotheses, the empirical part also briefly study how welfare recipients behaved in the1980 Presidential elections when Carter was the outgoing incumbent and in the 1982 mid-term Congressional elections. The purpose of studying the1980 Presidential election is to take a prospective point of view and see whether those who had benefits were more likely to vote against the anti-welfare spending platform of Ronald Reagan. And the aim of studying the 1982 legislative elections is to show that benefit losers form Reagan's welfare cuts punished the Republican Party in the presidential level, but not in the congressional one. This will help to corroborate that this type of voters were not systematically against the Republican party; instead they punished Reagan because of his social policies. Hence, in the second part of the empirical section I test the following hypotheses:

> **H4:** Welfare recipients were more likely to vote for Democrats in 1980 elections.

> **H5:** Welfare recipients that suffered a loss in their benefit were not less likely to vote for Republicans in the 1982 midterm elections.

6.4. Data and methods

According to Pierson (1996), Margaret Thatcher and Ronald Reagan produced some cutbacks in various social benefits but they were not able to carry a fundamental welfare state reform. Yet, as I have just described, Reagan was especially successful at cutting public spending during his first two years in office. The survey I use in this chapter precisely belongs to this period (1982). I use the ANES midterm electoral survey of 1982,[8] which is a nation-wide study of 1418 observations. Apart from the electoral questions that

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[8] Miller, Warren E., and the National Studies/Centre for Political Studies. AMERICAN NATIONAL ELECTION STUDY, 1982: POST-ELECTION SURVEY FILE. (ICPSR 9042).

the ANES usually includes, this survey also contains some *ad hoc* questions related to Reagan's welfare retrenchment policies. Specifically, this electoral survey contains the following three questions of interest:

1) *Does Respondent's family received government benefits?* – The survey asks respondents whether they are entitled to receive the following social programmes: social security, food stamps, Medicaid-Medicare, unemployment, AFDC, Handicapped, student loans, veterans' benefits, and retirement pension. But for my multivariate analysis I have to merge all in one category because of the small number of observations of most programmes.

2) *Did a member of the Respondent's family lose benefits in last year?*

3) *Does Respondent expect to lose current government benefits*? This question allows me studying not only actual cuts but also the effect of expectations.

Similar to the first question, the two latter also have itemized information about the social entitlement of the respondent. Again, due to the small number of observations, I cannot disaggregate the data by specific programmes. The ANES included the questions above because in that moment welfare retrenchment was a hot topic in the American politics, but unfortunately these items have not appeared again in any surveys of ANES series.

I use the first question to create the variable "benefits" that measures whether the respondent received federal benefits -at least from one programme-. The variable takes value 1 when the respondent receives a federal benefit and takes value 0 otherwise. Similarly, I use the second question to create "lost-benefits" (0=did not experience a benefit loss, 1= experienced a benefit loss) and I use the third question for the variable "expect-loss" (0= do not expect to lose his benefits, 1 = expect to lose his benefit). The survey has 601 benefits recipients (299 Democrats, 143 Republicans and 156 independents) and 147 benefit losers (74 Democrats, 29 Republican and 42 independents).

The ANES survey does not allow us to distinguish between those who lost their benefits due to policy changes from those who

lost them due to changes in circumstances. This distinction is particularly problematic in the case of unemployment benefit policy since some unemployed people may have lost benefits because they became employed. This makes the results of this chapter more conservative as in these circumstances we shall not expect voters to punish the incumbent for losing their benefits. In any case, the results presented in this chapter do not substantially change if unemployment benefits are not taken into account in the analysis.

Apart from the questions stated above, the survey also contains items about voting behaviour in 1982 Congressional elections–Senate and House- and 1980 Presidential elections. Unfortunately, it does not contain any question related with Presidential vote intention, which is the variable I use in the previous chapters.[9] Instead, the survey provides another question that it is helpful for my purposes:

4) *"How strongly does Respondent approve or disapprove of Ronald Reagan's Performance?"* This variable is a Likert-type scale ranging from 1 "strongly disapprove" to 4 "strongly approve".

I use this variable as my main dependent variable. It does not directly measure voting intention, but it allows me to capture whether the policy outcomes have implications on citizens' predispositions to support the incumbent President. . In some sense this variable has some advantages: vote choice does not only depend on how incumbents' policies affect voters' interests or preferences, but many other factors may affect the decision. As a result, the final vote choice is an amalgamation of heterogeneous motives which may hide the effects of political performance on the incumbent's electoral appeal.[10]

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[9] The absence of this question in ANES surveys is justified since the Presidential elections in US are highly influenced by candidate attributes and the nomination of the challenger candidate is seldom known until the very end of the term.

[10] As Van der Burg *et al.* argue: "if we analyze vote choice as a dependent variable in our models, we may not be able to find effects that

To measure respondents' ideology, I use a question related to the public spending preference. I do not have a left-right scale [11] in this survey, but the following question captures the meaning of ideology that I am interested in, this is, the role of the government in providing social services:

5) *Some people think the government should provide fewer services, even in areas such as health and education, in order to reduce spending. Other people feel it is important for the government to provide many more services even if means an increase in spending. Where would you place yourself on this scale, or haven't you thought much about this?* –it is a seven-point scale where 1 means "the government should provide many more services; increase spending a lot" and 7 means "government should provide many fewer services; reduce spending a lot".

I measure citizens' perceptions about how Reagan performed in social policies with the variable that ask respondents the following question:

6) *Where would you place what the federal government is doing at the present time?*-using the same scale as the previous question.

I am fully aware that services such as education and health are only part of the total social spending, and that this chapter is especially focused on government transfers, and not services. However, this is the best proxy in the survey to measure it.

The models include the following political and socio-demographic control variables: party identification (leaving Republicans as the base category), age, education (that ranges in

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are really there" (2007: 15). These authors suggest using variables that measure the propensities to support parties, which is similar to the measure I use.

[11] The alternative scale in US is the liberal/conservative, but this is too biased in favour of moral issues such as abortion or positive action. I do not use it for two reasons: first, I am interested in more fiscal and redistributive issues that may be blurred by these moral issues; second, there is a high level of non-respondents, which represents the 40 percent of the sample.

value 1 -8 grades or less, no further schooling- to 10 –advanced degree-)[12], gender, income (that ranges in value from 1 –less than $5,000- to 9 –over $50,000), political information,[13] and race (white versus non-white).

The statistical techniques I use in this chapter depend on the nature of the dependent variable. The first models are ordinal logistic regressions. The remaining models, where the dependent variable is vote recall, I use binary logistic regressions.

6.5. Results

6.5.1. Descriptive analysis

The political image that Ronald Reagan transmitted to the electorate was that he was strongly committed to the reduction of public spending. Voters saw Reagan much more hostile to public service spending than their own preferences and than what the government was actually performing. In that issue, Reagan was not a moderate electoral-oriented politician that wanted to place himself in the median voter position. About 50% of the interviewed situated Reagan in positions 6 or 7 in the public service spending 10-point scale, but only a 17% of the voters place themselves in these positions.

Figure 6.3 shows the preference distribution of Reagan and voters in this scale. The latter group presents a shape somewhat similar to normal distribution where the median value is 4, which is also the median position of the scale. However, the distribution is not totally symmetrical; the proportion of people less favour of public services spending is higher. The mean position of Reagan in that scale according to survey respondents is 2.7 which falls far

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[12] The variable is treated as continuous, but the conclusions of the models do not change if it is treated as a categorical variable.

[13] The variable is an index that ranges from 1 (did not follow the electoral news at all) to 5 (followed the news through all media –TV, radio, newspapers and magazines).

from the 4.2 voter's mean. Reagan's preference strongly diverged from the electorate and this leaded public opinion to become a veto point to some Reagan's initiatives. The consequence was that, as we have seen in previous section, Reagan's retrenchment policies were much more modest than his initial plans.

Figure 6.3 also show how voters considered the government action in that issue (using the same scale) much less radical than President's ideology. The government performance was much more responsive to voter preferences than Reagan's ideology. This does not mean that Reagan finally decided to accept the level of public spending that voters wanted; according to voter's point of view Reagan's government performance was still less favourable to government spending than what voters would prefer. In some sense, this reflects the idea of Paul Pierson (1996) and other social scientists that it is difficult for governments to cut welfare spending even when they are strongly committed to do it.

Figure 6.3. Public service spending: Voters' preferences and voters' perceptions about Reagan's preferences and government performance
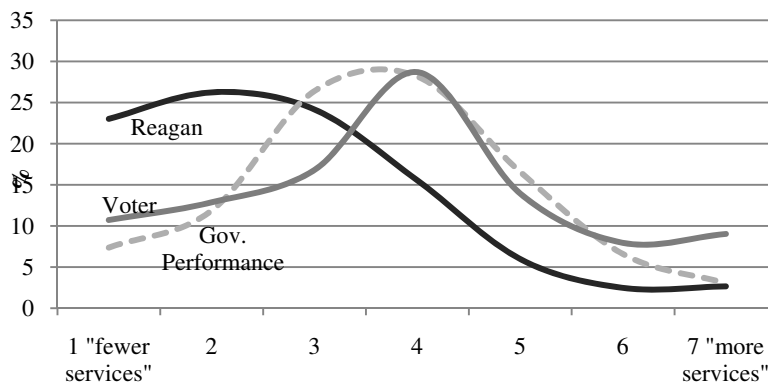
Source: ANES. // *Reagan*: respondents' perceptions about President Reagan position in the public service spending scale. *Government*: respondents' perceptions about the government performance in the same scale; *Voter*: respondents' position in the scale.

Figure 6.4. Benefit losers and the expectation of losing benefits among benefit recipients (in %)
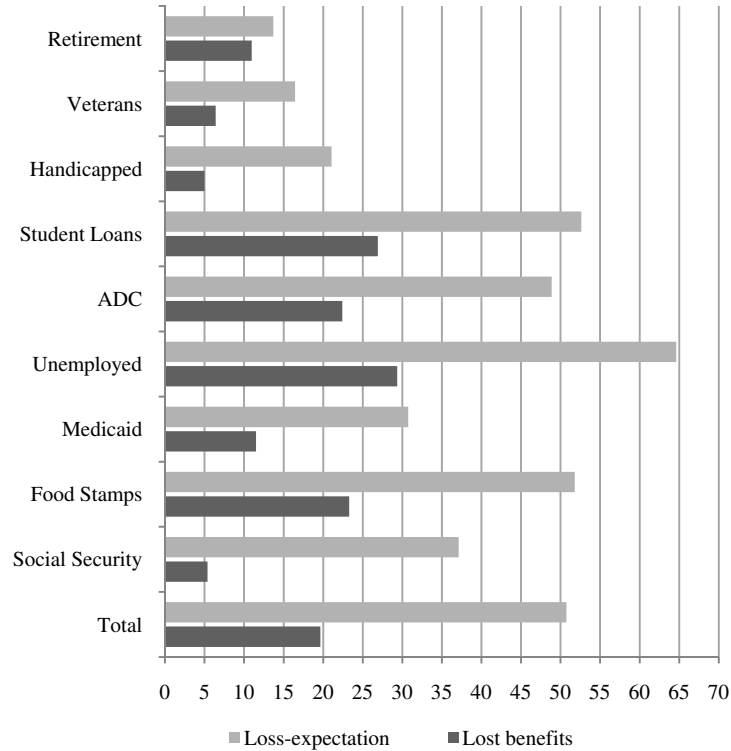
Source: ANES, 1982.

Even though Reagan had to abort some of his reforms once he arrived in the government, the first years in the Presidency were strongly marked by the welfare spending contraction. This fact is also present in the data. About one fifth of those who had a benefit when Reagan entered to the White House had lost their social benefits or considered that they suffered a reduction. Moreover, the half of the recipients expected to lose them in the future. This

was especially intense among those who received unemployment benefits (65%), student loans and food stamps (52% each). These programmes were also the ones that most people reported to have lost. Yet it is important to point out again that, the ANES survey does not include the exact reason why people had lost (or expected to lose) their benefits. Thus, the high proportion of unemployed people who expected to lose their benefits may be partly explained by the expectation of finding a job.

According to the survey, the recipients who suffered less from Reagan's cuts were the handicapped and the social security recipients (5 and 5.4 % lost their benefits respectively), programmes targeted to people less able to work, which is coherent with Reagan "workfare state" ideology.

The data show that people affected by Reagan's cuts were younger than those whose benefits had not been reduced (average age of 48 of the former group compared to 57 of the latter). Also, the proportion of non-white between benefit losers was twice higher than those who still kept their benefits (23 compared with 11 percent respectively).[14] However, there were no significant differences between these two groups in their income, education or level of information.

Unsurprisingly, in some characteristics, people who lost public benefits were more similar to recipients with uncut benefits than non-recipients. This is the case of respondents' age, education and income. These are precisely the characteristics more related with the benefits eligibility criteria. However, some other relevant variables such as the public service spending preference and the government approval, people with uncut benefits were more similar to non-recipients. It is especially surprising to see that the spending preferences of welfare recipients were closer to non-recipients (even though the difference between the two groups is statistically significant).

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[14] All mean differences reported statistically significant at 0.05 level.

Table 6.2. Socio-demographic and political characteristics of those who received benefits, who lost all/part of their benefits or feared losing benefits

	Voters who lost benefits		Voters who kept benefits *		Voters without benefits		min	max	n. obs.
	mean	std dev.	mean	std dev	mean	std dev			
Government Approval	1.98	1.18	2.46	1.22	2.5	1.2	1	4	1278
Age	47.82	1.98	56.53	18.93	37.77	1.22	18	95	1384
Level of education	5.25	2.71	4.94	2.59	6.52	2.19	1	10	1382
Information	3.25	1.13	3.24	1.17	3.27	1.2	1	5	1355
Republican ID	0.2	0.4	0.26	0.44	0.25	0.43	0	1	1354
Democrat ID	0.51	0.5	0.5	0.5	0.41	0.49	0	1	1354
Race (0=white, 1=other)	0.23	0.42	0.11	0.31	0.1	0.3	1	2	1381
Income	2.58	2.12	2.5	1.83	3.47	2.38	1	10	1273
Spending preference	3.57	1.93	4.11	1.7	4.33	1.63	1	7	1100
Gov. spending performance	4.5	1.64	4.14	1.51	4.41	1.31	1	7	1004

Source: ANES, 1982.
Note: *Only those voters that reported that their benefits did not suffer any cut.

