The most striking international development in the last five years is the return of deep and protracted economic recession across much of the developed world. Early 21st century optimism, as expressed by leading policy-makers such as Ben Bernanke in the United States and Gordon Brown in Britain, that the spectre of recession, let alone depression, had been consigned to the history books has evaporated in the wake of widely unexpected economic developments. Starting in late 2007, the much-heralded 'Great Moderation' of the business cycle gave way to a nearly catastrophic financial meltdown followed by a deep and protracted recession. As discussed in earlier chapters, Britain has been significantly affected by the ongoing crisis. But, Britain is hardly alone—the crisis has affected the economies of virtually all of the mature democracies. In particular, the crisis of the Eurozone has severely impacted several countries in the European Union, Britain’s most important trading partner.

In this final chapter we examine the implications of the return of depression-style economics for the politics of democratic societies in general, focusing particularly on the electoral consequences of this development. The current recession raises the spectre that incumbent governments of whatever political persuasion will be thrown out of office as electorates become increasingly dissatisfied with their performance. In Britain, this possibility has significant implications for the electoral prospects of the Conservative-Liberal Democrat Coalition Government.

The chapter begins by evaluating the impact of recession on the evaluations of government performance in Britain and 22 other European countries. For this purpose, we use European Social Survey (ESS) data gathered in 2010. Our focus is on public perceptions of governmental performance in managing the economic crisis. The aim is to identify the extent to which incumbents have lost the confidence of electorates since the start of the crisis.
in 2008. To provide perspective on trends in government performance evaluations over time, earlier ESS data also are employed.

This analysis leads into a discussion of how the recession has influenced satisfaction both with incumbent governments and with democracy more generally. The latter is an interesting issue since it addresses the question of whether or not a severe economic downturn has the effect of undermining support for democratic regimes as distinct from support for political authorities, i.e., incumbent governments. In this regard, there are possibly important implications involving the rise of radical right and anti-system parties in several European democracies (Arzheimer, 2009). This may be particularly important in societies where democracy has only been recently established. Next, we return to Britain and examine the dynamics of public attitudes towards the economic crisis. The chapter concludes by considering the political economy of austerity in Britain and elsewhere.

**Satisfaction with Government Performance in Comparative Perspective**

A key issue for students of electoral politics is to determine how toxic recessionary economics is for the reputations of governments in contemporary democracies. There is abundant anecdotal evidence to suggest that it is damaging for incumbents. For example, Nicholas Sarkozy failed in his bid to be re-elected President of France in 2012, and ruling coalition governments were thrown out of office in the Netherlands in 2010 and in Denmark in 2011. And, as discussed in earlier chapters, Labour was soundly defeated in the 2010 British general election. But, there are counter examples. In Germany, the CDU/CSU—a member of the governing coalition—fared very well in the 2009 German Bundestag elections and party leader, Angela Merkel remained Chancellor. In Canada, the governing Conservative Party of Canada increased its vote and seat shares in the 2011 federal election, thereby securing a parliamentary majority. And, in the United States, Barack Obama recently
won a second term in the White House in 2012 presidential election. Clearly, the continuing economic doldrums have not proved fatal for all incumbents.

More generally, between 2008 and 2012 there were 34 national legislative elections in the 27 member states of the European Union. In no less than 20 of these elections, incumbent parties or ruling coalition governments were defeated, and political leaders were replaced. Although incumbents were re-elected in the remaining cases, the composition of ruling coalition governments often changed, and quite frequently they lost votes in these elections. It appears that the economic crisis has made life difficult for incumbents in all of the advanced democracies, although the extent of the effect has varied across countries.

A central focus of this chapter is to examine the reaction of voters to the performance of their governments in dealing with the economic crisis. There is a question in the 2010 European Social Survey which asked: ‘Now thinking about the [country] government, how satisfied are you with the way it is doing its job?’ This question provides a general indicator of what Europeans thought about the performance of their governments some two and a half years after the crisis began. Individuals were asked to code their responses on an 11-point scale varying from zero (extremely dissatisfied) to ten (extremely satisfied). Figure 9.1 shows the overall distribution of responses across the twenty-three European countries in the survey. It can be seen that there were large differences in the scores. About one in eight of the respondents accorded their governments a zero rating and a majority (57%) gave scores less than the mid-point (5) on the scale. Only about one-quarter (26%) of those surveyed offered scores above the mid-point and the mean was a mediocre 3.8. Clearly, satisfaction with the government performance was not especially high.

