

Economic Hardship and Policy Preferences: The Mediating Role of Elite Discourse

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Abstract

To what extent does individual economic hardship shape political preferences? We build on public opinion and survey research to argue that the relationship between economic conditions and policy preferences will be affected by changes in the discursive context. When primed by elite discourse to think about their own bottom-line and when offered clear policy alternatives, individuals become more likely to behave like self-interested rational actors, and consequently, to adjust their policy preferences in line with their economic conditions. Absent such favorable conditions, observed attitudinal change is unlikely to match economic theory's expectations. The paper supports this claim using cross-sectional survey data from 22 European countries, as well as longitudinal data from two countries, Great Britain, where redistributive issues have been de-politicized by political elites, and Germany, where they have been re-politicized.

1 Introduction

A key expectation in political economy is that voters translate material hardship into higher support for policies that redistribute income from the most to the least well-off (Meltzer and Richard 1981; Moene and Wallerstein 2001; McCarty, Poole and Rosenthal 2008). Empirically, this conjecture receives only limited support. In cross-sectional data, proxies of material hardship, such as unemployment risk or income, are often poor predictors of social policy preferences (Sears and Funk 1990). Studies using panel data find only weak effects of individual material conditions on policy preferences (Margalit 2013). The famous finding that attitudinal change follows parallel trends among income groups (Page and Shapiro 1993) runs counter to political economy's expectation that changing economic conditions, such as rising income inequality (e.g. Meltzer and Richard 1981) or labor market segmentation (Rueda 2007; Alt and Iversen 2013), will affect policy preferences differently across income groups.

A closer look at the behavioral assumptions that underlie economic theory can help explain this discrepancy between theoretical expectations and empirics (Berinsky 2011). In most models, individuals are assumed to tackle policy issues through complex counter-factual thinking, choosing the policy alternative that yields the highest material rewards to themselves and their household. As pointed out by Schumpeter more than half a century ago, rational self-interested behavior is unlikely in the realm of mass politics. Indeed, from the point of view of an individual voter, democratic politics constitutes a low stakes and low information context. In such a context, modes of reasoning that depart from full rationality and self-interest generate non-material benefits (e.g. expressive utility) at no cost to an individual's pocketbook (Schumpeter 1950: chapter XXII). When it comes to mass political behavior, reliance on alternative modes of reasoning is the norm and rational self-interested behavior, the exception (Achen and Bartels 2016).

But not all political contexts are the same: some contexts will be more likely than others to induce individuals to engage with politics in a self-interested and rational way. Drawing on public opinion research, we focus on the discursive context, as shaped by political elite messaging. First, as theorized by Zaller (1992) and documented by many, attitudinal change is more likely

“when partisan elites debate an issue and the news media cover it” (Dancey and Goren 2010: 686). In other words, any researcher interested in attitudinal change that might (or might not) align with predictions from economic theory needs to pay attention to elite behavior: when it comes to the timing of attitudinal change, elites are often the first movers. In addition, numerous studies have shown how campaign and news media messages can alter the frame through which individuals assess a given policy (Krosnick and Kinder 1990). Self-interested behavior is consequently facilitated or hindered by elites’ decisions to re or de-emphasize distributional conflicts. Finally, citizens’ capacity to reason rationally about their self-interest is also affected by the discursive context: when elites’ competing efforts to frame an issue produce alternative policy options, it becomes easier for citizens to identify the policy option that will better serve their economic interest (Sniderman and Theriault 2004). Jointly, these claims indicate that elite-level political competition affects the extent to which economic conditions and policy preferences align: when primed by elites to think about their own bottom-line and when offered clear policy alternatives, individuals are more likely to behave like self-interested rational actors and to adjust their policy preferences in line with their economic conditions.

We highlight the mediating role of the discursive context on the relationship between economic conditions and preferences in three related analyses. First, using six waves of cross-sectional survey data collected between 2002 and 2013, we show that, net of the effect of important confounders, income is a better predictor of support for redistribution in country/years where parties actively compete over economic and redistributive issues. Second, to deal with reverse causation, we zoom-in on attitudinal change in Germany and Great Britain, two countries where center-left parties initiated a pro-market shift and moved away from pro-redistribution left-wing rhetoric. Comparing attitudinal trends in the two countries, we show that these “Third-Way” episodes have had very different attitudinal consequences in each country. Differences in the discursive context, rooted in turn in differences in the institutional context,¹ can help explain these diverging outcomes.

¹ For example differences in the electoral rule (Iversen and Soskice 2006) or differences in union strength (Martin and Thelen 2007; Martin and Swank 2012).

In the last part of the analysis, we examine the mechanisms through which the discursive context mediates the causal effect of economic hardship on policy preferences. To do so, we rely on individual-level panel data collected in Great Britain from 1991 to 2007. In a context where elites are shifting away from pro-redistribution left-wing rhetoric, we show that the effect of a negative income shock is mainly one of *resistance* to a general shift away from left-wing economic preferences. Rather than moving to the center, following the rhetoric of the political elites, people experiencing economic hardships remain committed to left-wing economic policy preferences. This resistance effect is the largest in 1997, the year the New Labour wins the elections.

The implications of our findings for political economy are two-fold. Theoretically, dynamic models of redistribution need to explicitly address the time-varying and unvarying factors that shape elites' likelihood to re- or de-politicize (re)distributional antagonisms. Empirically, to avoid overly conservative estimates, research designs aimed at identifying the effect of economic conditions on policy preferences should account for context-induced heterogeneity and focus both on attitudinal change and stability.

Substantively, our findings help understand how individual hardship following the Great Recession is affecting policy preferences differently across countries. Only in countries where political parties push a pro-redistribution agenda can we expect an increase in hardship to translate into an observable *increase* in support for redistributive social policies, especially among the worse-off.

2 How Elites Talk About Redistributive Issues Constrains How Individuals Think About Them

Economic theory predicts an alignment between preferences and material conditions under two sets of assumptions. One set refers to the institutional setup and states that social policies are designed to be redistributive. Beramendi and Rehm (2016); Gingrich and Ansell (2012); Korpi and Palme (1998), for instance, examine the extent to which redistributive policies approximate this assumption and how this can affect class and income-based cleavages within a given

electorate.²

Here, we turn our attention to a second set of assumptions, which states that individuals are self-regarding income-maximizers capable of rational thinking. We examine the contextual factors that affect the way individuals engage with politics and the extent to which individuals behave as if self-interested and rational. We first emphasize the key role of elite messaging, which is often overlooked by political economists. We then argue that attitudes emerge from the interaction between individual push factors, such as individual material conditions, and pull factors, such as contextual elite messaging. When elites decide to politicize redistributive issues, they can help voters explicitly connect policies to material conditions. Finally, we flesh out the implications of our argument for understanding the empirical manifestations of economic reasoning using individual-level survey data.

2.1 Bounded Rationality in a Low-cost, Low-information Decision Environment: Follow the Leader

To understand how the discursive context affects social policy preferences, especially preferences observed using survey data, we turn to Zaller’s “simple theory of the survey response” (Zaller 1992). According to Zaller, individuals answer surveys by reaching into their own “bucket” of existing considerations about the issue at stake. Building on previous research, he models changes in expressed opinions as a two-step model of *exposure* to new claims, as shaped by the dynamics of the political debate (Krosnick and Kinder 1990; Dancy and Goren 2010), followed by *acceptance of* or *resistance to* these claims.

