

Income Insufficiency, Party Misperception and Political Distrust

Li Tang, Yen-Cheih Liao, Tzu-Ping Liu

POPE Seminar

February 25, 2022



Puzzles

Survey: Trust in British government has dropped to lowest level in decades

A third said they "almost never" trust the government.



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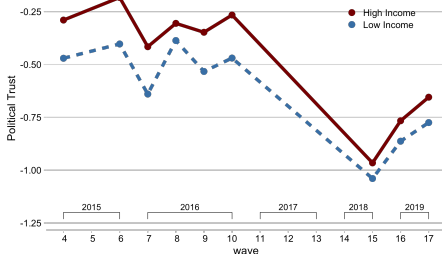
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• Why do people express dismay towards the Parliament?

• Citizens' trust in the British government has dropped to the lowest point since 2019, according to the annual British Social Attitudes Survey.



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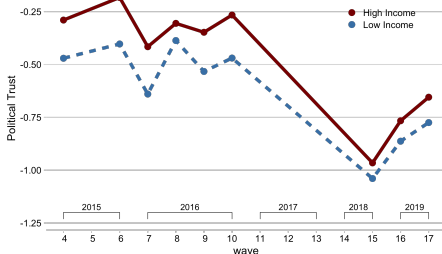
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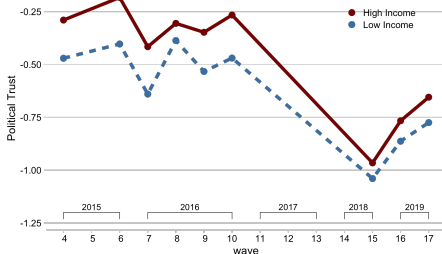
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Motivation I

- A large number of studies have drawn attention to the implication of economic inequality and its effects on democracy, such as the effect of education on voter perception about party (e.g., Carroll and Kubo, 2018).
- The literature have been studied about how different aspects of inequality shape voters' political interests (Han, 2016; Medve-Bálint and Boda, 2020; Moene and Wallerstein, 20; Goubin, Hooghe and Leeuw, 2016), disagreement among party positions (Muraoka and Rosas, 2020), and its influence of polarization (Pontusson and Rueda, 2008; Winkler, 2019; Fenzl, 2018; Han, 2015).



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Motivation II

- An essential, related topic that has received less attention is whether misperceptions concerning party positions caused by income insufficiency deteriorate people's trust in politicians and the government.
- With abundant literature on misperception (Muraoka and Rosas, 2020; Orr and Huber, 2021; Ahler and Sood, 2018; Ahler, 2014; Dahlberg, 2013; Luskin, 1990), we however know less about how its harmful effects threaten our democratic system and public trust.



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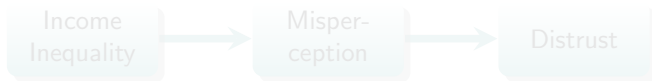
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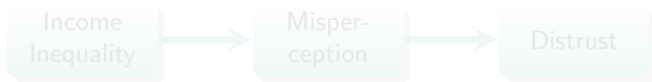
Research Questions

- Does economic inequality bias respondents' perception about party positions?
- To what degree do biased perceptions decrease respondents' political trust towards the government.



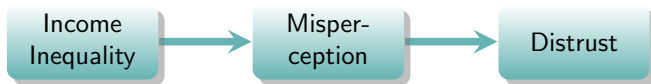
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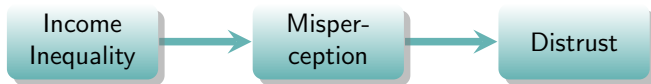
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Data

Table: Data Structure of British Election Survey and Chapel Hill Expert Survey

| | BES Respondents | Administered in | CHES Experts | Administered in |
|-------------|-----------------|-----------------|--------------|-----------------|
| Waves 4-6 | 92,080 | 2015 | 337 | 2014-2015 |
| Waves 7-10 | 124,752 | 2016 | 228 | 2014-2015 |
| Waves 15 | 30,842 | 2018 | 228 | 2017-2018 |
| Waves 16-17 | 72,325 | 2019 | 277 | 2019-2020 |
| | 289,157 | | 842 | |

Source: British Election Study and Chapel Hill Expert Survey.



Survey Items: BES & CHES

- To measure the most accurate left-right position of each British parties across time, we use the mean ideological position obtained from the Chapel Hill Expert Survey (CHES), by pooling the individual expert's responses in 2014, 2017, and 2019, respectively (Bakker et al., 2015, 2018, 2020).
- We match these accurate positions from CHES with the BES responses based on the closest year.