Figure 6.5. The type of welfare benefits that respondents receive, by party identification

% of the total welfare recipients

■ Independent ■ Republican ■ Democrat
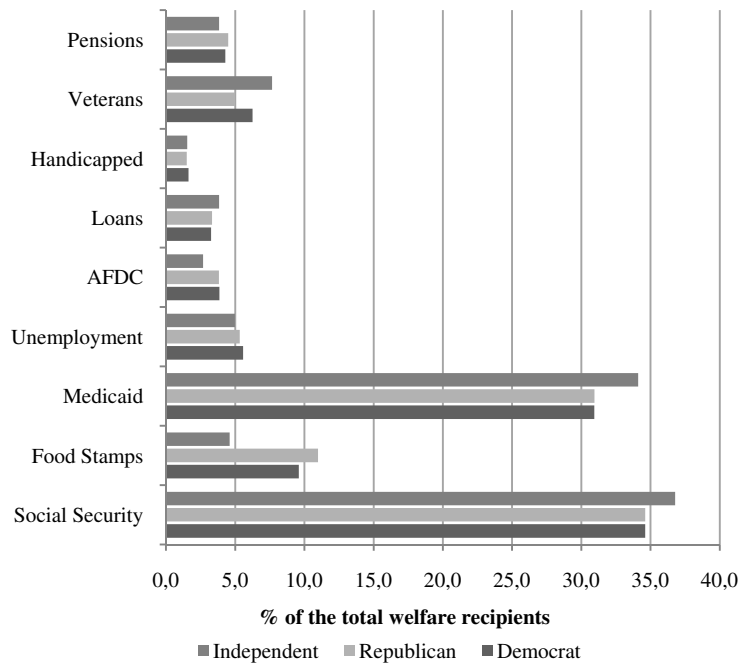
Source: ANES 1982.

Although benefit recipients and benefit losers tend to be more identified with the Democratic Party, the nature of their welfare benefits does not substantively vary across party identification. Regardless their partisanship, most welfare recipients receive their benefits from the Medicaid and Social Security programmes (about 30-35% each). The only significant difference among party identification is in the Food Stamps programme, which the number of Democrats and independents (about 10%) doubles the Republicans (almost 5%).

6.5.2. Welfare policies and Reagan's approval

The statistical models of Table 6.3 explore the relationship between government's approval and its social policies. In the first ordinal logit of the table (Model 1), I introduce all variables with no interactions between them.[15] As expected, citizens that lost part or all of their benefits had a higher probability of disapproving of Reagan (significant at $p<0.05$) even after controlling for party identification, public spending preference and the remaining socio-demographic variables.

By contrast, it is surprising to find that expectations of losing benefits played no relevant role in government approval. The coefficient shows the expected negative sign but it is far from being statistically significant. Hence, according to this model, only people who actually lost the benefits were less favourable to the government, while expectations themselves were not enough to affect Reagan's popularity. A statistically significant effect of expecting a benefit loss on Reagan's approval only emerges in a model with no political and socio-demographic controls. It may be argued that the lack of effect of this variable is due to the existence of some unemployed citizens who expect to lose their benefits as a consequence of becoming employed again. However, the results do not change if I exclude those who expect to lose the unemployment benefits.

Figure 6.6 compares the predicted probabilities of approving the President comparing benefit losers with the rest of the population.[16] The former group have a probability of 0.4 of strongly disapproving of the government performance, which is 0.13 points more than the latter group. In fact, the model predicts

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[15] All ordinal logit regressions in the table do not violate the parallel assumption.

[16] In all probability estimations of this section I keep the remaining variables at their mean except for welfare recipients' predicted probabilities, where benefit losers=0 and expecting a benefit loss=0 – which means that I create an ideal type of recipient that did lose benefits and does not expect any in the future.

Table 6.3. The effects of welfare retrenchment on Reagan's approval (I), 1982 (ordinal logit estimates)

| | President Reagan approval 1982 | | |
	M1	M2	M3
Welfare Recipients (principal effect)	0.32	0.33	0.68*
	(0.19)	(0.19)	(0.29)
Welfare Recipients * Independents			-0.47
			(0.36)
Welfare Recipients * Democrat			-0.53
			(0.34)
Expecting a benefit loss	-0.1	-0.12	-0.1
	(0.24)	(0.24)	(0.24)
Benefit Losers (principal effect)	-0.59*	0.24	-0.59*
	(0.25)	(0.46)	(0.25)
Benefit Losers * Independent		-1.04	
		(0.66)	
Benefit Losers * Democrat		-1.26*	
		(0.61)	
Independent	-1.17**	-1.08**	-1.01**
	(0.17)	(0.17)	(0.2)
Democrat	-2.55**	-2.45**	-2.34**
	(0.18)	(0.19)	(0.23)
Age	-0.008	-0.008	-0.008
	(0.005)	(0.005)	(0.005)
Education	0.003	-0.003	-0.001
	(0.03)	(0.03)	(0.03)
Information	0.02	0.02	0.02
	(0.07)	(0.07)	(0.07)
Race (non-white)	-1.1**	-1.08**	-1.1**
	(0.3)	(0.3)	(0.3)
Income	0.02	0.02	0.01
	(0.03)	(0.03)	(0.03)
Spending Preference (public services)	-0.34**	-0.34**	-0.34**
	(0.05)	(0.05)	(0.05)
cut1	-1.95	-1.87	-2.04
	(0.51)	(0.51)	(0.61)
cut2	-1,067	-0.98	-1.16
	(0.51)	(0.5)	(0.61)
cut3	0.48	0.57	0.40
	(0.51)	(0.51)	(0.6)
Number of Observations	883	883	883
Wald chi2 (12)	366.24	371.56	371.56
Prob>chi2	0	0	0
Pseudo-R2	0.193	0.195	0.195

Note: Coefficients are maximum-likelihood estimates. The standard errors are in brackets; ** significant at the 95% level; *** significant at the 99% level. Reference categories: Party identification: Republican ID.

that President Reagan was unpopular among the majority of citizens who lost their welfare benefits. Indeed, this group was more likely to be dissatisfied with the President, with a cumulative probability of 0.61 of disapproving or strongly disapproving Reagan. By contrast, the probability of strongly disapproving the government among the rest of the population falls to 0.27, thirteen points less than benefit losers. [17] In fact, non-recipients tended to have positive attitudes towards President Reagan. The cumulative probability to approve or strongly approve the President slightly exceeds the 0.5.

Figure 6.6. Predicted probabilities of approving Reagan among voters who lost their benefits
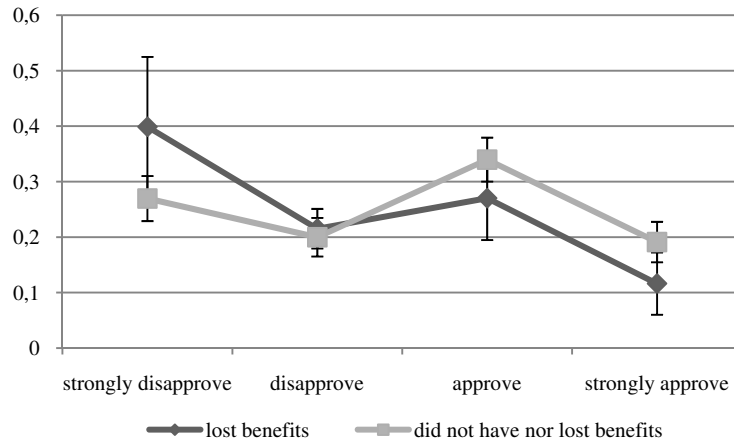
Note: Predicted probabilities of Model 1 of Table 6.3 and 95% Confidence intervals.

In sum, the results show that welfare cuts are translated to higher dissatisfaction with the government among benefit losers.

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[17] Differences are statistically significant (at the $p < 0.05$ level) in all categories except for the 'disapprove' one.

The dependent variable is President's approval, but this discontent can easily translate to electoral costs among this group. The results are compatible with the conclusions of the previous chapter where I found that old-age pension increases were associated with a higher probability of voting for the incumbent among retired electorate.

The Model 1 of Table 6.3 also shows that receiving public transfers increases the satisfaction with the President. The coefficient is positive but only significant at the p>0.10 level. The ANES survey does not specify whether recipients already had these benefits when Reagan became president or whether they obtained them during Reagan's mandate. But we know that Reagan did not create new welfare entitlements during his mandate; therefore we may assume that most benefits were awarded prior to Reagan's arrival at the White House. This finding suggests that governments succeed in taking credit for simply maintaining the entitlement payments created by previous administrations. This is compatible with Alvarez and Saving's (1997) results who found that the electorate rewarded incumbents for spending programmes created by previous incumbents.[18]

The more pro-Reagan attitudes among benefit recipients are not completely intuitive since it seems reasonable to think that welfare recipients were afraid of losing their benefits and, consequently, preferred an alternative government. But, data show that most recipients did not feel that their welfare transfers were challenged by Reagan's policies. One fifth of welfare recipients suffered a cut in their benefits during the Reagan years but about two thirds did not expect further cutbacks. Also, the effect of having a benefit in Model 1 is only statistically significant if I control for having lost or expecting to lose some benefits. This indicates that welfare recipients only have a higher probability of

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[18] However these authors found that the new programmes created by the incumbent were more politically profitable than the inherited ones.

approving the incumbent if they feel that their current transfers are not (or will not be) damaged by government policies.[19]

Figure 6.7. Predicted probabilities of approving Reagan among welfare recipients
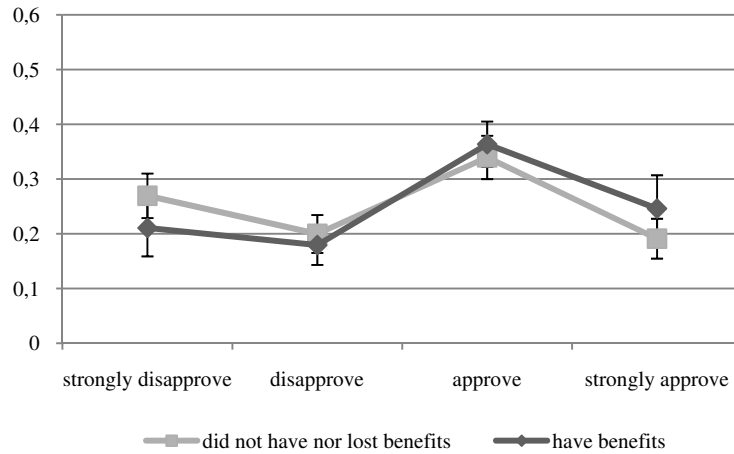
Note: Predicted probabilities of Model 1 of Table 6.3 and 95% confidence intervals.[20]

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[19] In fact, this is corroborated by doing an interaction between the variables "welfare recipients" and "benefit losers". The results show that although the effect of having benefits on government approval is not statistically different between people who experienced a benefit reduction and people who did not, only the effect of the latter group is different from zero. Hence, the evidence only supports the thesis that recipients that did not suffer Reagan cuts were more likely to be more satisfied with administration's performance. Again, for space considerations this model is not included in the table.

[20] In these probability estimations I keep the remaining variables at their mean except for welfare recipients' predicted probabilities, where benefit losers=0 and expecting a benefit loss=0 – which means that I create an ideal type of recipient that did lose benefits and does not expect any cut in the future.

6.5.3. The role of party identification

The ordinal Model 2 of Table 6.3 analyses the effects of spending cutbacks on Presidential approval by party identification. According to my hypothesis, accountability depends on party attachments. In particular, the hypothesis about the group-serving bias caused by party identification predicts that Republican partisans were more reluctant to punish the government when their benefits were cut.

The hypothesis is compatible with the results of Model 2 (Table 6.3), where I include an interaction between party identification and losing public benefits (keeping Republican identifiers as the base category). The results show that the effect of welfare cutbacks on Reagan's popularity was especially relevant among voters identified with the Democratic Party. Among this latter group, the model predicts that losing welfare benefits increased the probability of strongly disapproving of the President's performance from 0.5 to 0.73 and reduced to half the probability of approving it (from 0.21 to 0.1). Conversely, the implications of Reagan's welfare cutbacks were considerably weaker among independent voters (which is only significant at p<0.11) and it became totally irrelevant for Republican voters (see Figure 6.8).[21] Hence, Reagan's retrenchment agenda translated into political discontent among Democrat recipients and, to a much lesser extent, among independents.

A similar pattern emerges in the case of voters who still received public benefits (Model 3, Table 6.3). The interaction between welfare recipients and party identification shows that the effect of the former variable also varies depending on party identification. Non-Republican citizens who received any kind of

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[21] The coefficient "benefit losers" for Democrats results from the sum of the principal effect and the interaction term (0.24+(-1.26)=1.14) and it is statistically different from zero and from the coefficient for Republicans at the p<0.05 level. Conversely, The coefficient for independents (0.24+(-1.04)=-0.8) is not statistically different from the Republican voters and only different from zero at the p<0.11 level.

welfare benefits from the government were not more satisfied with the President compared with their non-recipients counterparts. [22] But the effect of this variable becomes positive and statistically significant among Republican voters. The probability estimations of Figure 6.9 clearly show that only Republicans were grateful to Reagan for maintaining their welfare benefits. Negative evaluations of Reagan among Republicans are equally low for recipients and non-recipients, but relevant differences emerge in the positive evaluation categories. While non-recipients are more likely to approve of Reagan (0.35 compared to 0.27), the contrary occurs in the strongly approve attitudes, which are more common among welfare recipients (0.61 compared to 0.44). The estimated probabilities among Democrats and independent voters practically do not change.

Hence, the results clearly show that those indentified with the ruling party are less likely to punish the government for adverse political outcomes (like losing their benefits) and less likely to reward for positive outcomes. This is compatible with my hypothesis, which posits that accountability among government partisans differs from the rest of the population because of the self-serving bias effect. However, the hypotheses of this dissertation do not explicitly indicate that independent voters are less likely to punish the government for welfare cuts than voters identified with the party of the opposition. The results here seem to show that there are some relevant differences between these two groups. The effect of losing benefits among the independents is a very weak one (at $p < 0.11$), while it is strong for democrats ($p < 0.05$). A possible explanation is that party identification not only hinders the electoral effects of adverse policy outcomes among incumbents' core supporters, but it also boosts their effects among opposing voters.

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[22] As before, the effect of having benefits for independents and Democrats results from the sum of the principal effect and the interaction terms and none of them are statistically different from zero.