According to Zaller, people tend to accept (resist) arguments that are consistent (inconsistent) with their political predispositions, especially if these predispositions are activated by contextual

² Beramendi and Rehm (2016) show that income is a better predictor of support for redistribution in countries where the progressivity of the tax and transfer system is high: “(w)hen progressivity is low (...) tax contributors and benefit recipients overlap” meaning that the net effect of redistribution on disposable income is comparatively lower than in more progressive tax and transfer systems. In such a context, self-regarding income maximizing behavior yields comparatively lower returns.

cues. Such forms of reasoning, one of the many facets of heuristic-thinking, enables individuals to “arriv(e) at *satisfactory* solutions with *modest* amounts of computation” (Simon 1990:11, own emphasis). While they might appear sub-optimal from a material self-interest perspective, they are optimal with regards to the stakes at play (low) and the information constraints individuals face (high). Among all the effort-reducing methods available to individuals, it is the partisan heuristic that has received the most attention (Abramowitz 1978; Bartels 2002a, 2002b; Berelson, Lazarsfeld, and McPhee 1954; Campbell et al. 1960; Carsey and Layman 2006; Zaller 1992, 1994).³ The reduction of cognitive dissonance is another important mechanism shaping attitudinal stability and change. Indeed, the more homogeneous (heterogeneous) an individual’s existing “bucket” of considerations is, the less (more) likely she will accept new claims that run counter to it.

In other words, the path to attitudinal change requires input from the discursive context, both through exposure to new claims or through the activation of cognitive short-cuts to navigate the discursive landscape. To put it differently, parties and candidates are important *first movers*: it is during times of elite-driven changes in the discursive context that mass attitudinal change is the most likely to happen.

2.2 Bottom-up or Top-down? Both Matter

The literature on priming and framing mentioned above has extensively documented the elite driven top-down mechanisms that affect how people think about politics. This does not imply that voters’ personal circumstances do not matter. Recent research has investigated how elite discourse interacts with an individual’s “objective” economic and social conditions. A general conclusion is that changes in public opinion “occur at the confluence” of top-down factors such as the activation by elites of heuristic-thinking, and bottom-up processes rooted in changing individual socio-economic conditions (Cramer 2016).

³ Other forms of heuristic-thinking include individuals’ responsiveness to group-based cues (Dawson 1995; Barreto 2010), political symbols and values that “evoke long-standing emotional responses” (Sears and Funk 1990: 249).

For instance, Hopkins (2010) documents that a change in the ethnic composition of one's neighborhood affects preferences about immigration only when immigration is being politicized at the national level. "(D)emographic change," Hopkins argues, "might not be seen as having political ramifications unless frames are available to make those ramifications clear. (...) At times when rhetoric related to immigrants is highly salient nationally, those witnessing influxes of immigrants locally will find it easier to draw political conclusions from their experiences" (Hopkins 2010: 43).

The cognitive mechanism underlying this conjecture has been recently tested in a laboratory setting by DeScioli et al. (2014). Participants play a simple economic game where they are asked to divide money equally or to divide it unequally based on merit. They find that people prefer the rule that most benefits them. However, this result is conditional on the provision of frames that morally justify picking one rule over the other: when the justification for merit-based division of money is removed, "participants no longer show strategic advocacy of the unequal division." In other words, self-interested behavior is enabled or disabled by the provision of publicly shared frames and considerations⁴ that make it easier to translate an individual experience into a self-interested social act.

Based on this existing work, we expect individual hardship to translate into more left-wing redistributive preferences when elites are visibly competing over this issue, offering salient frames that 'define what the problem is and how to think about it' (Kinder (1998: 170), cited in Hopkins (2010)). By actively competing over an issue, political elites increase its salience, and "simplify the policy alternatives to a cognitively manageable set of alternatives, portraying them as competing courses of action" (Sniderman and Bullock 2004: 346). In other words, it becomes easier to identify pro and anti-redistribution policies as exclusive alternatives if parties offer different policy proposals. Sniderman and Theriault (2004) show that in such a context, reasoning around basic principles – in our case, rational self-interested reasoning – is greatly improved, especially among the least politically sophisticated. When redistributive issues are de-emphasized and pushed to the periphery of electoral competition, voters become less able

⁴ See also Strauss (2012).

to identify alternative policy options in line with their self-interest and turn to other modes of reasoning instead (themselves a function of elite-induced priming).

From this general claim, we generate the following prediction: As elites compete and polarize around redistributive issues, we expect income to become a better predictor of economic preferences (**prediction 1**).

We would like to stress two important points. First, prediction 1 relies on the assumption that elite's decision to re- or de-politicize redistributive issues is exogenous to changes in mass redistributive preferences. This assumption is constitutive of the field of research – public opinion and survey research – on which we build; and in the interest of space, we do not seek to review the evidence that supports this claim (Page and Shapiro 1992; Zaller 1992; Bartels 2005; Lenz 2009; Duch and Stevenson 2011; Evans and Tilley 2012; Zaller 2012; Achen and Bartels 2016). Moreover, even if we assume that political elites are responsive to changes in mass policy preferences, this responsiveness might still be undermined by competing factors such as the electoral rule (Iversen and Soskice 2006), the limitations of issue bundling and coalition building (Roemer, Lee and Van der Straeten 2007; Hausermann and Schwander 2009), as well as the policy paradigm through which they interpret the world (Hall 1993). Finally, we do not claim that elites' decision to compete over redistributive issues is exogenous to changes in the electorate's *objective* economic conditions. Our focus is on the likelihood that objective conditions translates into subjective policy positions: to understand the extent to which they do, we have argued, we need to examine the enabling and disabling features of elite messaging.

The second point is related to the scope conditions of our argument. In this paper, we seek to understand the conditions under which individuals behave as if self-interested and rational. We focus on elite-induced changes in issue salience and in the policy choice-set individuals get to pick from (Sniderman and Levendusky 2007). Under certain conditions, one type of heuristic-thinking, namely the partisan heuristic, can play a competing role and undermine the informational and framing channels we focus on. The United States is one instance where the partisan heuristic is having such a counteracting role. On the one hand, the polarization of the American party means that the policy-choice set offers two distinct options: big government and redistribution versus small government and self-reliance. On the other hand, such a polarized

two party system results in dramatic issue bundling across economic and non-economic issue areas. Individuals who might not be receptive to the economic framing of one party for self-interested reasons, can still adopt some of its economy policy preferences out of rejection of the other party's rhetoric on non-economic issues (Lenz 2009; Prior, Sood and Khanna 2013; Bullock et al. 2013; Baldassarri and Goldberg 2014). This is especially true for high-income democrats who abhor the rhetoric of the republican party on social issues (Gelman 2009; Feller, Gelman and Shor 2012). As a result, we limit our prediction to multi-party systems that allow issue de-bundling (e.g. the German party system) and to party systems where partisanship has been shown to play only a limited role in preference formation (e.g. a de-polarized two party system like the one in Great Britain in the 1990s and 2000s, see Evans and de Graaf (2013)).

2.3 Modeling the Micro-dynamics of Attitudinal Change

From our argument, we have derived a prediction that applies to population-level estimates: the extent to which the poor support redistributive social policies more relative to the rich covaries with elite-level politicization of redistributive policies. What are the individual-level mechanisms that underlie these aggregate patterns?

There are two paths through which attitudes and economic conditions might align in response to a change in elite discourse. The first path is a switch towards policy preferences that better match material self-interest (e.g. increase/decrease in support for redistribution if poor/rich). According to Zaller, such a switch will follow from the cumulative *acceptance* of new claims into one's "bucket." The second path is the absence of such preference updating even when external factors push an individual to embrace policy preferences that do not align with her economic conditions. According to Zaller, such attitudinal stability is better thought of as an active mode of reasoning, which he calls *resistance*.

Focusing on attitudinal change among those experiencing hardship, this argument generates two related predictions. First, in a context where left-wing policy alternatives are added to the discursive environment, low-income individuals and individuals experiencing hardship will be more likely to accept these new considerations and update their policy preferences (**prediction 2**). Second, in a context where right-wing policy considerations are added to the discursive

context, we expect individuals experiencing hardship to be more likely to resist these new considerations (**prediction 3**). In contrast, economically prosperous individuals will be more likely to resist in the first case scenario and to accept and update their policy preferences in the second one. Acceptance and resistance will be distributed in the population in ways that increase the overall cross-sectional correlation between economic conditions and policy preferences (prediction 1).

