Redistribution and Place-Based Economies

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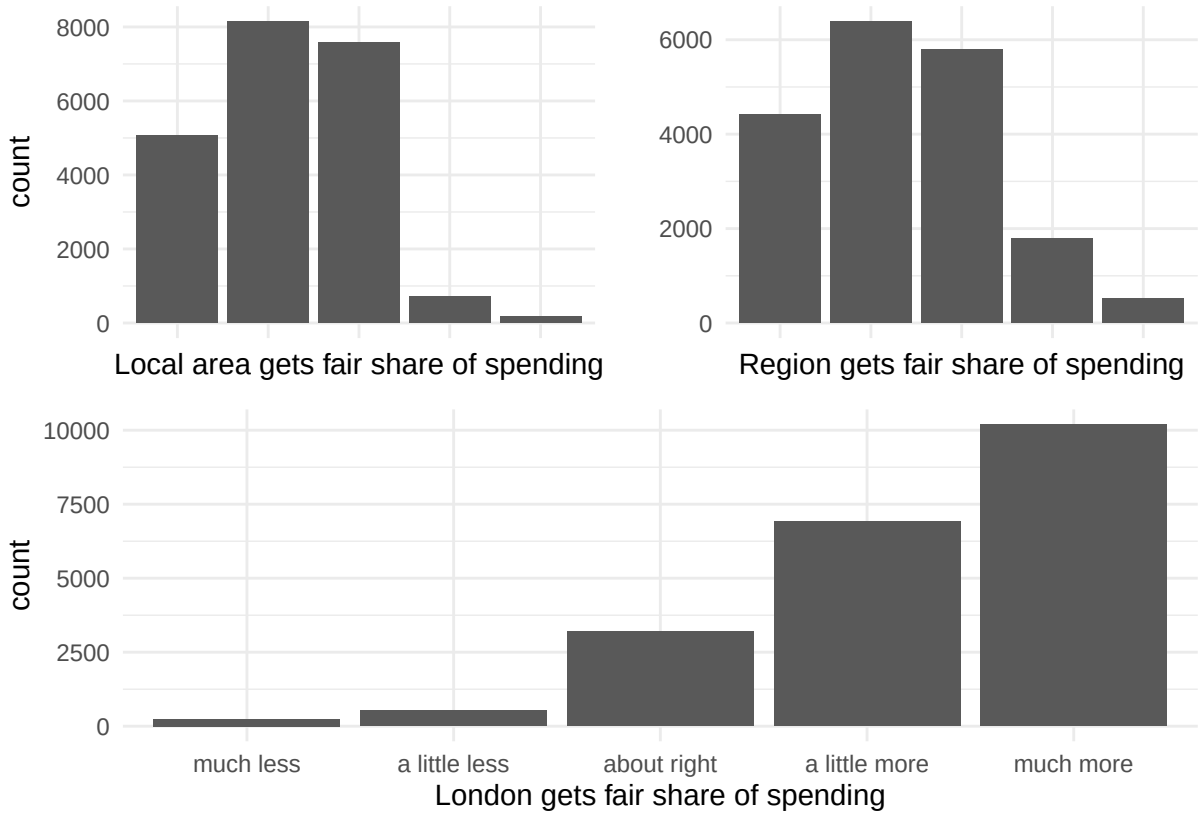
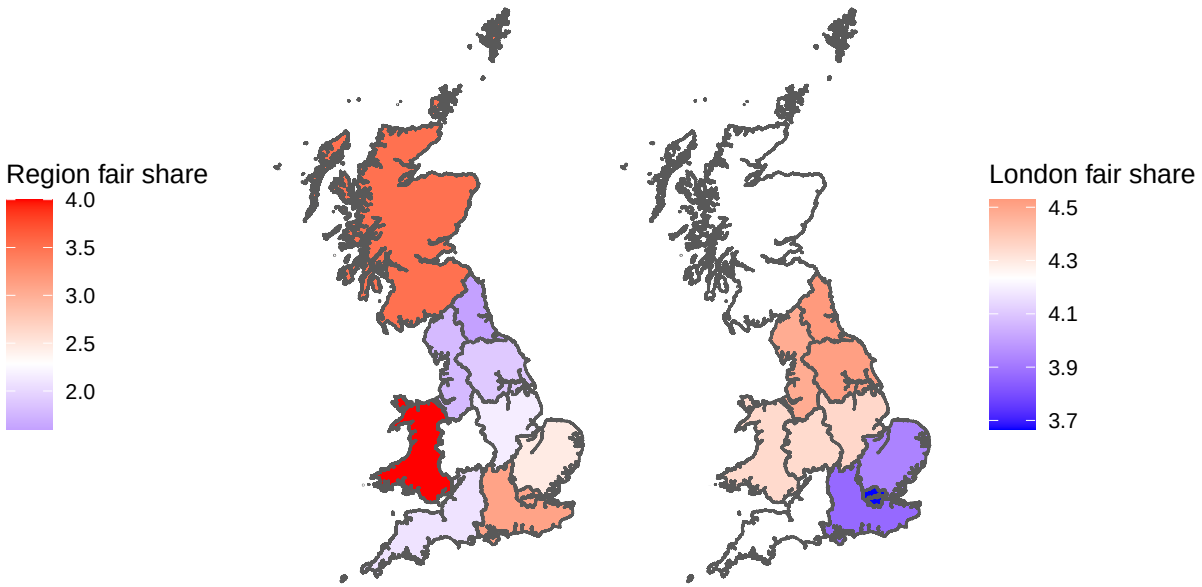
Regional deservingness and place-based economic resentment