Figure 6. 8. Predicted probabilities of approving Reagan among voters who lost some (or all) of their benefits, by party ID

Republicans

Independents

Democrats

no benefit lost   benefit lost
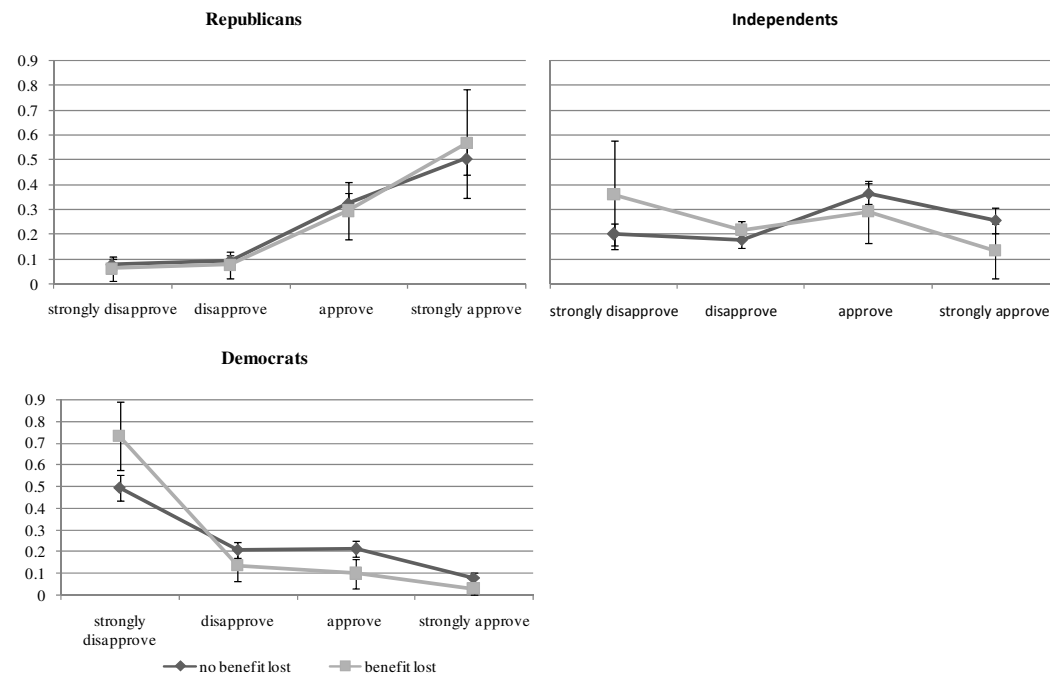
Note: Predicted probabilites using Model 2 of Table 6.3 and 95% confidence intervals.

Figure 6.9. Predicted probabilities of approving Reagan among voters who received welfare benefits, by party ID
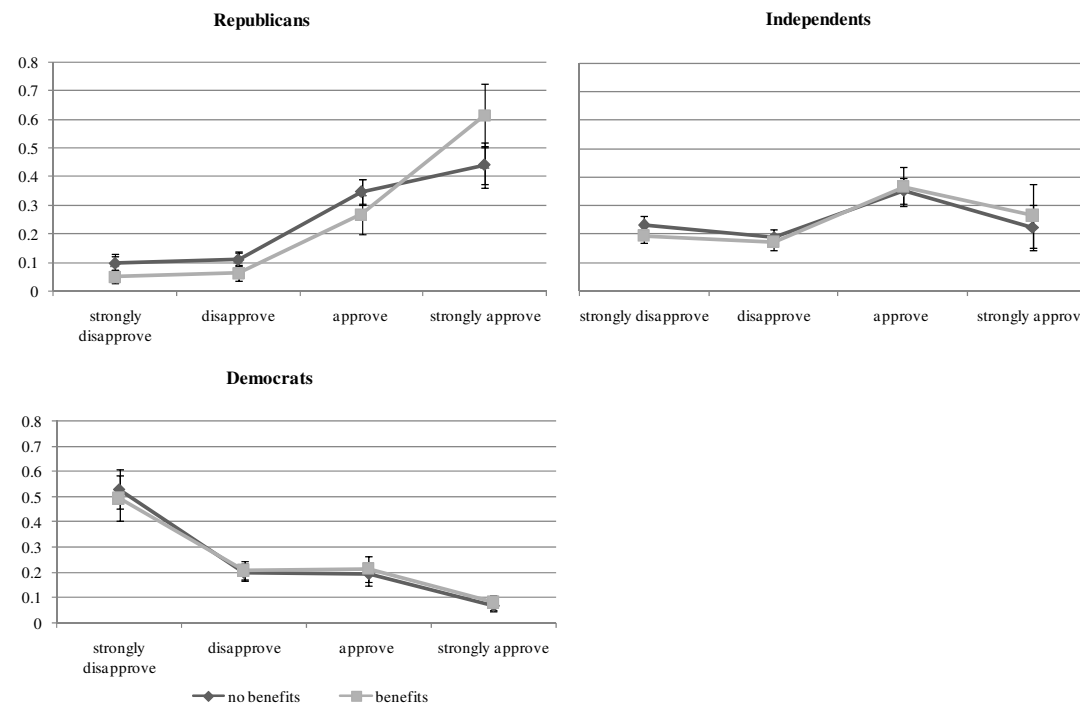
Note: Predicted probabilites using Model 2 of Table 6.3 and 95% confidence intervals.

The behaviour of independent voters described in this chapter does not seem to be compatible with the one described by many political scientists. Many political scientists consider that governments invest in swing voters (usually independent or those with very low party identification) because the vote of this group is more responsive to governments' policies (see Dixit and Londregan1996). As they have less identity constraints, they are more open to support the party who offers them a better deal. Conversely, core supporters (in this case, the Republicans) and opposing voters (Democrats) are less likely to give up their partisan attachment and vote taking into account the benefits that each party provides. The results in this chapter seem to indicate the opposite effect: core supporters are more likely to respond to government welfare transfers than independent voters. In sum, public transfers helps to mobilize and reinforce the loyalty of incumbents' traditional constituencies, which is compatible with Cox and McCubbins' idea that targeting transfers to core supporters maximizes electoral returns (1986).

Since I use cross-sectional data, I cannot confirm that citizens' party identification reported in the survey was not influenced by Reagan's cutbacks. Therefore, in this chapter I have to assume that partisanship is an enduring political attitude, exogenous to short-term government policies such as welfare cuts. Although during the 70s and 80s some criticisms emerged about the idea of partisanship as "unmoved mover", more recent studies have returned again to the *American Voter* idea about the stability of partisan attitudes.[23] Besides, the data I use in this article show that about 90 percent of those who voted for the Republican Party in

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[23] Some authors such as Franklin and Jackson (1983) or Brody and Rothenberg (1988) -challenging the idea established by Campbell *et al.*'s *American Voter* (1960)- argued that party identification is not immune to the influence of short-term factors such as perceived party issue proximities or retrospective incumbent evaluations. More recent research has criticized the previous research using methodological arguments and claimed the validity of the American Voter perspective once again (Green and Palmquist 1990, Schickler and Green 1997).

the 1980 Presidential elections claimed to identify with this party in 1982 regardless of whether their benefits were cut or remained untouched. This consistency suggests that party identification was not influenced by Reagan's social policies.

In sum, the study of Reagan's case suggests that the effect of policy outcomes on political satisfaction with the government is strengthened or weakened depending on citizens' party identification. The behaviour of Democrats and Republicans that emerges in Models 2 and 3 conforms to my expectations. Citizens' partisan attachments constrain their political responsiveness in a way that means only the Democrats punished welfare cuts and only the Republicans rewarded welfare transfers.

6.5.4. The role of ideology

The models of Table 6.4 test the third hypothesis of this chapter: the effect of ideology. The negative coefficient in Model 1 of the variable "government spending" reflects that the more people thought that the government was cutting spending on public services, the more they disapproved Ronald Reagan's work. This indicates that the President Reagan was punished for maintaining a fiscal discipline. Some might argue that the effect of government spending effort would only be present in the case of welfare recipients. However, the effect of government service spending remains the same for those who receive welfare benefits and those who do not. If I estimate the interaction between this variable with the welfare recipient variable, I find that the effect of the former is the same for recipients and non-recipients. There are also no differences across income levels (as having less income may also be another proxy for benefitting from public spending). Hence, it seems that self-interest cannot explain why cutting

Table 6.4. The effects of welfare retrenchment on Reagan's approval (II), 1982 (ordinal logit regression estimates)

	President Reagan approval 1982	
	M1	M2
Spending Preference (public services)	-0.34**	
	(0.05)	
Spending Preference		-0.11
		(0.12)
Government Spending	-0.14**	0.07
	(0.05)	(0.11)
Government Spending * Spending Preference		-0.05*
		(0.02)
Welfare Recipients	0.32*	0.33*
	(0.19)	(0.18)
Expecting a benefit loss	-0.1	-0.07
	(0.24)	(0.23)
Benefit Losers	-0.59*	-0.55**
	(0.25)	(0.25)
Independent	-1.17**	-1.17**
	(0.17)	(0.17)
Democrat	-2.55**	-2.53**
	(0.18)	(0.19)
Age	-0.008*	-0.01*
	(0.005)	(0.005)
Education	0.003	0.01
	(0.03)	(0.03)
Information	0.02	0.01
	(0.07)	(0.06)
Race (non-white)	-1.1***	-1.17**
	(0.3)	(0.17)
Income	0.02	0.02
	(0.3)	(0.03)
cut1	-1.95	-3.9
	(0.51)	(0.71)
cut2	-1.07	-3.1
	(0.51)	(0.7)
cut3	0.48	-1.49
	(0.51)	(0.61)
Number of Observations	883	883
Wald chi2 (12)	366.24	348.78
Prob>chi2	0	0
Pseudo-R2	0.19	0.19

Note: Coefficients are maximum-likelihood estimates. The standard errors are in brackets * significant at the 95% level; ** significant at the 99% level. Reference categories: Party identification: Republican ID.

public spending on services was associated with Reagan disapproval.[24]

A theory that would explain why welfare recipients and non-recipients punish public spending cutbacks may be that most American voters were in favour of more public spending. However, I have already shown in Figure 6.1 that this is not true. In fact, it is the opposite: voters were somewhat biased towards a "fewer service spending" preference. So if Figure 6.1 indicated that people were not especially favourable to public spending, why did people punish a fiscally conservative government? Model 2,which includes an interaction between the government's spending and voters' ideology (service spending preference), tries to address this puzzle. The interaction shows that government spending did not have a significant effect on support for Reagan among fiscally conservative voters –those who prefer less services spending. The effect of the variable 'government spending' is not statistically significant among fiscally conservative individuals (from value 1 to 3 of the 'service spending preference' variable) and it only becomes negative and statistically significant (at a $p<0.05$ level) among moderate (value 4) and pro-spending individuals (values 5 to 7). Conversely, the effect turns out to be negative and significant among the electorate that preferred more or the same level of public service spending.

In sum, Model 2 suggests that governments' welfare cutbacks led pro-spending ideological voters to punish Reagan, but this was not compensated by the gratitude of the fiscally conservative electorate. A plausible explanation for this asymmetry is that the left-wing electorate tend to consider social policies as more salient (and hence more influential in his electoral decision) than the right-wing one (see Chapter 4). An implication of analysis is that vote-seeking incumbents should be careful with cutting at public

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[24] The remaining variables in these two alternative models with interactions do not suffer significant changes. For reasons of space I have not included these models.

spending on services, since (other things being equal) it only generates discontent among the electorate.[25]

In sum, these results are compatible with the hypothesis that the effect of social spending is mediated by citizens' ideology. In this dissertation I claim that social policies do not only have an impact on the self-interested electorate, but also on the leftist one, favourable of the role of the state as a welfare provider. In the chapter of public pensions in OECD countries, I found that the increase in public spending (in old-age pensions item) was associated with incumbent support among the left-wing electorate. Here I consistently find that Reagans' spending cutbacks not only had political implications among the recipients that lost their benefits but also among pro-spending ideological citizens.

6.5.5. The effect of welfare benefits in Carter re-election

The aim of this last empirical section is twofold. I first want to change the traditional retrospective perspective of this dissertation and corroborate the validity of my findings from a prospective point of view. My intention in this section is to test whether recipients were more likely to support the incumbent –Jimmy Carter- in the 1980 elections, when he was defeated by the challenger, Ronald Reagan. At that moment, Carter was responsible for signing federal welfare cheques and, hence, the person most likely to take credit for them. Conversely, Reagan

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[25] It may be argued that governments do not gain votes from spending cuts but from the tax reductions that this may imply. However, if I include the variable "taxes" that measures "the effect of [Reagan] tax cuts on respondent disposable income" (which includes four categories: "great deal difference", "some difference" "barely any" or "r no pay federal taxes") conclusions of all models of this chapter do not change. Besides, the effect of this variable on government approval (controlling for the remaining variables of Model 1) turns out to be statistically insignificant.

presented a political platform which was manifestly hostile to some welfare transfers.

The second objective is to validate that people who thought that their benefits were cut during the Reagan administration punished the Federal Government because they considered it responsible of these policy. In order to prove this, I test whether benefit losers had a higher likelihood of punishing the Republican Party in the Congressional elections of 1982. Responsibility for the cutback initiatives lay with the Presidency and not the Congress. Indeed, both Republican and Democrat congressmen were less enthusiastic than Reagan about his welfare retrenchment plans; in fact, one of the reasons to account for why cutbacks were not as drastic as they could have been was precisely the lack of support of the legislators (Cook and Barrett 1992).Hence, I expect benefit losers to punish Reagan but not their Republican congressional representative. If they punished both to the same extent, this may indicate that they were against the Republican Party for reasons other than the reduction of their benefits.

For the former objective, I use a binary logit that models the occurrence of voting for Carter in the 1980 Presidential elections.[26] In that model I include all the variables of Model 1 of Table 6.3, except for those related to Reagan's performance (benefit losers, expecting a benefit loss and government's service spending performance). I find that the coefficient associated with being a welfare recipient is statistically different from zero (but only at the $p<0.10$ level), which indicates that people who receive public welfare transfers had a higher probability of voting for the incumbent.[27] There is a 0.11 point-gap (from 0.42 to 0.31) in the

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[26] The dependent variable is different in hypotheses 6 and 7. In the former I use the 1980 Presidential vote recall (where 1= vote for Carter and 0= vote for Reagan); and the dependent variable in the latter hypothesis is 1982 Congressional vote recall (where 1= Republican Party and 0= Democrat Party).

[27] For the validity of this model I must assume that people who received a benefit in 1982 also did so two years previously when Carter was the President. This is a reasonable assumption because I already

probability of voting for Carter among benefit recipients and non-recipients; in other words, the probability of supporting Carter was 33% higher for voters entitled to receive government benefits.