3 Empirics

To test predictions 1 through 3, we need variation in how elites compete for control of the government. To test predictions 2 and 3, we also need variation in individuals' material conditions. We first rely on cross-sectional data from 22 European countries to test the claim that the alignment between economic conditions and policy preferences varies systematically with the context. In addition, we examine longitudinal attitudinal change in two countries that have experienced a major change in elite-level behavior, namely Germany and Great Britain. To test predictions 2 and 3, we turn to individual-level panel data and examine whether resistance and acceptance are responsive to changes in an individual's economic conditions.

3.1 Cross-sectional Evidence

For the first part of the analysis, we use attitudinal data from the European Social Survey (ESS) that we match to contextual data from the Comparative Manifesto Project (CMP). Our analysis is based on 22 European countries, with data collected between 2002 and 2013, at two-year intervals.⁵ ESS respondents are asked how much they agree with the following statement: "Government should reduce the differences in income levels." We code individuals who strongly agree or agree with the above claim as 1 and all others as 0.

To proxy for differences in the politicization of economic issues, we first measure the position

⁵ The countries included here are as follows: Austria, Belgium, Switzerland, Czech Republic, Germany, Denmark, Spain, Finland, France, Great Britain, Greece, Hungary, Ireland, Iceland, Italy, Luxembourg, The Netherlands, Norway, Poland, Portugal, Sweden, Slovakia.

of political parties on economic and welfare issues (Lowe et al. 2011) and then compute the following polarization index (Ezrow and Xezonakis 2011):⁶

$$\text{Weighted Average Economic Polarization} = \sqrt{\sum_{j=1} V S_{jkt} (P_{jkt} - \bar{V}_{kt})^2} \quad (1)$$

where \bar{V}_{kt} is the mean economic position in country k in election t , P_{jkt} is party j 's position in country k at election t and $V S_{jkt}$ is party j 's vote share in election t . A higher value on the polarization index indicates that parties differ more, on average, in terms of their position on economic issues. As we only have measurement of parties' policy positions in election years, we linearly interpolated the data for the years without an election.

We use income as a proxy for individual material hardship. The ESS measures income using a categorical variable. The cut-off points used to define all the different income brackets vary between waves and countries. We recode this variable to make it substantively comparable across countries and across years using country-specific labor force surveys available through the Luxembourg Income Study database. We first compute two types of income thresholds, namely the 20th and the 80th percentile of the disposable household income distribution.⁷ We then identify respondents who placed themselves in an income category that is below the 20th or above the 80th percentile. Consequently, the analysis relies on comparing levels of support for redistribution among bottom quintile households, with levels of support among top quintile households.

We also rely on a second proxy of economic hardship, namely a subjective measure that captures a respondent's satisfaction with her income. We code respondents that reported to be financially struggling as 1 and other respondents as 0. We exclude pensioners from our analysis: at this stage of the life cycle, income does not provide a clear signal of an individual's level of hardship.

Because respondents are nested within countries (N=22) and years (N=11), we estimate a

⁶ See Appendix 1.1 for more details on the Manifesto dataset as well as the list of items that were used to measure right-wing and left-wing economic positions.

⁷ The data is available at <http://www.lisdatacenter.org>.

cross-classified hierarchical model.⁸ We can use income to illustrate the model as follows:

$$\log\left(\frac{\pi_{ijk}}{1 - \pi_{ijk}}\right) = \alpha_{0jk} + \beta_1 * Inc + \gamma_1 * Polariz + \beta_2 * Inc \times Polariz + \sum_{m=1}^M \beta_m * X_{mi} \quad (2)$$

where π_{ijk} is the probability that the i th respondent, within the j th country and k th survey year, expresses support for redistribution. We control for m ($m = 1, \dots, M$) individual characteristics X such as age, gender, education, employment status and union membership, which are also believed to affect preferences for redistribution.⁹ The most important coefficient in this model is β_2 , which gives us an estimate of the effect of income differences (top versus bottom quintile) on support for redistribution for varying levels of economic policy polarization among political parties. Model 2 further includes a random intercept α_{0jk} , that specifies that the overall mean of our dependent variable varies from country to country and from year to year. This can be noted by:

$$\alpha_{0jk} = \gamma_0 + \sum_{l=2}^L \gamma_l * Z_{jk} + u_{0j0} + v_{00k} \quad (3)$$

where γ_0 is the mean effect of all years across all countries, u_{0j0} denotes a country specific error term ($u_{0j0} \sim N(0, \tau_u)$) and v_{00k} a time specific error ($v_{00k} \sim N(0, \tau_v)$).

To account for possible confounders that affect both individuals' economic preferences and political parties' electoral strategy, we control for the following macroeconomic factors Z , measured annually for each country: GDP (gross domestic product based on purchasing power parity per capita, in current international dollars), unemployment rate (percent of total labor force) and inflation of the consumer price index (as percentage change). We further control for governmental total expenditure. The data source for these macroeconomic indicators is the World Economic Outlook database, compiled by the International Monetary Fund. We also control for the variation in inequality using the Gini coefficient, taken from the World Data Bank.¹⁰

⁸ See Snijders and Bosker (1999: 155-165) for a general introductory discussion of these cross-classified random models.

⁹ As this model does not include a random slope-coefficient it is not necessary to center the individual-level explanatory variables (Snijders and Bosker 1999: 80-8).

¹⁰ Some missing values in the early 2000s were imputed using forward interpolation of the

Results

Table 1 reports the logit coefficients of a cross-classified model, estimated for the two different proxies of material hardship: income quintile and subjective income satisfaction. For each, we estimate four models. The first – empty – model reports the results of the model including only the individual-level covariates. The second – simple – model includes polarization as a main effect. The third – interaction – model tests our main argument about the interplay between individuals' hardship and elite-level electoral competition. The fourth, which is reported in Table 1, additionally controls for macro-economic factors. Model 1 to 3 are available in Appendix 1.3.

Results confirm the well-known cross-sectional correlation between material hardship and support for redistribution. Respondents unsatisfied with their income are more likely to be in favor government intervention to reduce income differences. Further, those with middle or top incomes are less likely to support redistribution than respondents that belong to the bottom-20% of the income scale. Turning to the main effect of elite polarization, we find a positive relationship between polarization and the country's average support for redistribution. The more polarized the party system is on economic issue, the more likely individuals are to believe in governments' responsibility to equalize income differences.

In line with prediction 1, we find that in country/years where parties more actively compete over economic and redistributive issues, the difference in support for redistribution among the rich and the poor is larger (prediction 1). Figure 1 plots predicted levels of support for different levels of issue polarization: the interaction between material conditions and polarization appears to be driven by differences within low-income respondents, across different discursive contexts. In other words, mass support for redistribution is higher in countries where elites politicize redistributive issues, this is partly the result of comparatively higher levels of support among people experiencing hardship.

first available value.