I first look at the relationship between preferences over redistribution (my dependent variable) and perceptions of the geographic distribution of central-government funding in Britain. The key independent variables are a series of questions that ask respondents about whether whether various geographic areas receive their "fair share" of central government spending. The scale is from 1-5, from "much less than its fair share" to "much more than its fair share." Respondents were asked about three geographic areas: their local area, their region, and London. I plot the distributions of these variables below. Most respondents believe their local areas and regions are under-funded relative to what they deserve, while the large majority believe London is overfunded.



I also plot the geographic distribution of these attitudes. The left and right panels plot the mean value by region of the regional-fair share and London-fair shares variables respectively. Scotland, Wales, London, and South East England are the only regions that rank above the median value (by region) of the regional fair-share variable. This accords with the facts that the latter two regions are either London or its immediate environs, while centralized redistribution to Scotland and Wales' devolved authorities has high political salience in British politics. The right panel shows that *every* region, including London itself, believes London receives at least its proper share of central government spending, but that this feeling is most pronounced in northern England. Again, this accords with the prominent trend of north-south divides in British politics.



Relationship with preferences over redistribution

I now look at the relationship between these variables and a political outcome - preferences over redistriubtion. In eahc model, the key dependent variable is a 1-10 scale; higher values indicate preferences for higher levels of redistribution. Models 1 and 2 use the local and regional measures respectively as independent variables. For models 3 and 4, the dependent variable is the difference between the respondent's response to the London question and the local area and region questions respectively. As such, these latter models assess the respondent's perception that London's share of central government spending exceeds that of their own local area or region. This might plausibly capture a sense of place-based distributional resentment. I use linear models in each case. I include regional fixed effects, alongside a suite of demographic covariates - age, gender, social grade, education, household income, and the respondent's left-right placement. Positive coefficients indicate higher values of the variable correspond with preferences for higher redistribution.