The results are completely different from the ones find in Model 1 of Table 6.3. Welfare recipients were less inclined to vote for Reagan in the 1980 Presidential elections but they become more favourable to Reagan once he arrived in office and maintained their benefits.

The fact that welfare recipients were more likely to vote for President Carter is compatible with my hypothesis. If these citizens decided their vote taking into consideration which candidate was the best guarantee for keeping their benefits, the Democrat option was the most rational. Surely, many of these welfare benefit recipients were afraid of Reagans' victory, since his ideology was manifestly hostile to social spending. The Model 2 of Table 6.5, which adds the variable expecting a benefit loss, tries to provide some evidence for this argument.[28] Once I control for this variable (expecting a benefit loss), the effect of being welfare recipient disappears. Instead, it is the variable expecting a benefit loss that shows a positive and significant effect. The intensity of the effect is two times stronger than "benefits" in the previous model. The probability of voting for Carter among recipients who expected a cut was two thirds higher than the rest of the population (0.54 compared with 0.31). According to this model, the explanation for why welfare recipients had a higher inclination to vote for Carter is that they feared that Reagan would cut their benefits.

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pointed out that Reagan was responsible for cutting existing benefits but did not create new welfare entitlements.

[28] This model assumes that people who in 1982 thought that Reagan would cut their benefits in the future, also thought in that way in 1980. In some sense, this is a plausible assumption as Reagan was clear in his commitment to welfare retrenchment when he was candidate in the Presidential election campaign of 1980. But we must also consider that in 1982 Reagan's welfare reform was in its best moment and that may have convinced some citizens about the probability of further cuts.

All chapters in this dissertation studies voting behaviour from a retrospective point of view. The results I just presented suggest that social policies may also have an importance in the prospective calculations of the electorate, at least when they expect that their benefits are challenged by one of the contesting parties.

6.5.6. The 1982 mid-term Congressional elections

Finally, the last model of Table 6.5 is also a binary logistic model where the dependent variable measures the vote choice in the House of Representatives election. Some social scientists such as Niskanen (1988:38) suggested that Reagan's cutbacks had helped Democrats in his Midterm Congressional elections. By contrast, Model 3.
clearly proves that Reagan's welfare policy had no impact at all on this election. The citizens whose welfare benefits were cut were not more likely to vote for the Republican candidates. In that issue, it seems that American voters were able to correctly assign responsibility so that each level was accountable only for its own decisions. This last model helps us to validate that the political behaviour of welfare recipients in Model 1 of Table 6.3 was a reaction to the costs derived from Reagan's welfare policy.

6.6. Conclusions

In my chapter about the electoral effects of pension spending in OECD democracies (Chapter 5) I was not able to reach to a clear conclusion about voters' reactions to social spending in welfare state retrenchment environments. The aim of this chapter was to fill the gap left in the previous chapter and study how voters react when governments decide to cut social spending. The Ronald Reagan Presidency is a suitable case study since it is one of the most emblematical and successful experiences of welfare retrenchment.

Table 6.5. The effects of welfare retrenchment on Presidential (1980) and Mid-term Congressional elections (1982), (logit regression estimates)

	Carter 1980		Congress'82
	M5	**M6**	**M7**
Welfare Recipients	0.47**	0.1	0.27
	(0.24)	(0.26)	(0.44)
Expecting benefit loss		0.96***	0.05
		(0.34)	(0.19)
Benefit Losers			-0.33
			(0.38)
Independent	2.02***	2.06***	1.67***
	(0.36)	(0.36)	(0.28)
Democrat	3.4***	3.45***	-2.57***
	(0.34)	(0.35)	(0.28)
Age	-0.005	-0.003	-0.006
	(0.07)	(0.01)	(0.01)
Education	-0.006	0.003	0.09*
	(0.04)	(0.05)	(0.05)
Information	-0.02	-0.01	-0.08
	(0.08)	(0.08)	(0.1)
Race	1.81***	1.76***	-0.49
	(0.44)	(0.44)	(0.41)
Income	-0.10**	-0.11**	0.00
	(0.05)	(0.05)	(0.05)
Spending Preference	0.25***	0.24***	-0.13*
(public services)	(0.06)	(0.06)	(0.07)
Government Spending			-0.12
			(0.095)
Constant	-1.26*	-1.56**	10.9
	(0.67)	(0.68)	(0.94)
Number of Observations	755	747	524
Wald chi2 (12)	203.02	204.05	125.68
Prob>chi2	0	0	0
Pseudo-R2	0.338	0.344	0.234

Note: Coefficients are maximum-likelihood estimates. The standard errors are in brackets * significant at the 90% level; ** significant at the 95% level; *** significant at the 99%level. Reference categories: Party identification: Republican ID.

This chapter supports the idea that governments' decisions about how distribute their resources among the electorate has electoral implications at least when voters perceive that they are the losers of governmental action. The empirical results of this chapter clearly support the widespread idea in political science that policy losers tend to be less likely to support the government. In this case study, voters whose welfare benefits were reduced or lost during the first two years of the Reagan government were more likely to disapprove the President. Surprisingly, I found that the expectation of losing the benefits in the future did not have a relevant influence on the evaluation of Reagan. On the other hand, voters whose welfare benefits were not altered by Reagan's policies had a higher inclination for approving his administration, but the effect was smaller. Hence, recipients seemed to reward the government for their benefits even in retrenchment contexts. This finding is not compatible with the one found in the previous chapter, where I found that governments did not gain the support of welfare recipients by maintaining the status quo.

The results also shows that party identification have an interactive role in the relation between being public spending recipient and voting for the incumbent. As I hypothesised party identification modulate voters' perception of policy outcomes. Indeed, I found that cutbacks had only a relevant impact among the recipients not identified with the Republican Party. The effect is higher among Democrats than among independents (which is only significant at the $p < 0.11$ level). These results suggest that party identification cushions the effect of government policies on vote choice. Indeed, the incumbent became especially unpopular among the electorate identified with the opposing party, who most probably would not vote for the government anyway. Hence, my hypothesis about the mediating role of party identification is more compatible with the evidence provided in this chapter than the evidence of the previous chapter about old-age pensions in the OECD.

Finally, welfare policies are not only popular among their recipients but also among the ideological voters. In this chapter, I

also study whether the negative effect of Reagan's cutbacks were higher for those favourable of social spending. Results show that cutbacks had a negative effect for all voters except for those favourable of spending cuts. But Reagan's retrenchment agenda had neither a significant positive influence on this latter group. Despite of being favourable of Reagan's policy, anti-spending voters did not take it into account when they evaluate the President. This corroborates that social policies are particularly salient among the leftist electorate. The Reagan experience suggests that cutbacks mainly generate adverse electoral outcomes, which may explain why governments have big difficulties to carry out welfare restrictive policies.

CHAPTER 7. CONCLUSIONS

Can governments 'buy' the vote of the electorate by using public spending? And, if they can, who is more likely to react to governments' spending decisions? These are, in a nutshell, the two main research questions I have been trying to answer in this dissertation. The main motivation of this thesis has been to determine the conditions under which public spending is an effective tool to gain votes. The conviction that votes can be bought with public resources is well established among politicians of many OECD countries and it provides vote-seeking politicians with strong incentives to use the public budget to attract the support of the spending recipients. Some good examples of this were briefly introduced in Chapter 1: (i) the PRI governments in Mexico were accused of manipulating the geographical allocation of the PRONASOL welfare programmes in order to maximize their electoral returns; (ii) the US governments tactically increased veterans' benefits in the electoral years with the aim of gaining the support of their beneficiaries; and (iii) many Spanish politicians have been accused of manipulating the assignation of some public resources such as public employment or the PER unemployment benefits in rural areas in order to consolidate their clientelistic networks.

Although we know the idea of 'vote buying' is a widespread conviction among social scientists and politicians, we still do not have much scientific evidence on whether voters are indeed responsive to public spending. Obviously, politicians cannot condition their strategies to the slow pace of science: when

evidence is not yet available, they follow their intuition. As Mayhew put it: "how much particularized benefits count for at the polls is extraordinarily difficult to say, but it will be hard to find a Congressman who thinks he can afford to wait around until precise information is available. The lore is that they count" (1974: 57). The aim of this dissertation has been precisely to fill this gap and study the empirical validity of politicians' intuition by focusing on the electoral impact of social spending in the OECD countries.

The main argument of this thesis is that social spending has the particularity of attracting the vote of not only welfare recipients but also the left-wing electorate. Most political scientists and politicians are only concerned about the role of self-interest, but in this dissertation I have shown that governments can also use social expenditure to attract an ideological constituency. Left-wing individuals do not only evaluate social policies by simply taking into account their material interests, they also bring their values and their ideological commitments into consideration when evaluating this type of policies. This is precisely what differentiates social spending from other types of spending items such as the well-known pork barrel spending, the benefits of which are mainly concentrated among those who directly benefit from them.

In sum, social policies are characterized by the particularity of having a dual effect of gaining the support of the beneficiaries as well as the support of some of the non-recipients who have an ideological preference for such policies.

7.1. The two major contributions of this dissertation

This thesis has attempted to advance the literature on electoral politics from both an empirical and a theoretical point of view. In particular, these pages have provided two major contributions.

First, from an empirical point of view, the thesis has offered robust empirical evidence about one of the mainstream

assumptions in political science and political economy: that to some extent voters exchange their votes for material public benefits. Many of the analyses of the empirical chapters have been dedicated to studying whether self-interest is an important motivation behind voters' political attitudes and behaviour. In particular, the intention of the first two empirical chapters has been to study to what extent welfare recipients have a higher preference for these policies. The results of Chapter 3 have indicated that those who benefit from social policies are more likely to support spending increases in this type of policies. To put an example, this chapter has shown that the jobless tend to have a stronger preference for spending increases in unemployment benefits while the opposite occur among the elderly retired electorate, who are no longer entitled to receive these benefits. In Chapter 4, I have also shown that self-interest is an important explanatory factor of issue salience. Indeed, welfare recipients are more likely to choose a social policy when asked about the most important issue in the elections.

The last two empirical chapters have provided evidence that self-interest does not only influence individuals' policy preferences it also conditions their electoral behaviour. Both chapters show how voters reward those governments that provide them with material benefits. In Chapter 5, I showed that the elderly retired electorate in the OECD was more likely to vote for the incumbent party when spending increases in old-age pensions were higher. The chapter explains how voters are indeed responsive to governmental policies when these have a direct effect on their pocketbooks. It is important to acknowledge that this chapter had two main methodological problems. First, the survey I used did not allow me to clearly determine who was actually in receipt of an old-age pension benefit. As a consequence, I had to use respondents' labour situation –i.e. being retired- as a proxy variable, despite the fact that not all retired people are pensioners. The second methodological problem of Chapter 5 was that there were very few experiences of pension spending cutbacks in the period covered in the chapter. As a result,

the data was not appropriate to make inferences about how voters react in welfare retrenchment environments.

In order to solve these two methodological problems, in Chapter 6 I have studied the effect of the well-known welfare retrenchment agenda of President Ronald Reagan in the first half of the 1980s. This case has helped me to develop a more accurate study of the effect of social spending cutbacks. Moreover, the available data was in this case more appropriate for measuring self-interest: the ANES 1982 electoral survey contained information about whether respondents were in receipt of any welfare benefit and whether their benefits were cut during these two years of Reagan's Presidency. The results of the chapter have been analogous to the ones in Chapter 5: those individuals who lost part or all of their benefits showed a lower inclination to support the incumbent. In sum, both chapters 5 and 6 seem to corroborate that voters react to governments' welfare spending decisions in a self-interested way.

The second contribution of my dissertation has been theoretical: I have tried to move beyond the standard hypothesis that public spending only mobilizes self-interested constituencies and I have provided a logic for how social spending also has an impact on voters with strong political predispositions (ideology and party identification). Hence, this dissertation has aimed at contributing to the literature by positing a theory of heterogeneous policy voting in which both self-interest and political predispositions mediate the electoral impact of social spending. In other words, my second contribution has been to provide a theoretical argument to explain the conditions under which "vote buying" becomes an effective strategy for vote-seeking incumbents.

In particular, this thesis has studied the conditioning effect of two important political predispositions: ideology and party identification. First, I have shown that social policies have the particularity of attracting the vote of the left-wing electorate, even when they have no direct material interest in these policies. The explanation of why this is the case is similar to the one provided

for the effect of self-interest: left-right ideology is strongly correlated with public preferences towards social spending (Chapter 3) and with the salience of social policies in elections (Chapter 4). In sum, an interesting particularity of social policies analyzed in these pages is their capacity to generate two different electoral clienteles: their recipients and the left-wing electorate.

The second political predisposition studied has been party identification. This dissertation has shown that the effect of policy outcomes is mediated by partisanship: incumbents' supporters tend to be more responsive to positive outcomes than negative ones but the opposite occurs with those identified with a non-incumbent party. I have argued that this effect is due to the important biases that party identification generates in individuals' processes of causal attribution. Partisans are prone to group-serving biases: they have a tendency to give credit to their party for the positive or desired policy outcomes and to blame the rival party for undesirable ones. According to this point of view, voters tend to find arguments to exonerate the government for negative outcomes when the incumbent party is the one they indentify with and, conversely, they try to find arguments to avoid giving credit for positive outcomes to the governments led by a rival party.

Some of the findings provided in the previous chapters are compatible with the group-serving bias of party identification. This hypothesis is especially consistent with the results of Chapter 6, where I studied the electoral consequences of Reagan's welfare spending cutbacks. Using the 1982 ANES survey, in this chapter I demonstrated that voters who lost welfare benefits punished Reagan but this only occurred when they identified with the Democratic Party. By contrast, benefit recipients not affected by government cuts were more likely to support Reagan, but again this was only significant among voters identifying with the President's party. The chapter has provided consistent evidence that governments cannot automatically "buy" votes by using social spending, the influence of which is instead cushioned by party identification.

In sum, this dissertation has tried to contribute to the literature in policy voting by challenging the overwhelming tendency in political science to treat voters as monolithic (Gomez and Wilson 2006). Certainly, most literature on electoral behaviour has largely neglected the asymmetrical effect of policies among citizens. Yet in the previous chapters I have provided empirical evidence supporting my theoretical propositions that not all voters react to policies in the same way. Their reactions are largely dependent on their material interests and their political predispositions.

7.2. Some implications for democratic theory

The conclusions of this dissertation have some implications for the theory of democracy. The empirical evidence of the previous chapters has demonstrated that citizens are to some extent responsive to governments' past performance. In particular, Chapters 5 and 6 have shown that voters in the OECD tend to link their decision to support the incumbent to social policy outcomes. Hence, the results of these chapters are compatible with the idea that elections are effective mechanisms of accountability, at least when studying the connection between social policies and vote choice.