(Figure 9.1 about here)

Figure 9.2 displays the mean satisfaction with government performance scores for each of the twenty-three countries considered individually. There was wide variation, with
Greeks giving the lowest ratings with an average score of only 1.8, and the Swedes giving the highest ratings with an average of 6.1. British respondents accorded their government a mean rating of 4.3, which is above average for the 23 countries considered as a whole. It can readily be seen that there is a north-south division in the data with northern European democracies like Denmark and Norway having much higher scores than southern European countries like Greece, Portugal and Spain. In addition, former communist countries like the Czech Republic and Bulgaria are well below average compared with firmly established democracies such as Switzerland and Sweden.

(Figure 9.2 about here)

The 'satisfaction with government performance' question has been asked in each of the biannual European Social Surveys since the project was initiated in 2002, so we can get an overall picture of how evaluations of incumbents have changed over the first decade of the 21st century. The data are displayed in Figure 9.3. This figure shows that in the pre-crisis era (2002-2006), satisfaction with government performance remained quite stable, with an overall mean score of just below 4.5. Then, there was a sizable decline in performance satisfaction in 2008 (to 3.9) and a further decline (to 3.8) in 2010. As Figure 9.3 shows, the arrival of the economic crisis correlates strongly (r = -.84) with a decided decrease in satisfaction with government performance across Europe.

(Figure 9.3 about here)

We can investigate the effects of the economic down-turn on satisfaction with the performance of the government with the help of another question in the European Social Survey. This question asked: ‘On the whole how satisfied are you with the present state of the economy in [country]?’ Once again, responses were coded on an 11-point (0 to 10 scale). The relationship between mean responses to this question and government satisfaction ratings for the 23 countries appears in Figure 9.4. The relationship is very strong (r = +.87),
indicating that judgements which voters made about the performance of their governments were strongly influenced by perceptions of the performance of the economy.

(Figure 9.4 about here)

Regarding the electoral consequences for incumbents, we examine the relationship between voting for incumbent parties and satisfaction with governmental performance. This is shown in Figure 9.5 where the vertical axis measures the percentage of respondents in the 2010 ESS who voted for incumbent parties. Since respondents were asked to report their vote in the previous national election which took place before satisfaction with the current government was measured, the analysis should be interpreted with caution. That said, the association between the two variables is positive and quite strong ($r = +.47$)—as expected, higher levels of satisfaction with government performance are related to higher vote shares for incumbent parties.

(Figure 9.5 about here)

In the next section we focus on satisfaction with government at the individual level in these 23 countries. The aim is to delineate factors which influence government satisfaction, paying particular attention to the role of economic performance.

**Modelling Satisfaction with Government**

The central theme of the literature on the political economy of party support is that a successful economic performance by governments brings electoral rewards to incumbent parties, whereas unsuccessful economic performance has the opposite effect (e.g., Key, 1966; Clarke et al., 1991; Lewis-Beck, 1987; Norpoth, Lewis-Beck and Lafay, 1991; van Der Brug, van Der Eijk and Franklin, 2007; Duch and Stevenson, 2008). This theme also long has been salient in research on the political cultural bases of public support for democracy (e.g., Almond and Verba, 1959; Lipset, 1963; Easton, 1965). A key idea in these early studies which reappears in more recent research is that strong economic performance can help to
reinforce and consolidate democracy in regimes making the transition from authoritarianism to democracy, and weak performance can undermine democratic consolidation (Rose, Mishler and Haerpfer, 1998; Diamond, 1999; Falls and Pierce, 2012). As one researcher argued, stable democracies depend on citizens regarding democracy as ‘the only game in town’ (di Palma, 1990) and they are inclined to do this if democratic consolidation is accompanied by economic prosperity.

Another important line of research examines the effects of political institutions and political participation on satisfaction with democracy (Anderson and Guillory, 1997; Mishler and Rose, 2001; Wells and Krieckhaus, 2006). Recent studies have shown that institutional arrangements tend to influence democratic norms rather than the reverse process of democratic norms sustaining institutions (Falls and Pierce, 2012). But the absence of deep, protracted recessions in the period since the end of World War II through 2007 inhibited research on the impact of severe economic crises on public satisfaction with democracy. Depression-era economic conditions cannot be recreated in a laboratory.