Table 1: Cross-classified, logistic model: elite polarization on economic issues and individual support for redistribution

	ACTUAL INCOME Model 4.1		SUBJ INCOME STRUGGLE Model 4.2	
	<i>Coef.</i>	<i>s.e.</i>	<i>Coef.</i>	<i>s.e.</i>
Economic hardship:				
Income: (ref: bottom-20%)				
Middle	-0.373***	(0.055)		
Top-20%	-0.665***	(0.068)		
Income difficult			0.412***	(0.050)
Polarization	0.990***	(0.169)	0.948***	(0.111)
Interaction: Polarization x				
Income: (ref: bottom(20%))				
Middle	0.177	(0.143)		
Top-20%	-0.568**	(0.178)		
Income difficult			0.385**	(0.133)
Macro-level controls:				
Benefits concentration	2.231***	(0.533)	2.035***	(0.483)
Gov. Expenditure	-0.006	(0.004)	-0.007*	(0.003)
GDP per capita	0.000	(0.000)	0.000	(0.000)
Inflation	0.027**	(0.009)	0.004	(0.008)
Unemployment	0.003	(0.004)	0.003	(0.004)
Gini	-0.013	(0.007)	0.000	(0.007)
Individual-level controls:				
Age	0.008***	(0.001)	0.008***	(0.000)
Education (in years)	-0.049***	(0.002)	-0.054***	(0.002)
Female	0.290***	(0.013)	0.263***	(0.012)
Union memb.	0.323***	(0.017)	0.327***	(0.016)
Intercept	1.340**	(0.447)	0.600**	(0.399)
Variance components:				
Year (N=11)	0.150***	(0.036)	0.157***	(0.036)
Countries (N=22)	0.427***	(0.077)	0.387***	(0.068)
N of obs.	110,860		138,357	
LogLik	-65,485		-82,554	

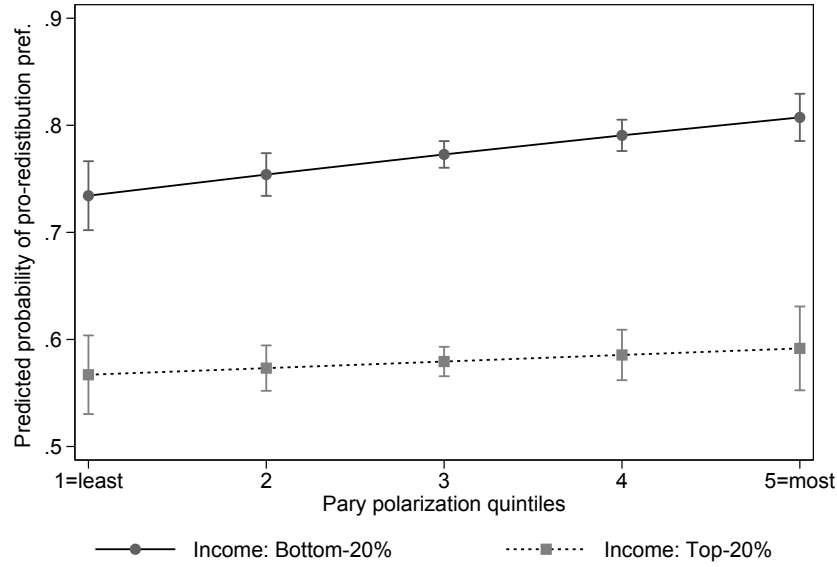
Significance levels: * $p < .05$, ** $p < .01$ *** $p < .001$. Sources: ESS, 2002-2012, CMP, IMF, WDB.

Note: The table reports the logit coefficients and standard errors in parentheses estimated from a cross-classified model predicting support for the statement that government should reduce the differences in income levels. Polarization is measured using the formula of Lowe et al. (2011). Working-age population only. The full set of models that was estimated is available in Appendix 1.2.

Robustness Checks

In line with findings by Beramendi and Rehm (2016), we examine if our results are robust to the inclusion of a variable that capture country differences in social policy design, namely tax progressivity. Indeed, according to Beramendi and Rehm (2016), the more redistributive the tax system is, the more high income voters will oppose redistribution. This would affect β_2 in model 2. A more progressive tax structure might also motivate lobbying and lead to the chronic politicization of redistributive issues, generating a spurious relationship between politicization and the preference gap. Due to data availability, the sample size is affected by the inclusion

Figure 1: Predicted Support for Redistribution by Income and Polarization



Note: Based on model 4.1, presented in Table 1 with redistribution preference as the dependent variable, holding all other variables at their mean values. The polarization value is broken down into quintiles, separating country/years from least (1) to most (5) polarized.

Source: ESS and CMP.

of the tax progressivity measure. Our results hold on this smaller sample with the additional controls (see Appendix 1.4).

Figure A.1 in Appendix 1.2 plots our polarization measure for all countries in our sample. Within each country, political polarization is mainly stable over the period under consideration. In other words, our estimation strategy relies more heavily on between rather than within-country variation. To better understand the relationship between a change in elite polarization and support for redistribution, especially among the poor, we turn to two case studies of attitudinal change in Germany and Great Britain.

3.2 Longitudinal Trends in Germany and Great Britain

In line with prediction 1 through 3, and given the pattern highlighted in Figure 1, we would expect an increase in polarization to increase support for redistribution, especially among the least well-off. In contrast, we would expect the de-politicization of redistributive issues to hinder the translation of economic concerns into pro-redistribution policy preferences. Germany and

Great Britain allows us to examine these expectations in more detail.

In both countries, disagreement over how to better foster economic growth has generated important tensions between the traditional left and the pro-market “Third Way” (Great Britain) and “Neue Mitte” (Germany). These tensions played out very differently in each country. The German proportional electoral system enabled the traditional left, backed by strong unions, to pursue its agenda outside of the SPD and consequently re-politicize redistributive issues following the break with the SPD in 2005. In Great Britain, in contrast, the first-past-the post system meant that the traditional left had to fight its war within the New Labour Party. It only recently gained political visibility following Jeremy Corbyn’s election as party leader, which occurred close to two decades after Tony Blair’s victory. The consequence was a de-politicization of redistributive issues in favor of a center right bi-partisan consensus on social and economic policies.

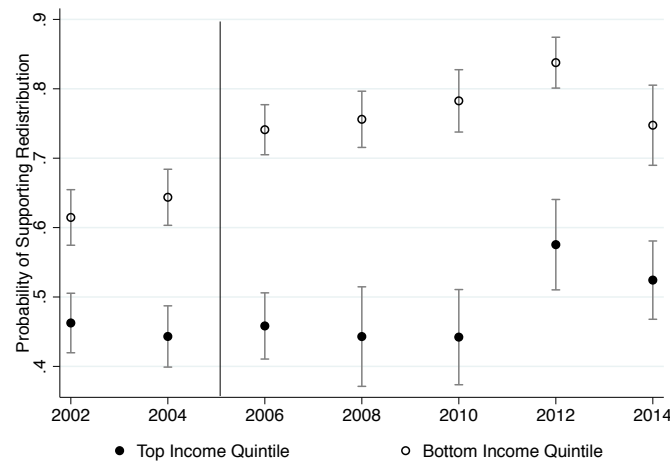
Germany as a case of re-polarization

Germany, as shown in Figure A.1, is indeed one of the few cases in our ESS sample with over-time variation in elite-level polarization (the other case is Poland). Extensive evidence on the extent and timing of elite-level polarization in Germany is provided in Appendix 2.1. Using newspaper data collected by Kriesi et al. (2012), we also document a left-wing shift in the discursive context starting in 2005, the year when a SPD splinter group formed *Die Linke* following an electoral alliance with the German communist party, a minor party whose small electoral was limited to regions in East Germany (Appendix 2.2).

We consequently re-examine the ESS data, focusing on attitudinal change in Germany. In line with prediction 1, we examine whether the policy preference gap between high and low income individuals increases with the creation of *Die Linke*. Attitudinal change should not precede elite-level change: both are expected to happen concomitantly. In line with prediction 2, we expect this increase to be driven by higher support for redistribution among low-income individuals.

Figure 2 plots predicted support for redistribution among top and bottom income quintile

Figure 2: Change in Support for Redistribution Among Top and Bottom Income Quintiles in Germany



Note: The figure reports support for redistribution between top and bottom quintile respondents.

Source: ESS 2002-2014.

respondents.¹¹ As expected, a major attitudinal change happens between 2004 and 2006. In 2002, the difference in support for redistribution between top and bottom quintile respondents is around 15 percentage points. By 2006, the difference is 29 percentage points: the increase is entirely due to a rise in support for redistribution among the bottom quintile respondents. Support continues to rise in this group from 2006 to 2010. In 2010, the gap reaches 34 percentage points, more than double the gap in 2002. In 2012 and 2014 top quintile individuals finally catch up with a 7 year delay. As Figure 2 shows, under the right conditions, the famous “parallel public” finding that attitudinal trends mirror each other across sub-groups of the population no longer holds (Page and Shapiro 1993).