From a normative point of view, this has consequences for the good functioning of our democracies. Dahl considered that "at a minimum (…) democratic theory is concerned with the processes by which ordinary citizens exert a relatively high degree of control over leaders" (1956: 3). Elections become a mechanism of accountability when citizens are able to use their vote to sanction or reward governments based on how their past performance meets their preferences and interests. This punishment-reward function of elections constitutes an incentive for politicians (or at least for the ones who seek re-election) to deliver the policy outcomes desired by the electorate. Accountability only takes place if citizens bring governments' past actions into consideration when they vote. And this thesis has provided evidence that the

incumbents' electoral support is influenced by policy outcomes delivered during the past mandate.

Yet this dissertation has also shown that there is one factor that reduces accountability: party identification. Christopher Anderson (2007) argued that there are two different individual level characteristics that affect citizens' capacity to hold governments accountable: (i) informational and cognitive limits and (ii) the impact of values and political predispositions on the formation of perceptions, evaluations and attributions of responsibility. In this dissertation I have studied the importance of the latter characteristics and, in particular, the role of party identification.

Some results provided in the previous chapters are compatible with the hypothesis that the attribution of responsibility depends on the party attachments of the electorate. The study of the electoral impact of Reagan's welfare retrenchment policies (Chapter 6) has shown that party identification cushions the electoral consequences of policy outcomes. The conclusions of Chapter 6 are compatible with the idea that party identification allows governments to avoid punishment for undesired outcomes among their core support base, but at the same time it prevents them from taking credit for desired outcomes among the electorate identified with non-incumbent parties.

Thus, party identification reduces the link between policies and electoral outcomes. As a result, the incumbents' electoral loss associated to bad performance is mitigated by the unresponsiveness of their core supporters, who try to find convincing arguments to exonerate the government from its underperformance and avoid the psychological costs of punishing it.

In sum, if we agree that accountability implies accurate perceptions and evaluations as well as unbiased attributions of responsibility, we may conclude that party identification has a negative effect on the establishment of responsible governments. At least in the short-run, partisanship enhances political stability and allows governments to be less vulnerable to their past record in office.

7.3. And some advice for vote-seeking politicians

In the unlikely event that any politician or political advisor has had the patience to read this far, he may probably have found some useful information about how improve his vote share by using social policies. The first and most relevant conclusion for politicians is that social spending (and probably other type of spending items) is indeed an effective tool to gain electoral support among those who benefit from it. This may not dramatically change the current behaviour of most politicians since it seems to be an already well-settled conviction among this profession. Still, the conclusions of this dissertation help to validate the rationality behind the strategies similar to the ones described in the introductory chapter. My results show that, for instance, the Spanish Socialist regional President, Manuel Chaves (see Chapter 1), was probably right in considering the increases of old-age pensions in electoral years as an effective vote-seeking strategy to gain the support of pensioners.

The thesis has left, however, one unresolved question. Can governments buy votes by simply signing the payment checks of the entitlements created by previous governments or can they only take credit for increasing existing benefits or for creating new entitlements? Unfortunately, my results do not provide a clear answer on this issue. On the one hand, the study of the electoral impact of old-age pensions in the OECD has suggested that incumbents cannot directly take credit for social spending by simply maintaining its current level. On the other hand, in the study of Reagan's retrenchment policies I found that those voters whose benefits were untouched during Reagan's mandate were more likely to be satisfied with the President than the remaining population. Hence, this latter chapter seems to characterize welfare transfer recipients as "captive" voters of the incumbent parties that sign their monthly check. This would allow incumbents to take an electoral advantage by simply maintaining the status quo. Yet, further research is needed to shed more light on this point.

The second piece of advice that politicians may find in this dissertation is that they must take into account the role of political predispositions when evaluating the potential benefits of increasing social spending. Apart from recipients, my results suggest that left-wing voters and incumbent partisans are more prone to positively reacting to social spending increases. Hence, we should expect governments whose core electorate is mainly conservative and non-recipient to have more difficulties in gaining electoral support by using social spending. In other words, the second implication derived from my results is that right-wing incumbents may have fewer incentives to use social policies as an electoral tool: these may help them to attract the vote of conservative welfare recipients, but they would have more difficulties in mobilizing the ideological constituency.

Barreiro showed that voters only reward left-wing cabinets (and to less extent centrist ones) for increases in public expenditure (2008). Conversely, the electoral fate of conservative governments is not affected by public expenditure variations during their mandate. Barreiro's results are compatible with my hypothesis in the sense that they indicate that left-wing cabinets gain more from spending increases than right-wing ones. But my hypothesis does not imply that conservative incumbents cannot take any credit for social spending increases. The vote buying effect of social spending also takes place in right-wing cabinets although the potential electoral gains are smaller. These are mainly concentrated in the self-interested constituency but they have more difficulties in mobilizing the ideological pro-welfare state one.

It has not been the scope of this dissertation to compare the electoral impact of social expenditure with the impact of other items of the public budget. Yet, the intuition behind this dissertation is that not all public spending items have a different electoral impact depending on the ideology of the government. While social expenditure may help governments to gain the self-interested and the ideological constituencies, other types of public expenditures (i.e. investments in infrastructures) may only attract a

self-interested electorate who directly benefits from them. If this is true, the differences between left and right-wing governments would only emerge in the former type of spending programmes.

Coming back to my second piece of advice to politicians – political predispositions matter when evaluating the electoral returns of public spending-, it is also worth pointing out that my results indicate that public spending is more useful to activate and reinforce voters' previous political preferences than to change them. In the literature on distributive politics, there are two main theories about how vote-seeking politicians should allocate public spending among the electorate. One the one hand, some authors argue that public spending must flow to social groups with a larger propensity to swing (i.e. independent voters) or to territories with a higher density of independent voters (Lindbeck and Weibull 1987, Dixit and Londregan 1996). On the other hand, some other authors claim that resources must flow to groups that already support the incumbent party or to territories with a high density of supporters (Cox and McCubbins 1986). The former vision considers that public spending is useful for politicians to gain the vote of individuals outside their core constituency, while the second vision mainly regards public spending as a way to consolidate and mobilize the portion of the electorate who is already identified with them.

One implication of my theoretical propositions and of the evidence provided in Chapter 6 is that incumbents have difficulties in gaining the vote outside of their core support base –which already has a higher probability of voting for them. Thus, this dissertation suggests that social spending helps to mobilize and reinforce the loyalty of incumbents' traditional constituencies. And this conclusion is more compatible with Cox and McCubbins' hypothesis that targeting transfers to core supporters maximizes electoral returns.

7.4. The other side of the coin: The electoral costs of taxation

By this point, I hope to have convinced the reader that increasing social spending generates the electoral gratification of both recipients and left-wing voters. But, this dissertation still leaves at least one related question largely unanswered: does social spending generate any electoral costs among other members of the electorate? My results show that, if we only focus on the spending side, there is no strong opposition to social spending among any ideological and socio-economic group of the electorate. In the previous chapters I have shown that non-recipients and right-wing voters do not have the opposite attitudes and behaviour to their recipient and leftist counterparts. In fact, they do not generally hold negative attitudes towards social spending nor do they punish incumbents for spending increases in social policies. Instead, this collective tend to consider these policies as less salient when they decide who to vote for. My results indicate that spending increases yield electoral gains among those who have a material or ideological interest in social policies, but without generating any significant electoral losses among the remaining electorate.

Yet, this conclusion only holds when increases in social spending are not accompanied by changes in the remaining fiscal policies. Public expenditure cannot be increased indefinitely without either cutting other spending items or increasing taxes. As a consequence, governments have to face in the long run some inevitable trade-offs. A more comprehensive analysis of the potential costs of increasing social policies requires the study of its implications on the fiscal side. Conservative non-recipients may not be against social spending *per se*, but they may decide to punish incumbents for some of its potential side effects.

APPENDIX CHAPTER 1

A.1.1. Information about the dependent variable

Table A1.1. Prime Ministers (or Presidents) and their party affiliation in the OECD countries included in CSES

Country	Year	Head of Gov's Party	Other parties in Gov	Head of Gov	Winner	Context
Australia	2004	Liberal Party	with National Party	John Howard	Liberal Party	The PM remains in power. The Liberal Party improves its vote share.
	1996	Labor Party	--	Paul Keating	Liberal Party	Labor Party has an historical defeat.
Belgium	2003	Flemish Liberal and Democrats (VLD)	with greens (Ecolo and Groen!), socialists (SP.a and PS) and liberal (PRL)	Guy Verhofstadt	Flemish Liberal and Democrats (VLD)	The PM remains in power.
	1999	Christian Democratic and Flemish (CD&V)	with socialists and christian democrats (PSC)	Jean-Luc Dehaene	Flemish Liberal and Democrats (VLD)	The coalition government leaded by Dehaene is defeated partly influenced by Dutroux scandal
Canada	2004	Liberal Party	--	Paul Martin	Liberal Party	Liberal become incumbent despite its decrease
	1997	Liberal Party	--	Jean Chrétien	Liberal Party	Second majority of Jean Chrétien
Czech Republic	2002	CSSD	--	Milos Zeman	CSSD	In 1998 CSSD created a minority government. V. Spidla (CSSD) became the new PM in a coalition government.
	1996	ODS	--	Václav Klaus	ODS	The majority of ODS is reduced
Denmark	2001	Social Democratic Party	with Radikale Venstre (B)	Poul Nyrup Rasmussen	Liberal Party (Venstre)	Historical defeat of Social Democrats. Anders Fogh Rasmussen become the new Prime minister in a coalition government with the conservatives
	1998	Social Democratic Party	with Radikale Venstre (B)	Poul Nyrup Rasmussen	Social Democratic Party	The PM remains in power.
Finland	2003	Social Democratic Party	with Kokoomus (and Left Alliance, SFP and Green League)	Paavo Tapio Lipponen	Social Democratic Party	The coaliton government leaded by de Social Democrats lost the government by coalition leaded by Ketskusta.
France	2002	RPR (now UMP)	--	Jaques Chirac	RPR (now UMP)	The President Chirac is reelected being the most voted candidate in the two rounds.

Country	Year	Incumbent Party	Other parties in Gov	Head of Government	Winner	Context
Germany	2002	Social Democratic Party	with Green Party	Gerhard Schröder	Social Democratic Party	The PM remains in power in coalition with the Green Party
	1998	CDU/CSU	--	Helmut Kohl	Social Democratic Party	The social democrat Gerhard Schröder became PM in coalition with the Green Party
Hungary	2002	Fidesz (Hungarian Civic Union)	with Indep. Smallholders Party and Hungarian Democratic Forum	Viktor Orbán	MSZP (Socialist Party)	The incumbent party is narrowly defeated by the socialist party
	1998	MSZP (Socialist Party)	with Alliance of Free Democrats	Gyula Horn	Fidesz (Hungarian Civic Union)	There was coalition government despite the socialist majority.Defeat of the socialist party. He is suceded by the conservative Viktor Orban
Iceland	2003	Independence Party	with Progressive Party	Davio Oddsson	Independence Party	Narrow victory of the PM and increase of the coalition party (Progressive), whose leader Halldór Ásgrimsson became PM in 2004
	1999	Independence Party	with Progressive Party	Davio Oddsson	Independence Party	The PM remains in power in coaliton with Progressive Party.
Italy	2006	Forza Italia	with Casa delle Libertà (Alleanza Nazionale, Lega Nord and other smaller parties: UDC,PRI, NPSI)	Silvio Berlusconi		The PM is defeated.
Ireland	2002	Fianna Fáil	with Progressive Democrats	Bertie Ahern	Fianna Fáil	The PM remains in power in calition with Progressive Democrats.
Japan	2004	Jiyū-Minshutō (Liberal Democrats)	--	Junichiro Koizumi	Jiyū-Minshutō (Libera Democrats)	The 2004 elections are only upper camera elections
	1996	Shakai Minshu-to (Social Democrats)	with Liberal Democratic Party and New Party Sakigake	Tomiichi Murayama	Jiyū-Minshutō (Libera Democrats)	It was an unestable coalition government; before Muaryama, there was two other PM: M.Hosokawa (Japan New Party) and T. Hata (Renewal). Murayama was PM between 1994-1996 with the support of the Liberals, their traditional rivals and major party in parliament.
Korea	2004	MDP and then Uri Party	Presidential system	Roh Moo-hyun	Uri Party	The president was Roh Moo-hyun from Uri Party (he previously belonged to MDP). He was impeached in 2004. Congressional elections only.
	2000	Millennium Democratic Party (MDP)	Presidential system	Kim Dae-Jung	Grand National Party (GNP)	The MDP was previously called National Congress for New Politics. Congressional elections only.