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Measuring Misperception

- **Chapel Hill Expert Survey:**

LRGEN: position of the party in 2014 (2017 and 2019) in terms of its overall ideological stance (Bakker et al., 2015, 2018, 2020, 14).

- **British Election Study:**

lr: In politics people sometimes talk of left and right. Where would you place the following parties on this scale (Schmitt et al., 2021, 161)?

0 = Extreme Left — 5 = Center — 10 = Extreme Right



Definition of Misperception

- Misperception is defined as the absolute perceptual gap (difference) between individual respondent's perception held on a party's position and the corresponding average perception from the CHES. Particularly, it is calculated as

$$\gamma_{i,t}^p = |\alpha_{i,t}^p - \bar{\alpha}_t^p|, \quad (1)$$

where $\alpha_{i,t}^p$ denotes respondent i 's perception on the party p 's left-right ideological position in wave t and $\bar{\alpha}_t^p$ is the average position of the party p 's in wave t reported by CHES experts. Therefore, the resulted distance, $\gamma_{i,t}^p$, between respondent and experts measures respondent i 's misperception on party p 's position in wave t .



Visualizing Misperception Gaps I

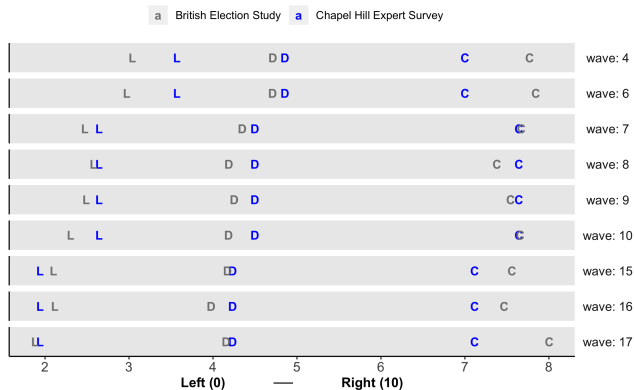


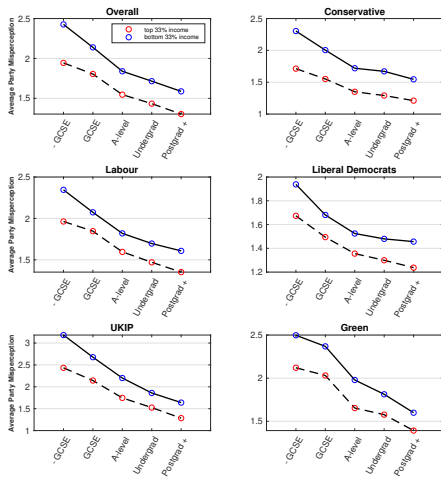
Figure: Average Expert and British Respondent Perception on Ideological Positions of Three Major Parties.

Note: C = Conservatives, L = Labour, D = Liberal Democrats.



Visualizing Misperception Gaps II

Figure: Income Gap and Party Misperception by Party, Wave and Education Level



Measuring Misperception about Party Positions

Table: Average Party Misperception, by Income Groups

| | Overall: average | Cons | Lab | LD | UKIP | Green |
|--------------|------------------|--------|--------|--------|--------|--------|
| Income: low | 1.98 | 1.87 | 1.94 | 1.62 | 2.37 | 2.10 |
| middle | 1.73 | 1.57 | 1.73 | 1.47 | 1.97 | 1.89 |
| high | 1.49 | 1.32 | 1.54 | 1.34 | 1.62 | 1.62 |
| Observations | 198806 | 196573 | 196468 | 189207 | 148213 | 175499 |

Source: British Election Study



Hypothesis I

H1 Higher probability of facing income insufficiency leads a higher degree of misperception about party positions

$$\text{First stage: } \mathbb{1}\{\text{Low earner}\}_{i,t} = \pi_0 + \pi_1 \mathbb{1}\{\text{House owner}\}_{i,t} + \eta C_{i,t} + \epsilon_{i,t} \quad (2a)$$

$$\text{Second stage: } \bar{\gamma}_{i,t} = \beta_0 + \beta_1 \mathbb{1}\{\text{Low earner}\}_{i,t} + \Theta C_{i,t} + e_{i,t} \quad (2b)$$



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Regression Result for Hypothesis 1