¹¹ We use the ESS data for Germany and replicated the models presented above, focusing on the individual-level analysis. But unlike in the cross-country analysis, we interact the coefficient on income with year dummies. We use the resulting estimates to compute the probability of expressing support for redistribution (i.e. outcome variable is equal to 1) for top and bottom quintile respondents for each ESS survey round.

Great Britain as a case of de-polarization

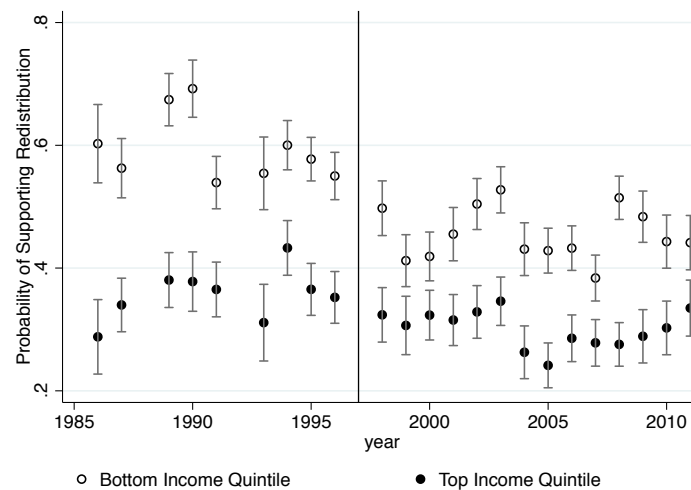
To further unpack the causal relationship between the size of the income preferences and elite behavior, we turn to the British case. The transformation of electoral competition in Great Britain is well documented and has attracted much attention from policy commentators and pundits (Evans and de Graaf 2013; Milazzo, Adams and Green 2012).

In Appendix 3.1 we document changes in the elite-level politics using manifesto data. In the early 1980s, close to a third of the two parties' manifestos was dedicated to socio-economic issues (see Figure A.7 and A.8). From the mid-1980s onwards, both parties start moderating their positions, especially the Labour party, which over time has dropped traditional left-wing economic policies as an explicit policy option. Great Britain can be described as a case of de-polarization “by omission”, driven mainly by the Labour Party abandoning traditional left-wing rhetoric on economic issues. Figure A.7 in Appendix 3.1 further plots the relative salience of selected policy issue areas with both parties' manifestos considered jointly. The figure confirms that moral and cultural issues and issues related to political authority replaced economic and social policies as the central political issues. To proxy for changes in the discursive context, we use newspaper data collected by Kriesi et al. (2012). Appendix 3.2 documents a rightward shift on economic issues from 1997 onward.

Unlike Germany, left-wing actors have failed , in reaction to the Labour Party's shift to the center, to re-politicize redistributive issues. This shift in party position and discourse has affected voters' perceptions of the parties. Using data from the British Election Study from 1987 to 2001, Milazzo and her colleagues (2012: 266) show that, over time, voters place the Labour Party as increasingly more centrist on four policy scales relating to economic issues. We reproduce this data in Appendix 3.3.

As the share of economic policy considerations associated with “old” Labour declines, it becomes cognitively more costly to maintain strong left-wing preferences. Information related to pro-redistribution policy options is pushed to the bottom of citizens' “buckets” of policy attitudes and replaced with new considerations that favor market-economic policies. In contrast to Germany, we do not expect public opinion, especially voters experiencing hardship, to react

Figure 3: Average Support for Redistribution by Income Quintile in Great Britain



Source: British Social Attitude Survey 1986-2012.

to Third Way reforms by increasing their support for redistributive social policies.

The ESS data only covers the 2002-2012 period. We consequently turn to the British Social Attitudes Survey (BSA). Starting in 1986, the BSA has repeatedly asked respondents their level of agreement with the following claim “Government should redistribute income from the better-off to those who are least well-off.” Figure 3 plots the share of respondents who agree with this claim, breaking the sample down by income quintiles.

In line with our argument, there is no evidence that Tony Blair’s election was preceded by a rightward shift in support for redistribution. In contrast to the German case, New Labour’s shift to the center on economic issues was not followed by an increase in left-wing economic preferences among low-income voters. To the contrary, support for redistribution in this group declined: in the pre-1997 period, around 60% of respondents agreed that the government should redistribute income. Post-1997, the level of agreement drops to 45% on average. Top income respondents do not appear to be affected: over this 25 years period, agreement is around 30%. In Appendix 4.1, we show that this decline is mostly due to low income respondents increasingly choosing the “neither agree nor disagree” response option: there is no evidence of an increase in outright opposition to redistribution during this period, both among top and bottom income respondents. The convergence by omission characteristics of the Blair years appears to have

affected low income voters disproportionately. Absent a politicization of an anti-redistribution agenda, high-income individuals do not increase their opposition to redistribution.

The reaction to the Third Way and Neue Mitte have been strikingly different in Great Britain and Germany, especially among low income respondents. Our argument can partly account for this difference. In Germany, the re-politicization of redistribution by left-wing actors generated a discursive context conducive to attitudinal updating that aligns with expectation from economic theory. In a context where left-wing policy alternatives are added to the discursive environment, low-income (high-income) individuals are more likely to accept (resist) these new considerations and change (maintain) their policy preferences accordingly. In Great Britain, the de-politicization by omission, characteristic of the New Labour years, made it cognitively more costly to maintain strong left-wing preferences: low income individuals become less likely to express clear support for redistribution.

3.3 Re-examining the Effect of Material Hardship Using Panel Data

With cross-sectional data, we only have indirect evidence that the mechanisms hypothesized in predictions 2 and 3 (i.e. exposure followed by self-interested acceptance and resistance) are driving the trends previously documented. More specifically, we do not have direct evidence that material interest is driving patterns of acceptance and resistance. To address this issue, we need individual panel data on preferences and economic conditions, covering a period of elite-level change in discourse regarding redistributive policies. We could only identify one such panel, namely the British Household Panel Survey (BHPS), which starts asking questions about economic policy preferences in 1991 up until 2007.

Previous research has examined whether an *increase* in material hardship *increases* support for left-wing economic and social policies (e.g. Margalit (2013)). However, in a context where redistributive issues are de-politicized, such attitudinal change is unlikely. In contrast, we expect economic hardship to manifest itself through resistance: when left-wing considerations are becoming increasingly harder to "retrieve" in one's "bucket of considerations", we expect individuals experiencing changes in subjective financial security and a considerable income drop to be much more likely to buck the trend and resist transitioning away from expressing strong

left-wing preferences.¹²

The BHPS consists of a nationally representative sample of about 5,500 households recruited in 1991.¹³ We restrict our sample to the working age population living. In addition, due to the different party systems in Wales, Scotland, and Northern Ireland, we focus on respondents living in England. We further select individuals with valid responses on our measurement items for at least three time periods, yielding a total of 5,745 observations.¹⁴

We approximate Zaller's model of attitudinal change in the following three ways. First, we treat our latent construct as a categorical variable. Second, we approximate the "bucket-mechanism" using a first-order Markov transitioning structure. Finally, to model the role of context, we allow for the effect of material hardship to vary over time.

Measurement of economic policy preferences. The BHPS includes six attitudinal questions that tap into support or opposition to traditional left-wing economic and social policy preferences. They were measured on seven occasions (every two years) between 1991 and 2007. We have recoded them such that higher values indicate a more right-wing answer and use these six items to estimate a unique latent economic and social policy orientation. Respondents were

¹² Theoretically, in Zaller's model omitting a set of policy considerations is equal to adding a set of opposite claims, what matters is the ratio between the two. In other words, convergence from the left in the UK and the resulting de-politicization, is akin to an increase in right-wing claims in voters' discursive environment.