Country	Year	Incumbent Party	Other parties in Gov	Head of Government	Winner	Context
Mexico	2003	PAN	Presidential system	Vicente Fox (President) PAN	PRI	Only legislative elections. PRI became the major party in the chamber.
	2000	PRI (President)	Presidential system	Ernesto Zedillo	National Action Party (PAN)	PAN won both the legislative and Presidential elections. Vicente Fox became the first non-PRI head of the state.
	1997	Institutional Revolutionary Party (PRI)	Presidential system	Ernesto Zedillo	PAN	First democratic elections that PRI do no obtain the majority of the seats in the legislative chamber.
Netherlands	2002	Partij van de Arbeid (PvdA)	with VVD and Democraten 66	Wim Kok	Christen Democratisch Appèl (CDA)	The incument Wim Kok do opt for reelection, he is succeeded by Ad Melkert. Important defeat of PvdA and the rise of Pim Fortuny party.
	1998	Partij van de Arbeid (PvdA)	with VVD and Democraten 66	Wim Kok	Partij van de Arbeid (PvdA)	The PM remains in power with the same coalition.
New Zealand	2002	Labour Party	with Alliance	Helen Clark	Labour Party	The PM remains in power. Advanced elections because of the collapse of the coalition government with the Alliance Party
	1996	National Party	--	Jim Bolger	National Party	The PM remain in power. He resigns in 1997 and Jenny Shipley became the new PM
Norway	2001	Christian People's Party	with Senterpartiet and Venstre	Kjell Magne Bondevik (1997-2000)	Labour Party	Coalition between Conservative, Christian People Party and Liberal Party. The PM (1997-2000) remain in power.
	1997	Labour Party	--	Thorbjorn Jagland	Labour Party	New government created by three minor parties Christian People´s Party, Liberal Left and Centre Party. But in 2000-2001 there is a Labour goverment leaded by Stoltenber
Poland	2001	Solidarity Electoral Action (AWS)	--	Jerzy Buzek	Left Coalition: SLD- Labor Union (UP)	The PM is defeated. The AWS coalition collapsed (obtaining no MPs in the new parliament) and Leszek Miller (SLD) became the new PM
	1997	Democratic Left Alliance (SLD)	with Polish Peasant Party	Wlodzimierz Cimoszewicz	Solidarity Electoral Action (AWS)	In the 1993-1997 there were different PM of the coalition between SLD and the Polish Peasant Party. The President is Aleksander Kwasniewki (SLD), 1995-2005

Country	Year	Incumbent Party	Other parties in Gov	Head of Government	Winner	Context
Portugal	2005	Social Democratic Party (PSD)	with CDS/PP	Pedro Santana Lopes	Socialist Party (PS)	Durao Barroso resigned in 2004 to become President of the European Comission. He is succeeded by Pedro Santana Lopes.
	2002	Socialist Party (PS)	--	António Guterres	Social Democratic Party (PSD)	The PSD formed a coalition government with Poepole´s Party and José Manuel Durao Barroso become the new PM. The President was the Socialist Jorge Sampaio (1996-2006)
Slovenia	2004	Liberal Democratic Party (LDS)	with Social Democrats (ZLSD), SLS and DeSUS	Anton Rop	Slovenian Democratic Party (SDS)	Janez Drnovsek was the PM during the 2000-2002 period. The PM is defeated.
	1996	Liberal Democratic Party (LDS)	since 1994: with Chrisitan Democrats (SKD) and ZLSD	Janez Drnovsek	Liberal Democratic Party (LDS)	The PM remains in power. The party ZLSD left few month before the elections.
Spain	2004	Popular Party (PP)	--	José María Aznar	Socialist Party (PSOE)	The PM Aznar do no opt for the reelection.
	2000	Popular Party (PP)	--	José María Aznar	Popular Party (PP)	PM remains in power with absolute majority.
	1996	Socialist Party (PSOE)	--	Felipe González	Popular Party (PP)	First time that PP won a general legislative elections
Sweden	2002	Social Democratic Party	--	Göran Persson	Social Democratic Party	The PM was supported by the Green and Left party in the Parliament. The PM remains in power
	1998	Social Democratic Party	--	Göran Persson	Social Democratic Party	Invar Carlsson was the PM between 1994 and 1996. The PM remains in power with a Green and Left support.
Switzerland	2003	Coalition of major parties	see context	He changes yearly in a rotation system.	Swiss People's Party	Coalition government system with a fixed party cuota: Free Democratic Party (2), Christian Democratic People´s Party (2), Social Democratic Party (2), Swiss People´s Party (1)
	1999		see context		Swiss People's Party	

Country	Year	Incumbent Party	Other parties in Gov	Head of Government	Winner	Context
United Kingdom	2005	Labour Party	--	Tony Blair	Labour Party	The PM remains in power.
	1997	Conservative Party	--	John Major	Labour Party	Defeat of the Conservative Party
United States	2004	Republican Party	Presidential system	George Bush	Republican Party	The president remains in power
	1996	Democratic Party	Presidential system	Bill Clinton	Democratic Party	The president remains in power

APPENDIX CHAPTER 3

A.3.1. Figures and Tables

Table A3.1. Preferences for health service in the OECD (2006), by country (ISSP-Role of Government, 2006)

	Gov. Spending			Gov. Responsibility		
				definitely should be	probably should be	should not be[1]
	More	Same	Less			
Australia	90.3	9.4	0.4	71.2	27.1	1.6
Canada	77.1	20.0	2.9	68.2	28.1	3.8
Czech Republic	72.3	23.8	4.0	62.4	33.5	4.1
Denmark	80.9	17.9	1.2	86.5	12.6	0.9
Finland	80.7	17.8	1.6	81.0	17.8	1.1
France	59.6	32.7	7.7	58.7	33.6	7.6
Germany	65.7	28.5	5.9	54.6	41.6	3.9
Hungary	93.5	5.9	0.6	74.3	25.3	0.5
Ireland	92.9	6.3	0.8	88.1	11.4	0.5
Japan	64.7	25.9	9.4	41.3	45.5	13.2
South Korea	81.2	16.9	2.0	35.9	54.7	9.4
Netherlands	70.3	27.7	2.0	65.7	33.4	0.9
New Zealand	83.8	15.1	1.1	68.8	29.2	2.0
Norway	85.6	13.6	0.8	90.3	8.9	0.8
Poland	92.2	7.0	0.9	71.8	27.0	1.2
Portugal	93.5	6.0	0.6	79.8	18.8	1.4
Spain	87.1	12.0	0.9	76.0	21.8	2.3
Sweden	79.9	18.6	1.5	62.5	31.1	6.4
Switzerland	47.9	42.9	9.2	25.2	63.0	11.8
Great Britain	82.1	16.4	1.5	73.2	25.8	1.0
United States	80.2	13.8	6.0	56.4	33.3	10.2

Source: ISSP- Role of Government IV (2006).

APPENDIX CHAPTER 4

A.4.1. Figures and Tables

Table A4.1. The determinants of issue salience: Economy & unemployment

	Economy		Unemployment	
Ideology	0.03**	(0.01)	-0.02*	(0.01)
Income	0.03**	(0.01)	-0.04*	(0.02)
Labour situation (Unemployed)	0.28**	(0.07)	0.67**	(0.08)
Labour situation (Retired/disabled)	-0.11	(0.6)	0.03	(0.07)
Labour situation (Other)	-0.03	(0.05)	-0.03	(0.06)
Education	-0.03**	(0.01)	-0.04**	(0.13)
Gender (1=female)	-0.18**	(0.03)	0.43**	(0.04)
Age (36-45)	0.08	(0.04)	0.03	(0.06)
Age (46-55)	0.11 *	(0.04)	0.16**	(0.06)
Age (56-65)	-0.02	(0.05)	-0.01	(0.07)
Age (66 and more)	-0.18**	(0.07)	-0.21**	(0.09)
_constant	-1.02**	(0.11)	-1.80**	(0.30)
Pseudo-Rsquared	0.21		0.33	
Number of observations	22896		22896	

Data: CSES wave II. Coefficients are logit maximum-likelihood estimates with country fixed effects. The standard errors are in brackets. *significant at the level 95% **significant at the level 99%.

A.4.2. The effect of social policy salience and polarization in party manifestos

In Chapter 4 I showed that social policies performance evaluations are correlated with the vote. In this section I briefly study whether the importance of social policies is conditioned by how political parties emphasize these policies in their political manifestos. In particular, I study whether the effect of social policies are higher in those settings where these issues are more salient in political parties' platforms and where parties are more polarized over these issues.

First, it is possible that voters take more into consideration the issues that political parties provide more volume of information about their policy position. If social policies are not emphasized by political parties, the electorate cannot make an opinion about parties' policy position. Secondly, it is not only important the emphasis that parties put in social policies; they must also show different policy proposals. Voters' utility would not be affected by which party wins the election in those settings where parties have similar policy stands. The importance of parties' policy polarization is one of the conditions of issue voting stated by the Michigan school (Butler and Stokes 1969, Cambpell *et al.* 1960). These authors considered that issues may only become influential if voters perceive party differences on this issue. Recent investigations have corroborated he relevance of party polarization for policy voting. For instance, Green and Hobolt (2008) demonstrated that the electoral impact of ideology (and, more specifically, ideological closeness) had been decreasing in UK during the last 20 years in parallel with the reduction of the ideological polarization between British political parties. Ensley (2007) reaches to a similar result for the US context: studying the Senate elections, he found that the relation between ideology and vote choice increases as the candidates diverge ideologically. Similarly, in these pages I study the same hypothesis for social policies using the Comparative Party Manifesto (CPM) data.

To test these two hypotheses I develop a random variable multilevel logit model with a cross-level interaction between individual attitudes (social policies performance evaluations) and party system characteristics: social policy salience and polarization among political parties. I measure salience using the percentage of the total party manifestos dedicated to proposals related to social policies (using the CPM data) and I measure polarization with the weighted standard deviation of the social policies' salience in party manifestos (weighted by the electoral size of the party). The remaining variables are the same as the models of table 4.2 of Chapter 4. In order to avoid three-term interactions, these models only use the subsample of respondents in the CSES survey that considered that a social policy was the most salient issue. The results are presented in Table A3.

All cross-level interactions are far from being statistically significant in all the models of Table A3. The results indicate that the electoral impact of social policies performance evaluations is not stronger in those settings where these policies are more salient in political parties' manifestos or where political parties are more polarized on social policies. Hence, the regression models of Table A3 do not support the hypothesis that, in the case of social policy voting, the characteristics of the supply side of the political market (political parties) shape the behaviour of the individual voters.

Table A4.2. Social policies salience and polarization among political parties (using CPM) and vote choice. OECD 2001-2006

	Head of government only		All parties in coalition		Head of government only		All parties in coalition	
Level-One Effects								
Performance (social policies)	0.80*	(0.38)	0.91*	(0.38)	0.43*	(0.20)	0.33	(0.21)
General government performance	0.65**	(0.11)	0.76*	(0.10)	0.64**	(0.11)	0.75**	(0.10)
Ideológical distance	-032**	(0.03)	-0.29**	(0.03)	-0.32**	(0.03)	-0.29**	(0.03)
Party ID (independent)	-2.31**	(0.13)	-2.22**	(0.13)	-2.31**	(0.13)	-2.22**	(0.13)
Party ID (opposition)	-3.92**	(0.18)	-3.94**	(0.17)	-3.93**	(0.18)	-3.94**	(0.17)
Political knowledge	-0.07	(0.06)	-0.10	(0.05)	-0.07	(0.06)	-0.10	(0.06)
Education	-0.08*	(0.03)	-0.02	(0.03)	-0.08*	(0.03)	-0.02	(0.03)
Gender (female)	0.07	(0.10)	0.06	(0.10)	0.08	(0.10)	0.06	(0.10)
Age	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)
_cons	6.28**	(1.32)	6.78**	(1.14)	5.23**	(1.11)	6.20**	(0.96)
Level-Two Effects								
Party issue salience (social policies)	-0.08	(0.10)	-0.12	(0.09)				
Party issue polarization (social policies)					0.05	(0.15)	0.03	(0.13)

Cross-Level Interactions								
Performance x Party issue salience	0.03	(0.03)	0.04	(0.03)				
Performance x Party issue polarization					0.01	(0.05)	0.02	(0.04)
Variance components								
Intercept	0.13	(0.08)	0.13	(0.08)	0.15	(0.08)	0.17	(0.09)
Performance	1.95	(0.93)	1.09	(0.61)	2.03	(0.99)	1.34	(0.70)
Number of observations	3670		3565		3667		3565	
number of countries	18		18		18		18	

Data: CSES wave II. Coefficients are random intercept multilevel logit maximum likelihood estimates. The standards errors are in brackets. * significant at the 95% level ** significant atl the 99% level.

A.4.3. Recodification of the variable 'most important issue during the past years' of CSES-Second wave

ELECTION STUDY - AUSTRALIA (2004)
Economy: Industrial relations, Unemployment, Interest rates
Environmental issues: The environment
Foreign affairs & security: Defense and national security, the war in Iraq
Immigration: Immigration, Refugees and asylum seekers
Law & order: Terrorism
Social policies: Education, Health and Medicare, Taxation

ELECTION STUDY - BELGIUM (2003)
Budget /taxes: Tax reform
Environmental Issues: Air traffic during night, Environment, Replacement of nuclear energy, Employment, Future of public enterprises: NMBS, SABENA De Post..., Bankruptcy of companies
Foreign affairs & security: Stance of Belgium concerning war in Iraq, Trade of Weapons, Law concerning crimes against humanity
Immigration: Refugees, Immigrants
Law & order: Crime, Protection of children
Other issues: Traffic Safety, Public Transportation, Food quality, Representation of the Flemish in Brussels, Ban of tobacco advertisements during sporting events, Toleration of soft drugs, Euthanasia, Isolation of "Vlaams Blok", Reform of public administration (Copernicus)
Social policies: Financing of retirement pay

ELECTION STUDY - CANADA (2004)
Budget /taxes: Government spending, government waste, Balance the budget/budget, Taxes
Environmental Issues: Environment
Economy: Create jobs/reduce unemployment, General mention: debt, deficit, fiscal, waste, etc., Economy, BSE, Oil and gas (fuel) prices

Foreign affairs & security: Military/military spending/defense, Foreign/US affairs/national security, National security (war on terror)

Immigration: Immigration

Law & order: Crime/violence/gun control, Gun control/registry,

Other issues: Agriculture, Progress for the country (not specified), Government formation, including composition, Same sex marriage, Abortion, Rights and equality: aboriginal, women, etc., Moral issues, Quebec sovereignty/interests, National unity, Federal/provincial relations, Scandal (sponsorship), Honesty and integrity, credibility, accountability, To form a majority government, To get a minority government, Defeat Conservatives/elect Liberals, To beat the Liberals/Martin, change, Other and multiple responses [not coded elsewhere]

Social policies: Health care, Health & taxes, Health & jobs, Social programmes, services, and issues, Old age pensions/seniors and health care, Protect child care/family benefits, Jobs and social programmes (both), Health care and education, Education, Elderly, seniors, Poverty

ELECTION STUDY - DENMARK (2001)

Economy: The economy, Employment, unemployment (including employment policies), Maintain employment in country, Balance of payments/ external debt, Competition and property, Other specific answers about the economy, Conditions for industries, Small business owners

Environmental issues: Ecology, Environment (including energy policy), Pollution

Foreign affairs & security: Foreign policy, EU, common market, EMU, EU opt-outs, NATO, Middle East, Defense/ security policies, Development Aid (global inequality), Terror, EU generally (including the Amsterdam treaty), Other specific foreign policy answers, Globalization

Immigration: Too many refugees/immigrants, No more refugees/immigrants, Expulsion of refugees/immigrants, Stop family reunification (negative), Asylum and immigration policy

too soft, Forced marriages, Second generation immigrants, Other negative comments about immigrants and Muslims in Denmark, Integration of refugees/immigrants, Refugees and immigrants, Immigration, asylum and integration policies, Ensure better integration of refugees/immigrants (positive), Fighting racism, Too restrictive immigration/ asylum policies, Other positive comments about refugees/ immigrants

Law & order: Violence, Crime, Law and order/Legal affairs, police, Simplification of the law