As Figure 9.5 shows, circa 2010 there is a sizable aggregate relationship \( r = +.47 \) between satisfaction with government performance and voting for incumbent parties in the 23 European democracies. Thus, it seems likely that variables which influence voting behaviour such as leadership evaluations, partisanship and valence issues are likely to play an important role in influencing satisfaction with government performance as well and, by extension, satisfaction with democracy more generally. Partisanship in particular is likely to have a direct effect on (dis)satisfaction with government performance, but also an indirect effect via perceptual screening effects that encourage individuals to focus on good news and ignore bad news about the parties they support (Campbell et al. 1960).

Ideology is another factor likely to influence satisfaction with political authorities and democracy in European countries (Palfrey and Poole, 1987). The effects of ideology are apt
to be linked to the partisan affiliations of incumbents, with left-leaning voters being more critical of centre-right parties in power and right-leaning voters more sympathetic to them. The reverse applies for right-leaning voters when centre-left governments are in power. But ideology can have an independent influence on government and democratic satisfaction apart from partisanship. Persons with left-of-centre ideological beliefs are apt to be more critical of the status quo in democracies than those with right-of-centre beliefs, something which is likely to be reinforced by the economic crisis. Historically, critiques of capitalism have been the linchpin of leftist ideologies and the current crisis—involving traumatic shocks to the interlocking financial systems of major mature democracies—invites interpretation as an exemplar of the pathologies of contemporary political-economic arrangements.

As the earlier discussion indicated, policy performance is likely to be one of the most important influences on the public’s satisfaction with government and democratic politics. This is apparent from Figure 9.4, but confidence in government is not only a matter of economic performance. The valence politics model suggests that other policy domains such as health, crime, education and welfare are important as well. In addition, position issues central to Downsian spatial theories of party competition should influence government performance judgments and democratic satisfaction. People should have confidence in both governments and in the practice of democracy if policies are delivered that are closely aligned with their preferences on divisive position issues. If, for example, government is delivering the balance of taxation and public spending which an individual prefers, that should produce high levels of satisfaction with both government and with democracy more generally. However, a wealth of empirical evidence presented in earlier chapters and previous research indicates that spatial issues are likely to be overshadowed by valence considerations when voters make performance judgments.
The 2010 European Social Survey (ESS) permits a limited test of these conjectures. Regarding partisanship, the ESS asks respondents if they feel close to a political party. Data generated by this question provide a useful proxy measure of partisan attachments, enabling us to determine if voters identify with a governing party, an opposition party, or no party at all. In this way the influence of partisanship on government and democratic satisfaction can be estimated. Concerning valence issues, satisfaction with the economy has already been discussed and it is likely to have a strong influence. In addition, there are questions about satisfaction with health care, the education system and the police’s handling of crime. These all can be included as measures of reactions to valence issues in models of satisfaction with government performance and the practice of democracy more generally.

With the recession in mind, a question in the ESS inquired about respondents' personal economic circumstances. Respondents were asked to indicate the extent to which they believed that their income was adequate to make ends meet in the current economic climate. A variable based on responses to this question was included in the analyses of incumbent government and democracy satisfaction as well as an interaction between this variable and the 11-point scale measuring evaluations of the national economy. The interaction term enables us to determine if these variables reinforce each other as influences on government and democratic satisfaction.

Regarding leadership evaluations, there were no direct measures of public evaluations of individual political leaders in the ESS. However, a proxy measure is provided in the form of a question that asks respondents to indicate their trust in politicians. Once again this is measured with an 11-point scale varying from 0 (‘no trust at all’) to 10 (‘complete trust’). A related question on trust in political parties also is included, since it throws light on the impact of institutional trust on satisfaction with government and democratic performance. Finally, the impact of ideology is gauged with responses to a question which asked...
respondents to score themselves on an 11-point 'left-right' scale, where a low score indicates left-leaning and a high score, right-leaning, orientations.

The impact of spatial issues can only be measured indirectly in the ESS since there are no questions which ask respondents to compare their own positions on a particular issue with those of political parties. However, there are questions about various controversial issues such as immigration, income inequality, gay rights and environmental problems. While not being able to test spatial distances directly with these items, it is nonetheless possible to determine if attitudes about these position issues influence satisfaction with incumbent governments and the practice of democracy more generally. These issues are controversial across Europe as a whole and should provide insight into the impact of spatial issues.