¹³ For more information about the BHPS, visit <https://www.iser.essex.ac.uk/bhps>. The data can be downloaded at <https://discover.ukdataservice.ac.uk/series/?sn=200005>.

¹⁴ We restrict the estimation to respondents with at least three valid responses, as this provides at least two changes in economic policy preferences per respondent. This is needed to identify the effect correctly, as otherwise the estimation is based on one change only, which could have been randomly positive, negative or non-significant. Only with at least two of those changes is it possible to identify the effect of material interest on economic preferences. For more information, see also Neundorff, Stegmueller and Scotto (2011).

asked whether they agreed or disagreed with the following statements: “1) Ordinary people share nation’s wealth, 2) There is one law for rich one for poor, 3) Private enterprise solves economic problems, 4) Public services ought to be state owned, 5) Government has an obligation to provide jobs, 6) Strong trade unions protect employees.”

Ansola-behere, Rodden and Snyder (2008: 215) argue that using “a large number of survey items on the same broadly defined issue area – for example, government involvement in the economy (...) eliminates a large amount of measurement error.” We perform an exploratory factor analysis on some waves of the survey followed by a confirmatory factor analysis on other waves and find strong evidence that all items load on the same unique latent preference dimension. Consequently, we use these six items to estimate a unique latent construct that we call economic preferences.

While Ansola-behere, Rodden and Snyder (2008) recommend treating latent preferences on a given issue area as continuous, we instead choose a categorical approach. Empirically, the assumption that latent economic policy preferences are continuous means assuming that individuals with heterogeneous beliefs can nevertheless be ordered from left-wing leaning to right-wing leaning. It also assumes that the 6 items listed above are informative enough to capture such ordering. Our categorical approach avoids imposing too much structure on these individuals’ beliefs. There is an additional benefit to using a latent class model. We can assign a score to each individual that estimates an individual’s probability of being a member of a specific class, thus accounting for some of the uncertainty inherent in preference measurement.

We estimate a latent class model for each time point for each respondent.¹⁵ Our preferred model assumes three latent classes of respondents. Appendix 4.2.1 presents the optimum number of latent classes that provides the best fit to our data. We compare the model fit between

¹⁵ The latent class structure of the model defines a segmentation into N classes based on answers at each measurement occasion. It estimates the probability that an individual provides a specific combination of answers to the 6 questions at time t , given membership probability in each of the N classes. This assumes local independence, namely that given membership in a class, answers to the 6 questions can be considered independent.

models with 1 up to 5 classes. Model fit greatly improves if we hypothesize the existence of 3 different classes, relative to two classes. The fit only improves marginally for 4 classes or more.

One class is constituted of individuals who answer the 6 survey items in a consistently left-wing fashion. The second one is constituted of individuals who answer in a consistently right-wing fashion. Finally, a third category is constituted of individuals who do not appear to be committed to one policy position against the other. We describe this class of individuals as non-ideological centrists. The estimates from the latent class measurement model are shown in Appendix 4.2.2.¹⁶

Table 2 on page 26 shows that, on average over the period, left-wing respondents represent 20 percent of the sample, right-wing respondents 23 percent and the non-ideologue centrists, 57 percent. Thus, a total of 43 percent of the population can be classified as having a consistent response pattern on survey items tapping into left or right-wing economic policy preferences.

Modeling within-person dynamics of latent attitudes. In order to test our hypotheses, we need to model the dynamics of this latent attitudinal variable and test the impact of material interest as well as the impact of elite discourse. We use a first-order Markov transitioning structure, where the state at time t is a function of the state at time $t-1$. Such a latent Markov model is specified as:

$$P(y_{it}|x_{i0}) = \sum_{\theta_0=1}^T \cdots \sum_{\theta_{T-1}=1}^T P(\theta_0|x_{i0}) \sum_{t=1}^T P(\theta_t|\theta_{t-1}) \sum_{t=1}^T P(y_{it}|\theta_t), \quad (4)$$

This model specifies the categorical level variable measuring latent economic preferences θ_t , to be a function of the previously held latent preference θ_{t-1} and a level of measurement error that is assumed to be time invariant for reasons of identification. The model's transition

¹⁶ In Appendix 4.2.3 we also show how each individual, classified by the model as either right-wing, left-wing or non-ideological scores on an additive index, a traditional way of using Likert-items. The latent class model distinguishes very well between three types of respondents: the distribution of the additive scores for individuals classified as left-wing barely overlaps with the distribution of additive scores for individuals classified as right-wing.

dynamics are parametrized by a series of logit equations modeling the probability of being in state r instead of s – being for instance classified as a right-wing instead of a non-ideologue centrist – as a function of overall intercepts and time effects. The β coefficients are set to zero for $r = s$.

$$\log \left[\frac{P(\theta_t = r | \theta_{t-1} = s)}{P(\theta_t = s | \theta_{t-1} = s)} \right] = \beta_{0rs} + \beta_{1rst} \text{time}_{it} \quad (5)$$

Including time in our model specification yields a time-heterogeneous Markov transition structure, allowing transition probabilities in and out of the latent classes of policy preferences to differ between survey waves. This allows us to examine the relationship between changes in the discursive context, and attitudinal change (or stability) across waves. Note that equation (1) includes covariates x_{i0} on the initial state of economic policy preferences θ_0 , when respondents first entered the panel.¹⁷ The coefficients are reported in Appendix 5.2.

Material conditions. Once we have determined the dynamics of individuals’ latent attitudes on economic issues, we can introduce covariates w_{it} that measure changes in a respondent’s material conditions. We introduce these variables as additional predictors by extending equation (2) as follow:

$$\log \left[\frac{P(\theta_t = r | \theta_{t-1} = s)}{P(\theta_t = s | \theta_{t-1} = s)} \right] = \beta_{0rs} + \beta_{1rst} \text{time}_{it} + \beta_{rs} w_{it} \quad (6)$$

We measure change in economic circumstances in two ways. First, we compute categorical variables that capture two types of “objective” hardship, i.e. a substantial change in income (increase or drop of at least 25 percent of previous income, as used by Margalit 2013) and a change in employment status (loosing or finding a job). Second, we rely on reported job security and evaluation of one’s financial situation to compute variables that capture a change

¹⁷ The variables included in the model, when respondents entered the panel (x_{i0}) are as follows: Age (15-65 years old), gender (51.7 % female), social class (32% service; 20% intermediate; 10% self-employed; 15% lower sales service; 8% technicians; 15% manual workers), housing (57% Mortgage; 15% Social; 8% Rented; 20% Owner), education (30% Primary or still in school; 36% low secondary-vocational; 9% high secondary-vocational; 16% higher vocational; 9% tertiary degree), and logged income.

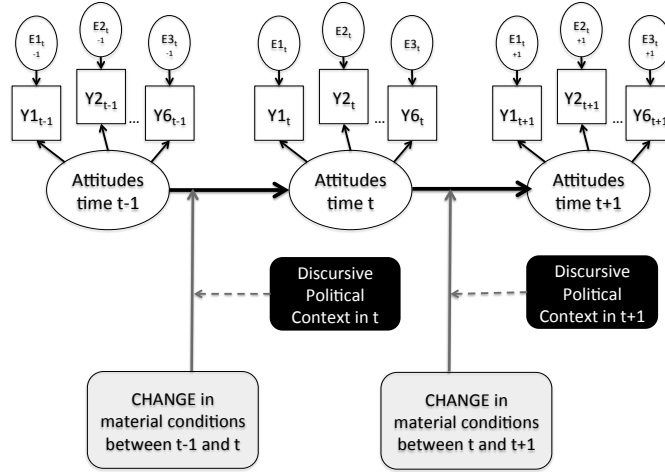


Figure 4: Dynamic Measurement Model and Economic Hardship

in subjective well-being. We rely on these subjective measures to compensate for the limitation of objective measures. Indeed, these measures assume that the same objective income shock (a decline in income of 25 %) is experienced as hardship by all respondents. However, individuals vary in whether this shock was expected (and maybe budgeted for) or not, something subjective measures are more likely to capture. In addition, subjective measures can help account for unobserved factor (e.g. private wealth) that will shape whether an individual experiences an income shock as hardship or not. Appendix 5.1 describes how these variables were computed. Figure 4 illustrates the final model graphically.