Inequality / poverty: Redistribution of public expenditure, Inequality and redistribution

Other issues: Progress for the country (not specified), government formation, Credibility of politicians, Political consensus, Democracy/human rights, Public administration (the dominance of the capital, etc.) Other specific answers about politicians, public administration, democracy, Agriculture/ fishery, Equal pay, equal rights for women, Reduction in committees, councils etc., Culture policies/research, Stopping development aid, Church issues, Regional problems, Traffic, speed limits, infrastructure, Animal welfare, Diffuse answers; everything, Other specific diffuse answers

Social policies: Housing problems, Housing for young people, Health care, Waiting lists, Income policy, Nursing homes, Care for the mentally ill, Social problems (including social policies), Poverty, Homelessness, Pensions, Early retirement scheme (maintaining it), Abolishing the early retirement scheme, Elderly people, Youth problems, Families with children/ child care, Children's rights, Maternity leave, Maintaining welfare policies, Welfare (welfare state), Education, Schools, Financial support for students, "The pension bomb"

Taxes /public budget: Taxes generally, VAT and tariffs, Income tax (levels of income tax), Tax reform/ tax level, Public sector, Reduction in public expenditure, Tax cuts, Tax freeze, Other specific answers about taxes

ELECTION STUDY - FINLAND (2003)
Economy: Economic development, Employment, unemployment, Entrepreneurial climate
Environmental issues: Nuclear power
Foreign affairs & security: Foreign policy, international relations, European policy, NATO membership, Peace
Immigration: Immigrants and immigration issues
Law & order: Law enforcement, policing, crime
Inequality / poverty: Equality
Other issues: Democracy, Virtuousness and fairness of politicians, Municipalities, municipal (local government) finance, Regional policy, regional disparity, Nature conservation, maintaining traditional moral values, Illegal drugs, Independence of the country
Social policies: Social security, health care, welfare services, Family policy, welfare of the family, Education, needs of students, Poverty, social inequality, welfare of persons with low income, Housing situation, homelessness, Welfare of the elderly, Welfare of the young, Welfare of families with children, Welfare of the family, Welfare of single parents, Needs of the employee, welfare of the farmer
Taxes /public budget: Taxation and state finance

ELECTION STUDY - FRANCE (2002)
Economy: Unemployment/employment, Working hours, Globalization and the role of markets and corporatism in world, The level of purchasing power, The environment
Foreign affairs & security: European integration, The place of France in the world
Immigration: Immigration
Law & order: Insecurity
Inequality / poverty: Social inequalities
Other issues: The national sovereignty of France, The maintenance of the authority of the state, Future of the french way of life in a world economy, Political-financial scandals, The 2002

presidential elections/rise of the extreme right, Cohabitation (divided government), Other
Social policies: Education and training, Retirement
Taxes /public budget: The level of taxes

ELECTION STUDY - GERMANY (2002)
Economy: Unemployment/labor market, Economic situation
Environmental issues: Environmental pollution/problems; global warming
Foreign affairs & security: Military commitment Balkan/Afghanistan, Iraq (-war)
Immigration: Too many foreigners/asylum seeker
Law & order: Crime, inner security, Fight against terrorism, Equalization east/west Germany
Redistribution: Social injustice
Other issues: Xenophobia, Bureaucracy, High water /flood catastrophe, Corruption of parties/politicians, Others
Social policies: Education/school/training, Family policies, Health system reform, health insurance, Pension (-reform), old age security
Taxes /public budget: State budget/state deficit, Taxes/tax reform

ELECTION STUDY - GREAT BRITAIN (2005)
Economy: EURO membership, House prices-inflation, Economy, Petrol prices, Consumer debt, Unemployment
Environmental issues: Environment
Foreign affairs & security: Relations with EU, Iraq war, Bush, USA-negative
Immigration: Asylum seekers, Immigration
Law & order: Law and order – Crime, Terrorism, Inter problems, National security
Redistribution: Social inequalities, Poverty, living standards
Other issues: Transport, Youth, Drugs, Aging pop, Race tensions-racism, Turnout, apathy, Blair, Lab Government - negative assessment, School discipline, Politics - negative assessment, Civil liberties, Keep Tories out, Values, morality, Miscellaneous other

Social policies: Education, NHS, Pensions, Services-spending, Housing, Welfare fraud

Taxes /public budget: Taxation, Big government, Government inefficiency

ELECTION STUDY - HUNGARY (2002)

Economy: Unemployment, Living standards, livelihood, Inflation, price hikes, The economy, Wages, salaries, Privatization, Foreign debt, Mortgage schemes, Minimum wage, Environment protection, Weather, climate, Flooding rivers, natural catastrophes.

Foreign affairs & security: NATO accession, Peace, Foreign policy, Law on ethnic Hungarians in neighbouring countries, European union membership of Hungary, Ethnic Hungarians in neighbouring countries, war

Immigration: Immigrants

Law & order: Crime, public safety, terrorism

Inequality / poverty: Poverty, Income inequalities

Other issues: Problems of young people, Corruption, sleaze, Agriculture, Future of residential buildings made of concrete, Technological progress, Minorities, Human relations, moral, Legislation on intra-familial relations, Domestic politics, Transportation, Highways, Declining population size of country, Democracy, Elections, The governments acts, National theatre, Other issues

Social policies: Livelihood of pensioners, Health care, Family allowance, Education, Housing, Social safety network, Disabled (wheel chaired) people, Housing problems of the young, Reform of retirement age, Homeless people, Pension increase

Taxes /public budget: Taxes, social security contribution, budgetary issues

ELECTION STUDY - ICELAND (2003)

Economy: Foreign trade, The Economy, Economical stability, Privatization, Wages, Prices and inflation, Agriculture, Fisheries ,The fishery quota system, Industrial affairs, Employment

Environmental issues: Environmental issues

Foreign affairs & security: Foreign policy, Europe
Inequality / poverty: Equality
Other issues: New - power stations, Cultural matters, Family matters, Regional policy, Transportation, Democracy, Other issues
Social policies: Social welfare, Education, Health matters
Taxes /public budget: Public expenditure, Taxes

ELECTION STUDY - IRELAND (2002)
Economy: Inflation/rising prices, Unemployment
Environmental issues: Environment
Foreign affairs / Immigration/ Internal & external security: Crime, Northern Ireland peace process, European Union, Immigration
Other issues: Abortion, Drugs, Corruption & dishonesty in politics, Traffic, Public transport, other
Social policies: Health
Taxes /public budget: Taxes

ELECTION STUDY- JAPAN (2004)
Economy: Unemployment issue, Agriculture issue, Privatization issue of postal service, Privatization issue of road public cooperation, countercyclical action issue, financial policy issue, Economic issue in general, Price and life issue, Environmental issue
Foreign affairs & security: Foreign policy, Iraq and the Self-defense Force issue, North Korea issue, Self defense/army base
Law & order: Crime issue
Other issues: Administrative reform issue in the National Government, Reform issue of the Constitution, Political corruption/distrust in politicians, Pubic cooperation issue in general, Low birth-rate/child care issue, Other
Social policies: Pension issue, Education issue, Social welfare/social security, Eldercare issue
Taxes /public budget: Tax issue especially consumption issue

ELECTION STUDY - KOREA (2004)

Economy: Economic stability, Unemployment, Rising prices, Economic stagnation, Unmovable property policies, Improvement of economic conditions, Erosion of middle class, Inducing more economic investment, Connections between politics and economy, Agricultural problems

Foreign affairs & security: Sending troops to Iraq, Diplomacy North Korea nuclear issue, National security problems

Law & order: Obeying laws

Foreign affairs / Immigration/ Internal & external security:

Inequality / poverty: Regional gaps

Other issues: Impeachment of the president, Political stability, Political reform, Partisan conflict, Generational replacement of politicians, Reassurance of president authority and credibility, Stabilizing state affairs, Consistency in policies, Better personnel policies, Establishment of state goals, Reconciliation of the people, Ideological conflict, Generational conflict, Discrimination based on educational levels, Regional conflict, Management-labour conflict, Social instability, Cleaning of corruption, Democratization, More investment in science and technology education

Social policies: Educational policies, Welfare policies

ELECTION STUDY - MEXICO (2003)

Economy: Unemployment, Country economy, economic crisis, Low wages, Devaluation, The field, support to the farmers, Inflation, high prices, External debt, problem with the TLC

Environmental issues: Natural issues, earthquakes, tremors, etc., Ecology

Foreign affairs & security: The USA war, don't support to USA in the war

Immigration: Migration

Law & order: Delinquency, insecurity, kidnappings Narco-traffic, Chiapas conflict

Inequality / poverty: Poverty, marginalization

Other issues: Corruption, impunity, Change of government, president, party, Conflicts between the political parties of the congress, Drug addiction, A bad government, bad civil employees, The political instability in the country, Shortage of water, Public services, lighting system, drainage, etc., Sweepings, Structural reforms, they don't make changes to the law, Prostitution, Other, Insufficiently specified
Social policies: Education, scholarships to students, Health, diseases
Taxes /public budget: Taxes issues, taxes, increasing of VAT

ELECTION STUDY - NETHERLANDS (2002)
Economy: Economy, euro, European integration, inflation, employment/ unemployment
Environmental issues: environment (pollution)
Immigration: Asylum seekers/ foreigners (integration), the Netherlands become too full
Law & order: Crime/ crime fighting, safety (violence on the street, at the stadiums) the police
Inequality / poverty: Poverty, division of poor and rich
Other issues: Abortion/ euthanasia, resignation government, bureaucracy, corruption, mobility/ traffic, lack of tolerance, tolerance policy (drugs), youth, (lack of) norms and values, public transport, rise of Pim Fortuyn, death of Pim Fortuyn, social relations between people, aging of population, discrimination/ racism, politics in general, elections/ electoral behaviour, other
Social policies: health care, education/ lack of teaching staff, social provisions (benefits), housing, elderly care, Disablement Insurance Act
Taxes /public budget: Taxation system

ELECTION STUDY- NEW ZEALAND (2002)
Economy: Economy, Need to export, Encourage growth, Knowledge economy, Living beyond means, Need for foreign investment, Interest rates, Unemployment, Create jobs,

Wages/salaries, Wages/salaries - too low ,Privatization, Industrial unrest, Inflation, rate, Debt, Cost of living
Environmental issues: Environment
Foreign affairs & security: Foreign policy, Defence, Keep air combat
Immigration: Immigration, Immigration - too much, Refugees/asylum seekers
Law & order: Law and order ,Too much crime, Penalties too soft, More police, Youth crime ,Violence
Inequality / poverty: Poverty, Redistribute wealth/social justice
Other issues: Quality provision for rural, Teachers strike, Lack of direct ion/reality (people or government), Drugs, Maori, Treaty general, Racism, Division, Political discontent, Honesty/integrity, Leadership, Too much bickering, Complain bureaucrats, Lack of direction, Politicians don't listen, Social discontent, Social decline, Lack of religion/values, Breakdown family, People not helping each other, Abortion, Youth, Superannuation, Old age issues, Young people going overseas, Retain NZ identity, Global threat, GE general, Hunting/fishing, MMP general, Transport, Oppose foreign owners, Decriminalize cannabis, Money for nothing, Parental leave, Anti-MMP, Stable gov't, Alcohol, Air NZ, Biosecurity, Globalization general, Youth issues general
Social policies: Health, Health - lack of funding, Hospitals/waiting lists, Nurses, Elderly health, Education, Education- quality, Student loans, Early/primary education, Welfare, Welfare - lack funding, Family support, Dependency , Child safety, Housing
Taxes /public budget: Excessive expenditure, Taxes, Taxes - too high, Too much government expenditure, Business tax breaks/assistance, Government finance

ELECTION STUDY - NORWAY (2001)
Economy: Employment, Industrial/ trade politics, Interest rates, Management of oil funds, Raising prices, (Other) economic issues, Agricultural- fishery policies
Environmental issues: Environmental issues

Foreign affairs & security: Our relationship with the EU, International peace keeping forces, NATO, Defence and security policy issues, (Other) foreign policy issues, Aid to developing countries

Immigration: Immigration/refugee policy

Law & order: Criminal policy, Fight against terrorism

Foreign affairs / Immigration/ Internal & external security:

Inequality / poverty: Social equalization/distribution, Poverty

Other issues: Energy, Modernization of public sector,(Other) child and family issues, (Other) moral/religious issues, Oil politics/distribution of national resources, Gas power plants, Food safety, Decentralization/support for sparsely populated areas, Trusting politicians, Egoism, Alcohol and drug abuse, The question of government alternatives, Fight against racism, Other issues

Social policies: Care for the elderly, Health service, Welfare benefits/abuse of welfare benefits, Housing, (Other) health/social issues, Kindergartens, Cash benefit for families with small children, School and educational issues, Preserve the welfare state

Taxes /public budget: Taxes, Growth of public sector, Privatization

ELECTION STUDY- POLAND (2001)

Economy: Unemployment, Low incomes, Increasing prices, Securing higher life standards, The economy, Closing down enterprises

Environmental issues: Ecology, environment pollution, Natural disasters, flood

Foreign affairs & security: International relations of PL, EU and NATO access

Law & order: Security, fighting crime

Inequality / poverty: Poverty, social assistance, Social and economic inequalities

Other issues: Future uncertainty, Law and courts problems, Combat corruption, theft, state overspending, Bureaucracy, Reforms -in general, Rural & countryside problems , Poor

governance, problems with coalition and parties ,Mining, steelworks state rail , Youth problems, Election, Other
Social policies: Financial problems of pensioners, retired, Housing problems- construction, Health service reform, Education reform, Pension system reform
Taxes /public budget: Budget deficit, public finances, Taxes, Privatization and re-privatization, Sell-out of polish property

ELECTION STUDY- PORTUGAL (2002)
Economy: Economical instability, Unemployment, Cost of living, Inflation, Guaranteed minimum income, The introduction of the Euro, Salaries
Immigration: Immigration
Law & order: (In)security
Inequality / poverty: Poverty
Other issues: Drugs, Entre-os-rios accident, Corruption, Political instability, Lack of political leadership, Bad use of public money, Lack of organization in the country, Lack of development, Other answers
Social policies: Health, Education, Low retiring pensions

ELECTION STUDY- PORTUGAL (2005)
Economy: Bad economic situation in general, National or local budget, Business companies, industries, bankruptcies, Competitiveness, Public debt, Euro, Inflation, Unemployment, Salaries/incomes, poverty, Other economy-related topics, Agriculture and fish sector ,Housing-real estate market, rents, loans
Environmental issues: Environment, pollution, global heating, etc., Climate
Foreign affairs & security: Defense and external security, European institutions, constitution, commission, General European union policy, External affairs, relations between states, international organizations, Iraq, War/peace
Immigration: Migration/immigration policies: asylum, legalization