Table 1: Perceptions of geographic redistribution and preferences over redistribution

	Model 1	Model 2	Model 3	Model 4
Local area gets fair share	−0.226***			
	(0.030)			
Region gets fair share		−0.079**		
		(0.029)		
London-local fair share			0.164***	
			(0.020)	
London-region fair share				0.096***
				(0.022)
Education	−0.072***	−0.065**	−0.074***	−0.065**
	(0.021)	(0.022)	(0.022)	(0.024)
Age	−0.014***	−0.014***	−0.013***	−0.013***
	(0.002)	(0.002)	(0.002)	(0.002)
Male	−0.089+	−0.143**	−0.079	−0.131*
	(0.046)	(0.049)	(0.049)	(0.053)
Social grade	0.110***	0.113***	0.106***	0.119***
	(0.018)	(0.019)	(0.019)	(0.020)
Household income	−0.105***	−0.107***	−0.103***	−0.102***
	(0.007)	(0.008)	(0.008)	(0.009)
Left-right self-placement	−0.668***	−0.680***	−0.660***	−0.670***
	(0.011)	(0.012)	(0.012)	(0.013)
Num.Obs.	12 204	10 624	10 760	9140
R2	0.321	0.320	0.316	0.311
R2 Adj.	0.320	0.318	0.315	0.310
Std.Errors	HC2	HC2	HC2	HC2

Linear models with region fixed effects. Dependent variable is preferences over redistribution on 1-10 scale.
+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Let us first look at models 1 and 2. In each model, the key coefficients are negative and significant: As respondents believe their local area or region receive increasingly "fair" shares of central government spending, their preferences for generalized redistribution decrease. Models 3 and 4 look at respondent's perceptions that London receives an undue amount of central spending - this may capture perceptions of peripheralness, or perhaps place-based economic resentment. In both models, the coefficients are positive and significant: Respondents who believe London receives too much spending are also more favorable towards redistribution. Across all four models, the coefficients in the local-area models (1 and 3) are larger than in the regional models (2 and 4); this suggests that local areas may be *more* salient to voters than are regions. The broad takeaway from these models, as I see it, is that perceptions of deservingness do correspond with preferences over redistribution.

I now look at the relationship between perceptions of economic inequality and preferences over redistribution. The BES included a series of questions that asked respondents about their perceptions of the annual economic performance of their own local area, their region, and London. Replicating the structure above, models 1

Table 2: Perceptions of geographic inequality and preferences over redistribution

	Model 1	Model 2	Model 3	Model 4
Local econ perception	−0.227**			
	(0.071)			
Regional econ perception		−0.152*		
		(0.067)		
London-local econ perception			0.210***	
			(0.055)	
London-region econ perception				0.193***
				(0.054)
Education	−0.091*	−0.093*	−0.047	−0.062
	(0.043)	(0.043)	(0.047)	(0.047)
Age	−0.015***	−0.014***	−0.015***	−0.015***
	(0.003)	(0.003)	(0.004)	(0.004)
Male	−0.050	−0.015	−0.147	−0.100
	(0.093)	(0.093)	(0.107)	(0.107)
Social grade	0.089*	0.088*	0.135**	0.141***
	(0.036)	(0.036)	(0.042)	(0.042)
Household income	−0.117***	−0.119***	−0.098***	−0.096***
	(0.015)	(0.015)	(0.017)	(0.017)
Left-right self-placement	−0.655***	−0.658***	−0.649***	−0.649***
	(0.023)	(0.023)	(0.026)	(0.026)
Num.Obs.	3012	3016	2351	2361
R2	0.323	0.317	0.311	0.309
R2 Adj.	0.319	0.313	0.306	0.304
Std.Errors	HC2	HC2	HC2	HC2

Linear models with region fixed effects. Dependent variable is preferences over redistribution on 1-10 scale.
+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

and 2 use perceptions of local and regional economic performance as their key independent variable, while models 3 and 4 use the difference between perceptions of London's economy and perceptions of the local and regional economies respectively. All models use redistribution preferences as the dependent variable. These latter models therefore inquire directly into the relationship between perceptions of geographic-economy inequality and redistribution. I again use a suite of demographic covariates and regional fixed effects.