Results

Leveraging the panel structure of this data, we first examine how transition rates across the three latent classes differ. Table 2 shows that, on average, less than 1 percent of respondents, on average switch from left-wing to right-wing economic preferences, or vice versa. This confirms previous findings by students of attitude formation that a switch across extremes is very rare (Jennings and Markus 1984; Sears and Funk 1999). It also aligns with Zaller’s emphasis on the constraining role of prior beliefs and predispositions.

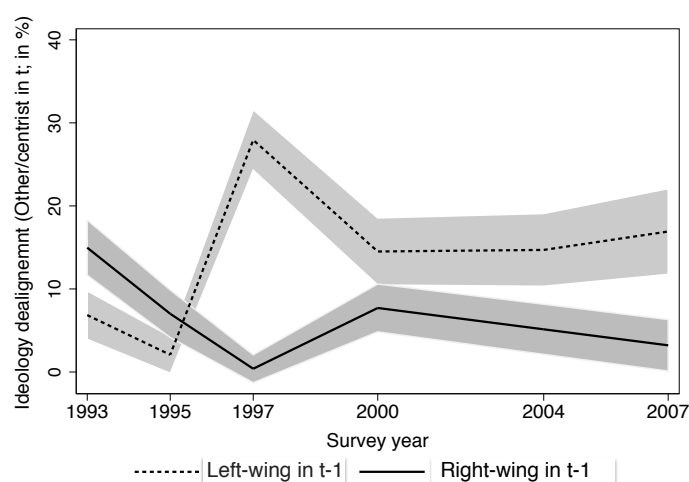
When the sample is taken as a whole, individual attitudes appear very stable. However, if we only consider left-wing ideologues, the picture changes. This group’s average probability of transitioning out (toward the “non-ideologue centrist” class) is 12 percent. This transition rate is averaged over the 6 transition periods available in the data. This means that by 2007, the

Table 2: Estimated Mean Transition Probabilities

Econ pref[t]	Econ pref[t-1]		
	Right-wing	Left-wing	Centrist
<i>Proportion</i>	<i>0.23</i>	<i>0.20</i>	<i>0.57</i>
Right-wing	0.99	0.00	0.02
Left-wing	0.00	0.87	0.03
Centrist	0.01	0.12	0.94

share of left-wing ideologues in the sample has declined by nearly 50 percent compared to 1991 (from 23 to 14 percent). Echoing evidence from the BSA (see Figure 3), there is no evidence of an increase in the share of individuals in the panel classified as right-wing ideologues (see Appendix 5.3).

We expect that most of these transitions away from a clear left-wing policy position are occurring around 1997, the year the New Labour comes to power. To test this, we allow the transition estimates to vary by year (model 5 on page 24). Figure 5 plots the dynamics of attitudinal change as a form of dealignment with individuals moving away from ideologue latent classes (left or right-wing) to the non-ideologue centrist latent class. Behind an average transition rate of 12 percent, there is a peak in 1997 with transition probabilities reaching 30 percent and stabilizing around 15 percent the following three years. The probability of transitioning to the non-ideologue centrist latent class is much lower in 1993 and 1995.

Figure 5: Predicted Probabilities of Economic Preference Dealignment Over Time (incl. 95% C.I.)

Note: The results are based on the estimation of Model 5 on page 24. *Source :* BHPS, 1991-2007.

We now examine how individual material conditions shape economic policy preferences. To account for all the possible combinations of latent class membership in time $t - 1$ and of latent class membership at time t , we used effects coding instead of using one of the latent classes as a reference category.¹⁸ Each coefficient reported in Table 3 should be read as the average effect of a change in objective or subjective material conditions on the probability of transitioning *into* the latent class mentioned at the top of the column, “coming from” either of the *other* two latent classes.

Table 3: Predicting transition probabilities: Objective and subjective **changes** in material conditions

	LEFT-WING		CENTRIST		RIGHT-WING	
	<i>coef.</i>	<i>s.e.</i>	<i>coef.</i>	<i>s.e.</i>	<i>coef.</i>	<i>s.e.</i>
Objective material conditions						
Unemployment						
Employed in t and $t-1$	-0.775***	(0.180)	0.083	(0.163)	0.692**	(0.255)
Unemp in t and $t-1$	0.123	(0.418)	0.256	(0.374)	-0.379	(0.548)
Became unemp in t	0.117	(0.329)	-0.316	(0.288)	0.199	(0.471)
Found job in t	0.535*	(0.338)	-0.023	(0.323)	-0.512	(0.452)
Income						
No significant changes	-0.209*	(0.104)	0.006	(0.097)	0.203	(0.160)
Drop by at last 25%	0.393*	(0.176)	0.058	(0.169)	-0.452	(0.260)
Increase by at last 25%	-0.185	(0.146)	-0.064	(0.137)	0.249	(0.219)
Subjective material conditions						
Job security						
Unchanged	-0.501***	(0.118)	0.299**	(0.107)	0.202	(0.179)
Got worse	0.212	(0.198)	0.291	(0.181)	-0.503	(0.296)
Got better	0.289	(0.197)	-0.590***	(0.170)	0.301	(0.268)
Financial situation						
About same	-0.034	(0.058)	0.102	(0.055)	-0.068	(0.086)
Worse off	0.366***	(0.067)	-0.061	(0.066)	-0.305**	(0.102)
Better off	-0.333***	(0.063)	-0.041	(0.056)	0.374***	(0.086)

Significance levels: * $p < .05$, ** $p < .01$ *** $p < .001$. Source: BHPS (1991-2007).

Note: Effect coding. All variables are measured as the time difference between two surveys that included the redistribution items. The models were estimated separately for each set of independent variables. N obs.: 5,745. Only working age population.

Substantively, all estimates fit our expectations. Individuals who experience increased hardship are more likely to be left-wing ideologues. Individuals who are experiencing an improvement in their economic conditions exhibit the opposite pattern. Individuals who went from

¹⁸ For space reasons, we do not report the time-varying coefficients of the lagged latent economic preferences. The results are available upon request. See Figure 4 for quantities of interest.

being unemployed to finding a job are an exception. Having experienced unemployment in the past appears to make individuals more likely to be left-wing, despite the improvement in job conditions.

Statistically, the effects are the strongest for the subjective job and financial security measures. An individual experiencing a change from feeling financially secure to feeling insecure is more likely to become a left-wing ideologue and less likely to transition toward the right-wing latent class. Conversely, respondents that evaluate their financial situation better than in the last wave, transition to right-wing economic preferences and out of the left-wing latent class. Interestingly, the coefficients of this cross-over effect are similar in size.