Law & order: Crime, law and order, fighting crime, insecurity, Terrorism, Concrete crimes

Other issues: AIDS , Abortion, Criticism about the government and politics in general, Elections: elections and voting procedures, Elections: the candidates, the politicians, their image, Elections: debates between parties and politicians ,Other election-related topics, Political corruption, Judicial system, courts, Drugs, consumption and traffic, fighting consumption and trafficking, Sciences: physics, geology, astronomy, etc., Energy , Media, news, media policies, Infrastructures, transports, Inter-party conflicts, tensions between factions, Policies of integration/minorities: social and political, Other conflicts and social problems ,Democracy, Public administration, bureaucracy ,Social norms and values ,Other politics-related topic, Accidents, Human interest: known people, celebrities, events, Natural disasters, Other

Social policies: Retirement pensions, Social policies, social security, family pension, Education, Health, health care, national health care system

Taxes /public budget: Taxes and fiscal policies

ELECTION STUDY- SPAIN (2004)
Economy: Unemployment
Foreign affairs & security: Spain´s participation in Iraq war., Relations between Spain and the European Union
Immigration: Immigration
Law & order: Law and order, Terrorism
Other issues: Other
Social policies: Retirement subsidies
Taxes /public budget: Taxes

ELECTION STUDY- SWEDEN (2002)
Economy: Economic issues, Labor market issues, unemployment, The economic and monetary union, emu
Environmental issues: Environmental issues

Foreign affairs & security: Swedish foreign and national security policy, International issues, European Union (EMU excluded)

Immigration: Immigrations, labor immigration, refugees, segregation/integration

Other issues: Other political issues, Ideological or other political references

Social policies: Social welfare issues, Elderly care, Health care, Family issues: children day care, School and education issues

Taxes /public budget: Taxes, Public sector issues; cuts and privatization

ELECTION STUDY- SWITZERLAND (2003)

Economy: Agriculture, Economics, Labour market

Environmental issues: Environment

Foreign affairs & security: European integration, International relations and conflicts

Immigration: Immigration and integration

Law & order: Law and order

Other issues: Gender issue and discrimination, Political system, parties and politicians, Public service and infrastructure, Regions, Others, Several

Social policies: Public health, Social security, Education-research-and-development-culture

Taxes /public budget: Finances and taxes

ELECTION STUDY - UNITED STATES (2004)

Economy: Unemployment, Create jobs/recruit industry in specific area/region/ state, rate of inflation; level of prices; cost of living, Recession, depression; prosperity of the nation; economic growth, Monetary restraints/controls; level of interest rates; money supply, Class oriented economic concerns--middle class, working class (pro), Class oriented economic concerns--big business, money interests (anti) too powerful, Economics--general; "Economics"-NFS, The economy--not further specified ,International competitiveness; outsourcing; loss of jobs to foreign competition;

Environmental issues: Development of natural resources/energy sources

Foreign affairs & security: Foreign trade, balance of payments position; foreign oil dependence, Foreign relations/foreign affairs; foreign policy, U.S. Foreign policy actions without UN or allied approval. Unilateral action, Middle East-- support or aid to Israel/Arab states; Arab/Israeli, The U.S. occupation of Iraq; the war to topple Saddam Hussein, Firmness in foreign policy; military/diplomatic strength, U.S. foreign (military) involvement/commitment, extent of U.S. Foreign involvement, Prevention of war; establishment of peace; any reference, national defense; defense budget; level of spending on defense, Nuclear war; the threat of nuclear war; nuclear proliferation

Immigration: Immigration policy; establishing limits, Problems relating to the influx of political/economic refugees, U.S

Law & order: CRIME/VIOLENCE; too much crime; streets aren't safe, etc., Extremist groups/terrorists; terrorist bombings/ hostage-taking

Inequality / poverty: Poverty; aid to the poor/underprivileged people

Other issues: Anti-abortion; pro-life; "abortion"- NFS, Other specific references to health problems, Civil rights/racial problems; programmes to enable, Protection (expansion) of white majority, Narcotics; availability of drugs; extent of drug, Legal reform; Tort reform—general General mention of Moral/religious decay (of nation); sex, etc. , Family problems-divorce; treatment of children; decay of family, Religion (too) mixed up in politics; prayer in school, Homosexuality; protecting civil rights of gays and lesbians, Morale of nation; patriotism; National spirit; national unity, Power of the (federal) government, Campaign donations/public financing of elections, Confidence/trust in political leaders/system, Waste in government spending; keeping tabs on where money goes, Government budget priorities are wrong, Power of the supreme court, Fair election procedures; prevention of vote manipulation, Other specific references to problems of representation, Lack of support for the President; any

anti-president comments, Extending/protecting equal rights, basic freedoms, human rights

Social policies: Education, Aged/elderly; social security benefits, Health problems/cost of medical care

Taxes /public budget: Role government in the economy: against government spending balancing, general reference to tax structure; tax surcharge; etc., For tax cuts; against tax surcharge; for tax reform, for inequitable distribution of wealth; gap between the rich and the poor

APPENDIX CHAPTER 5

A.5.1. Figures and Tables

Table A5.1. Coefficient estimates of the variable 'retired' conditioned to different values of pension growth

Pensions growth is centered in the value...	Prime Minister's party		All parties in government	
	Coefficient	[Conf. interv. 95%]	Coefficient	[Conf. interv. 95%]
-10%	-0.23 n.s.	-0.52 0.06	-0.44**	-0.80 -0.07
-5%	-0.11 n.s.	-0.31 0.08	-0.26**	-0.50 -0.03
-2.9% (sample min.)	-0.07 n.s.	-0.21 0.08	-0.19**	-0.38 -0.01
0%	-0.09 n.s.	-0.16 0.11	-0.09 n.s.	-0.19 -0.05
2.4% (sample mean)	0.06 n.s.	-0.04 0.16	-0.01 n.s.	-0.12 0.1
5%	0.12**	0.00 0.23	0.08 n.s.	-0.05 0.21
10%	0.23**	0.04 0.43	0.25**	0.01 0.49
13% (sample max.)	0.30***	0.05 0.56	0.35**	0.04 0.67

Note: Coefficients are maximum-likelihood estimates. n.s. not significant; * significant at the 90% level; ** significant at the 95% level; *** significant at the 99% level

Table A5.2. The influence of old-age pensions on the incumbent support among the non-retired ideological electorate (multilevel logit regression estimates)

	Vote choice 1= Incumbent 0=Other parties	
	A	B
Level-One Effects		
Intercept	2.62***	2.46***
	(0.19)	(0.23)
Retired (1=retired 0=not retired)	0.05	-0.03
	(0.05)	(0.05)
Party identification (independent)	-2.44***	-2.27***
	(0.04)	(0.04)
Party identifcation (opposing party)	-4.16***	-4.09***
	(0.05)	(0.05)
Education	-0.05***	-0.03***
	(0.01)	(0.01)
Age	0.001	0.001
	(0.001)	(0.001)
Ideological distance	-0.26***	-0.27***
	(0.01)	(0.01)
Political Information	-0.04***	-0.01
	(0.02)	(0.02)
Ideology (0=left 10=right)	-0.02	0.03
	(0.03)	(0.04)
Level-Two Effects		
Pensions' spending growth	8.82**	6.5
	(4.14)	(5.1)
Government's ideology (-5=left, 5=right)	-0.72***	-0.81***
	(0.11)	(0,12)

Cross-Level Interactions		
Pensions' spending growth * Ideology	-1.38*	-1.47*
	(0.74)	(0.85)
Government ideology*Ideology	0.14***	0.14***
	(0.02)	(0.02)
Variance Components		
Intercept	0.61	0.98
	(0,17)	(0,25)
ideology (1=left , 10=right)	0.02	0.03
	(0,01)	(0,01)
Number level-one observations	42027	41355
Number level-two observations	37	

Data: CSES I/II. Coefficients are logit maximum-likelihood estimates. The standard errors are in brackets; * sign. At p<0.10 ** sign. at p<0.05, *** sign. p<0.01.

Table A5.3. The influence of old-age pensions' policy on the incumbent support among the elderly electorate (including income)

	Vote choice	
	PM	*Coalition*
Level-One Effects		
Intercept	2.98**	2.91**
	(0.15)	(0.16)
Retired (1=retired 0=not retired)	0.02	-0.07
	(0.06)	(0.07)
Ideological distance	-0.33**	-0.35**
	(0.01)	(0.01)
Party identification (incumbent party)	-2.55**	-2.38**
	(0.04)	(0.04)
Party identifcation (opposing party)	-4.3**	-4.2**
	(0.05)	(0.05)
Education	-0.07**	-0.04**
	(0.01)	(0.01)
Political Information	-0.04*	-0.002
	(0.02)	(0.02)
Age	0.00	0.001
	(0.00)	(0.001)
Income	0.03*	0.05**
	(0.01)	(0.012)
Level-Two Effects		
Pensions' spending growth	0.32	-3.28
	(2.6)	(3.01)
Pensions' spending level	-0.00	-0.00
	(0.00)	(0.00)

Cross-Level Interactions		
Pensions' spending growth * Retired	2.63*	4.18**
	(1.28)	(1.51)
Pensions' spending level * Retired	-0.00	-0.00
	(0.00)	(0.00)
Variance Components		
Intercept	0.23	0.3
	(0.05)	(0.07)
Retired	0.001	0.02
	(0.003)	(0.02)
Number level-one observations	36997	36997
Number level-two observations	37	37

Data: CSES I/II. Coefficients are logit maximum-likelihood estimates. The standard errors are in brackets; * sign. at $p<0.05$, ** sign. $p<0.01$.

Table A5.4. The influence of old-age pensions' policy on incumbent support among the ideological electorate (including income)

	Vote choice	
	PM	*Coalition*
Level-One Effects		
Intercept	2.66***	2.44***
	(0.19)	(0.23)
Retired (1=retired 0=not retired)	0.08	-0.03
	(0.06)	(0.05)
Party identification (independent)	-2.41***	-2.23***
	(0.04)	(0.04)
Party identifcation (opposing party)	-4.16***	-4.07***
	(0.05)	(0.05)
Education	-0.07***	-0.04***
	(0.01)	(0.01)
Age	0.001	0.00
	(0.001)	(0.00)
ideological distance	-0.27***	-0.28***
	(0.01)	(0.01)
Political Information	-0.04**	-0.01
	(0.02)	(0.02)
Ideology (0=left 10=right)	-0.02	0.03
	(0.03)	(0.04)
Level-Two Effects		
Pensions' spending growth	7.61**	5.58
	(3.85)	(5.01)
Government's ideology (-5=left, 5=right)	-0.66***	-0.77***
	(0.08)	(0.11)

Cross-Level Interactions		
Pensions' spending growth * Ideology	-1.23*	-1.40*
	(0.70)	(0.83)
Government ideology*Ideology	0.13***	0.13***
	(0.02)	(0.02)
Variance Components		
Intercept	0.51	0.92
	(0.15)	(0.24)
ideology (1=left , 10=right)	0.02	0.03
	(0.01)	(0.01)
Number level-one observations	36997	36997
Number level-two observations	37	37

Data: CSES I/II. Coefficients are logit maximum-likelihood estimates. The standard errors are in brackets; * sign. at p<0.05, ** sign. p<0.01.

Table A5.5. Coefficient estimates of the variable 'ideology' conditioned to different values of pension growth (Incumbent=Prime Minister's Party)

Pensions growth is centered in the value...	Left (ideology=0)		Centre (ideology=5)		Right (ideology=10)	
	Coefficient	[C. I. 95%]	Coefficient	[C. I. 95%]	Coefficient	[C. I. 95%]
-10%	-0.57***	-0.8 -0.35	0.12 n.s.	-0.06 0.3	0.82***	0.56 1.07
-5%	-0.65***	-0.84 -0.46	0.05 n.s.	-0.07 0.4	0.75***	0.55 0.95
-2.9% (sample min.)	-0.68***	-0.86 -0.49	0.02 n.s.	-0.07 0.11	0.72***	0.54 0.90
0%	-0.72***	-0.90 0.53	-0.02n.s.	-0.08 0.04	0.68***	0.52 0.83
2.4% (sample mean)	-0.75***	-0.94 -0.56	-0.05*	-0.11 0	0.64***	0.50 0.79
5%	-0.79***	-0.99 -0.58	-0.09***	-0.16 -0.02	0.61***	0.47 0.74
10%	-0.85***	-1.1 -0.61	-0.16***	-0.28 -0.03	0.54***	0.39 0.69
13% (sample max.)	-0.9***	-1.17 -0.62	-0.20***	-0.36 -0.03	0.5***	0.32 0.67

Note: Coefficients are maximum-likelihood estimates. n.s. not significant; * significant at the 90% level; ** significant at the 95% level; *** significant at the 99% level.

Table A5.6. Coefficient estimates of the variable 'ideology' conditioned to different values of pension growth (Incumbent=all parties in coalition)

Pensions growth is centered in the value...	Left (ideology=0)		Centre (ideology=5)		Right (ideology=10)	
	Coefficient	[C. I. 95%]	Coefficient	[C. I. 95%]	Coefficient	[C. I. 95%]
-10%	-0.51***	-0.77 -0.26	0.17 *	-0.04 0.39	0.87***	0.57 1.17
-5%	-0.59***	-0.81 -0.37	0.1 n.s.	-0.03 0.02	0.79***	0.56 1.03
-2.9% (sample min.)	-0.62***	-0.83 -0.41	0.07 n.s.	-0.03 0.17	0.76***	0.56 0.97
0%	-0.67***	-0.88 0.46	-0.02 n.s.	-0.08 0.04	0.72***	0.54 0.90
2.4% (sample mean)	-0.70***	-0.92 -0.49	-0.01 n.s.	-0.07 0.05	0.69***	0.52 0.85
5%	-0.74***	-0.97 -0.51	-0.05 n.s.	-0.12 -0.03	0.65***	0.49 0.80
10%	-0.81***	-1.09 -0.54	-0.12*	-0.27 -0.03	0.57***	0.39 0.74
13% (sample max.)	-0.86***	-1.17 -0.55	-0.16*	-0.36 -0.03	0.52***	0.32 0.73

Note: Coefficients are maximum-likelihood estimates. n.s. not significant; * significant at the 90% level; ** significant at the 95% level; *** significant at the 99% level.

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