Table: Income Gap and Misperception of Overall and Each Party

| | Overall | Conservative | Labour | Lib Dem | Green | UKIP |
|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| 1{Low earner} | 0.15*** (0.02) | 0.24*** (0.02) | 0.14*** (0.02) | 0.15*** (0.02) | 0.08* (0.03) | 0.12** (0.04) |
| Affiliation: | | | | | | |
| Conservative | -0.38*** (0.04) | -0.45*** (0.07) | -0.22** (0.07) | -0.95*** (0.06) | -0.10 (0.07) | 0.17 (0.13) |
| Labour | -0.32*** (0.04) | 0.07 (0.07) | -0.50*** (0.08) | -0.99*** (0.06) | 0.04 (0.06) | 0.11 (0.13) |
| Liberal Democrat | -0.48*** (0.05) | -0.26*** (0.07) | -0.48*** (0.08) | -1.32*** (0.06) | -0.11 (0.07) | 0.10 (0.14) |
| Green | -0.51*** (0.05) | -0.23** (0.08) | -0.43*** (0.08) | -1.10*** (0.07) | -0.37*** (0.08) | -0.26 (0.14) |
| UKIP | -0.02 (0.05) | 0.37*** (0.08) | -0.04 (0.08) | -0.35*** (0.07) | 0.15 (0.09) | -0.06 (0.14) |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes |
| Constant | 2.02*** (0.05) | 1.89*** (0.07) | 1.89*** (0.08) | 2.66*** (0.07) | 1.83*** (0.07) | 1.78*** (0.13) |
| Observations | 77913 | 77913 | 77913 | 77913 | 44637 | 61309 |

Source: British Election Study.

Note: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$ Robust standard errors in parentheses. The dependent variable is party misperception. For each party, OLS and instrumental variable (IV) estimation are used.



Hypothesis II

H2 Respondents' level of political trust decreases as a result of larger misperception about party positions.

$$Trust_{i,t} = \omega_0 + \omega_1 \bar{\gamma}_{i,t} + \omega_2 \mathbb{1}\{\text{Middle earner}\}_{i,t} + \omega_3 \mathbb{1}\{\text{High earner}\}_{i,t} \\ + \omega_4 \bar{\gamma}_{i,t} * \mathbb{1}\{\text{Middle earner}\}_{i,t} + \omega_5 \bar{\gamma}_{i,t} * \mathbb{1}\{\text{High earner}\}_{i,t} + \Phi C_{i,t} + u_{i,t} \quad (3)$$



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$$\begin{aligned} Trust_{i,t} = & \omega_0 + \omega_1 \bar{\gamma}_{i,t} + \omega_2 \mathbb{1}\{\text{Middle earner}\}_{i,t} + \omega_3 \mathbb{1}\{\text{High earner}\}_{i,t} \\ & + \omega_4 \bar{\gamma}_{i,t} * \mathbb{1}\{\text{Middle earner}\}_{i,t} + \omega_5 \bar{\gamma}_{i,t} * \mathbb{1}\{\text{High earner}\}_{i,t} + \Phi C_{i,t} + u_{i,t} \end{aligned} \quad (3)$$



Regression Result for Hypothesis II

Table: Party Misperception, Income Level and Trust in Member of Parliament

| | Trust in MP | | | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | OLS | ordered logit | OLS | ordered logit |
| Misperception | -0.05*** (0.01) | -0.13*** (0.01) | -0.03*** (0.01) | -0.11*** (0.02) |
| Income: middle | 0.02* (0.01) | 0.05** (0.02) | 0.02 (0.02) | 0.01 (0.04) |
| high | 0.02** (0.01) | 0.06*** (0.02) | 0.10*** (0.02) | 0.15*** (0.04) |
| Income: middle \times Misperception | | | 0.00 (0.01) | 0.02 (0.03) |
| Income: high \times Misperception | | | -0.04*** (0.01) | -0.05** (0.02) |
| Constant | -0.90*** (0.04) | | -1.54*** (0.05) | |
| Controls | Yes | Yes | Yes | Yes |
| Observations | 78315 | 78315 | 78315 | 78315 |
| Adjusted R^2 | 0.117 | | 0.117 | |

Source: British Election Study.

Note: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Robust standard errors in parentheses. The dependent variable is semi-standardized trust in Member of Parliament.



Preliminary Results

- From our analysis, income insufficiency causes the widening disagreement about British parties with CHES experts: the poor demonstrates larger perceptual biasedness in judging political positions than the rich.
- Party's deviation from households' perceived position challenges their beliefs and confidence. This perceptual gap further transmits to deteriorate their trust towards the political system, contributing to a larger extent of dismay from the lower income families.



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Thank You



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