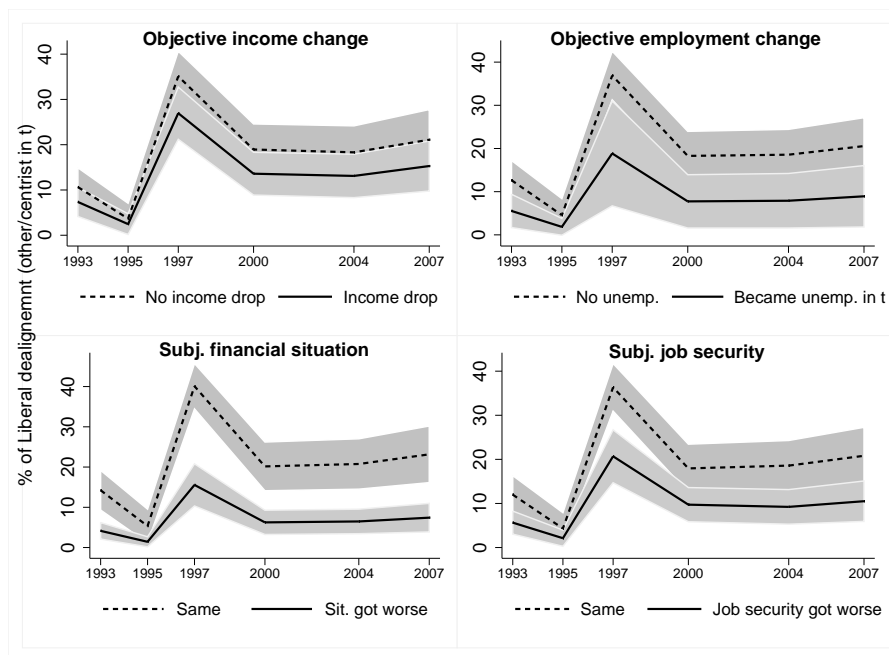
In line with predictions 2 and 3 on resistance and acceptance, we examine the effect of hardship conditional on attitudinal priors. More specifically, we examine whether individuals facing economic hardship are more likely to resist the shift away from a left-wing economic position. We use these estimates to predict the probability of transitioning from being a left-wing ideologue to being a non-ideologue centrist.¹⁹ Individuals who have not experienced a worsening of their perceived financial security have a transition probability of 30 percent. In the case of individuals who experience a worsening of their financial security, this probability drops to 10 percent (not shown). This finding supports the *resistance* hypothesis. It is confirmed when using an objective measure of hardship, namely a drop in one's income by at least 25 percent.

Next, we examine whether the effect of a change in material conditions varies across time. Figure 6 plots predicted transition rates *away* from holding left-wing economic preferences by year for four different forms of economic hardship – income drop, unemployment, worsened subjective job security and financial situation. As previously found, individuals who remain left-wing ideologues on economic policy issues are more likely to have experienced an income shock. Individuals who shift from left to center are less likely to have experienced such shock. As expected, 1997 is the year when resistance by individuals experiencing hardship is the high-

¹⁹ The predicted probabilities are based on the joint effect of the time-varying coefficients of the lagged latent economic preferences (estimates not shown) as well as the covariates of material interest.

est.²⁰

Figure 6: Leftist Dealignment (Leftist in $t - 1$; Centrist in t)



Note: The results are based on the estimation of Model 6 on page 24. *Source :* BHPS, 1991-2007.

Robustness Checks

We run several additional analyses to check the robustness of our findings. First, we examine whether our results are not an artefact of systematic differences across individuals in attention paid to politics. Economically secure individuals are more likely to be highly educated and to pay close attention to politics: they might be more likely to shift away from left-wing economic preferences merely because they are more likely to pay attention to and register a change in elite discourse. In other words, what appears like active resistance is nothing but higher levels of indifference to politics on the part of economically insecure individuals. We examine whether the impact of a change in subjective insecurity is the same across all levels of interest in politics (from not interested to very interested). We find no evidence that systematic heterogeneity in attention paid to politics is driving our results. The results are reported in Appendix 6.1.

To capture the effects of a change in the discursive context, our analysis pays close attention

²⁰ Appendix 5.3 plots additional predicted probabilities.

to time heterogeneity. As a result, we cannot use individual fixed effects as our main modeling strategy. However, we can use fixed effects to check whether the relationship between a change in material conditions and a change in attitudes is likely to be causal and not an artifact of our modeling strategy. As expected, the relationship between hardship and political preferences is robust to the inclusion of individual dummies. The results are presented in Appendix 6.2.

Finally, to confirm our assumption that 1997 is a key year with regards to elite discourse on economic issues, we run the following placebo test. The BHPS repeatedly asks respondents about their attitudes on gender issues. While the Labour Party is on average more progressive on gender issues, these were not politicized in the 1997 election. Consequently, we do *not* expect individuals' to react to the New Labour Party's electoral success by becoming more progressive on gender issues. As documented in Appendix 6.3, in contrast to trends in patterns of answers to the economic preferences items, there are no over time variations in patterns of answers to the gender items.

3.4 Summary of Findings

We have examined the mediating role of the discursive context on the relationship between economic conditions and preferences in three related analyses. Jointly, the findings indicate that both contextual and individual factors shape attitudinal change. This first part of the analysis provided evidence that low-income individuals are more likely to express higher levels of support for redistribution in countries and years where elites politicize redistributive issues (prediction 1). This relationship, we have argued, is partly the result of low-income voters being both more likely to be exposed to pro-redistribution claims and more likely to *accept* them (prediction 2). This is supported by a comparative longitudinal analysis of attitudinal change in Germany and Great Britain. In the last part of the analysis, we used high-quality British panel data, to document how self-interest can not only generate attitudinal change but also attitudinal resistance. When elite-level competitions incentivizes individuals to express the “wrong” policy preference (relative to economic theory's predictions), attitudinal stability is better understood as an active process of *resistance* to these contextual factors.

4 Discussion

Overall, the mechanisms of preference updating documented in this paper emphasizes the need to study individual-level behavior *in context* (Falleti and Lynch 2009). Our results thus add to a growing literature that examines how supply-side politics shape individual political behavior. Sniderman and Bullock (2004), for instance, argue that the dynamics of electoral competition affect the extent to which voters hold coherent beliefs across issue areas (c.f. Sniderman and Levendusky 2007). Lupu (2013) shows that a polarized party system fosters strong party attachments. Here we show how supply-side politics similarly affect the translation of latent material need into manifest policy preferences. Future research should focus on understanding how and when political entrepreneurs perceive these latent needs and why they decide to address or overlook them.

The mediating role of context also has implications for research design: failure to consider individual and contextual factors *jointly* can return individual estimates that are hard to interpret. For instance, the analysis of the British panel data indicates that attitudinal stability is not a passive endeavor, especially in a context of elite-induced attitudinal change. Traditional modeling techniques that match a *change* in the explanatory variable to a *change* in the outcome variable (i.e. using individual fixed effects) can produce conservative estimates.

Substantively, our findings shed a new light on what we should expect from events such as the 2008 Great Recession. Researchers have wondered why the sharp increase in unemployment did not translate into an increase in support for redistributive social policies (Bermeo and Bartels 2014; Lindvall 2014). According to our model, to find an “effect” of hardship, researcher need to distinguish between favorable and unfavorable political contexts. In Great Britain, we have argued, this context is anything but favorable to the translation of material hardship into policy preferences. Without an increase in the share of left-wing considerations in one’s environment, individuals who are experiencing a worsening of their material conditions are unlikely to translate it into higher support for redistributive policies. Dynamic models of redistribution thus need to explicitly address the time-varying and unvarying factors that shape elites’ likelihood to re or de-politicize redistributive issues.

Finally, the theory developed and tested in this study addresses an important debate in empirically driven democratic theory. Several researchers have shown that increasing the turnout of the poor in countries like the United States would not have much impact on policy-making because the preferences of the poor, as captured in survey data, do not differ from that of the median voter (Soroka and Wlezien 2008; Ura and Ellis 2008; Gilens 2009). Our model predicts that this finding might be country and time-specific and can be expected to vary across political systems and across time. In a two-party majoritarian system, the incentives to cater to the (latent) needs of the poor are more limited relative, for instance, to a multi-party system with a proportional electoral rule. Absent competition over redistributive issues that benefit the poor, this group is unlikely to exhibit attitudinal trends that diverge from the trends observed among voters that are better-off.

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