The results here are similar to those in the models in table 1. In models 1 and 2, positive perceptions of the local and regional economy correlate negatively with preferences for higher redistribution. The coefficient is larger, and more strongly significant, for the local economy than for the regional one. Models 3 and 4 show that perceptions that London's economy is outpacing the local or regional one associate strongly with preferences for *higher* redistribution. I take this as evidence that perceptions of geographic inequality - which may map onto a deeper concept of "perceived peripheralness," or something along those lines - play into redistribution preferences. This seems a fascinating relationship to explore further, as I briefly develop below.

Finally, table 3 looks at the relationship between perceptions of the economy and perceptions of geographic redistribution. Models 1 and 2 use the local and regional fair-share measures respectively as the dependent variable, and perceptions of local and regional economic performance as the independent variables. The positive and significant coefficients indicate that, as respondents believe their own local or regional economies are doing better, they perceive those areas as receiving their fair share of spending from the central goverment. (This may suggest that individuals believe poorer places *should* get a higher share of funding).

Models 3 and 4 change the dependent variables to, respectively, the difference between the perceived share of funding going to London and going to one's local area or region. Higher values indicate the respondent believes London is receiving an undue share, relative to their own local area or region. In both cases, the coefficients are negative and significant: Better perceptions of the local/regional economy correspond negatively with the belief that London receives an undue share of revenue. This suggests, in turn, that place-based economic resentment is at least in part a product of individuals' perceptions of local/regional economic performance.

Table 3: Correlation between perceptions of economic performance and geographic redistribution

	Model 1	Model 2	Model 3	Model 4
Local economic perception	0.275***		-0.377***	
	(0.025)		(0.040)	
Regional economic perception		0.321***		-0.464***
		(0.025)		(0.037)
Education	-0.001	0.015	-0.018	-0.033
	(0.014)	(0.015)	(0.023)	(0.024)
Age	-0.004***	-0.003**	0.007***	0.005**
	(0.001)	(0.001)	(0.002)	(0.002)
Male	-0.036	-0.049	-0.059	-0.051
	(0.031)	(0.033)	(0.053)	(0.051)
Social grade	-0.011	0.005	0.005	-0.009
	(0.012)	(0.013)	(0.020)	(0.020)
Household income	-0.005	-0.006	0.005	0.000
	(0.005)	(0.005)	(0.008)	(0.008)
Left-right self-placement	0.031***	0.005	-0.070***	-0.036**

	Model 1	Model 2	Model 3	Model 4
	(0.008)	(0.008)	(0.013)	(0.012)
Num.Obs.	2721	2624	2385	2269
R2	0.153	0.320	0.185	0.319
R2 Adj.	0.148	0.316	0.180	0.314
Std.Errors	HC2	HC2	HC2	HC2

Note: ^^ + p < 0.1, * p < 0.05, ** p < 0.01, *** p < 0.001

Next steps

1. Look at the relationship between the fair-share variables and objective conditions. Do respondents correctly perceive that their areas receive less than they should (however that may be defined) from the central government? This will depend on the availability of official statistics on distributional formulas.

2. Look at movers. Do people who move to a poorer place become more favorable to redistribution? This is empirically feasible due to the panel structure of the data, plus the geographic identifiers.

3. Investigate the relationship with both economic perceptions and objective economic conditions. When the local economy begins to suffer, do individuals come to perceive their areas as receiving less than their fair shares of funding?

4. Look at the relationship with vote choice. Previous work (Green and Fieldhouse 2021) has suggested that, in the British context, those who feel senses of place-based economic resentment were more likely to vote for Brexit. Does this apply to general elections as well? Was place-based economic resentment, for instance, a driver of Labour-to-Conservative switching in the 2019 general election?

5. Look at geographic correlates of feelings of economic resentment. Does distance from London play a role? Distance from the closest major city?

6. Look at the relationship between the economic composition of the place - in particular the extent to which the place is "digitalized," or otherwise participates in the knowledge economy - and perceptions of geographic redistribution. Are places whose economic composition is quite "left-behind" more resentful towards London's share of centralized spending? This expands, in a sense, the scope of investigation into

economic compositions. The research question could be something like: How does peripherality/left-behindness influence views over geographic redistribution?