(Table 9.1 about here)

The models of satisfaction with government performance and the practice of democracy are displayed in Table 9.1. In addition to the predictor variables just discussed, the models include several socio-demographics. Parameter estimates are generated by OLS regression analyses of the data from 23 countries in the ESS. The table presents standardised regression coefficients and the analyses show that satisfaction with the economy is easily the most important predictor. This variable has a coefficient of .31 in the government satisfaction model and .25 in the democratic satisfaction model. The egocentric economic evaluation measure, which captures an individual’s perceptions of the adequacy of their incomes, has predictable effects—individuals who feel under financial pressure are less likely to be satisfied with the incumbent government and the state of democracy. Moreover, as the interaction term shows, the effects of these egocentric economic evaluations on satisfaction with the government vary in strength depending on sociotropic evaluations, i.e., judgments about the performance of the overall economy. However, as Table 9.1 indicates, the
interaction effect is not significant in the analysis of satisfaction with democracy more generally.

Together with the economy, other valence issues exert significant effects. Satisfaction with health care, education and the police all help to explain satisfaction with both government performance and also the practice of democracy in the 23 European countries. In the government satisfaction model, the second largest coefficient is the one for trust in politicians, the measure indexing evaluations of political leadership. This variable also has a large and statistically significant coefficient in the democratic satisfaction model. These results are consonant with the valence politics hypothesis that political leadership is a key factor in explaining the extent of citizen satisfaction with the performance of their governments and the workings of their political systems.

Effects associated with trust in political parties also are important and play a similar role in both models. Related effects concern partisanship, but in this case support for an incumbent party positively influences evaluations of governments and democracy, whereas support for an opposition party negatively influences these evaluations. In the case of satisfaction with governments this finding is anticipated, but it is perhaps surprising that it carries over into democratic satisfaction, albeit weakly.

Turning next to proxy measures of spatial variables, attitudes towards immigration influence both satisfaction variables. People who believe immigrants make a positive contribution to the economy are likely to be more satisfied with their government and also their political system. In the case of attitudes towards the environment, individuals who are optimistic that science will solve environmental problems tend to be more satisfied with their governments, although this measure has no effect on democratic satisfaction. Regarding attitudes towards gay rights, supporters of such rights tend to be more critical of the government than opponents, although the opposite is true in relation to democratic
satisfaction. Finally, supporters of greater income equality are more critical of both the government-of-the-day and democracy more generally.

Demographics play a larger role in the democratic satisfaction model than the government satisfaction model. Older respondents tend to be more critical than the young, although the quadratic specification (age + age squared) shows that this effect weakens for older individuals. More highly educated respondents are supportive of the incumbent government and democracy more generally, although this effect appears more robust for democratic satisfaction. Income has no impact on government satisfaction but it does influence democratic satisfaction and a similar point can be made about gender and unemployment. Men tend to be more supportive of democracy than women and, as might be expected, the unemployed are less supportive than those with jobs.

Overall, these models are similar to vote choice models and this is because of the importance of performance in influencing support for incumbents as distinct from opposition parties. However, the strength of the relationship between evaluations of performance of the economy and satisfaction with government indicates that continuing hard times are playing a significant role in the decline in satisfaction with incumbent governments observed in Figure 9.3. In the next section we focus the discussion once again on Britain, focusing on links between economic evaluations and support for political parties.

**Public Reactions to Austerity in Britain**

Findings in the previous section show that Britain is not unusual in the way voters have responded to current economic travails. We have seen that evaluations of the state of the economy help to explain support incumbent governments across Europe as a whole. We examined the plans and performance of Britain's Coalition government up to the mid-term of the present Parliament in Chapter 6. Analyses presented there indicated that subjective economic evaluations influence party support and, in turn, these evaluations are driven by a
number of factors. In this section we investigate public attitudes to the Coalition's austerity strategy in greater detail and consider some of the wider issues raised by it.

Public reactions to the Coalition's austerity program during the first eight months of 2012 are illustrated in Figure 9.6.6 Exactly half of Britons accept the necessity for budget reductions—50% of the respondents in the CMS surveys agreed with the statement that public sector cuts are essential, whereas 22% disagreed, and 27% were unsure. However, almost as many (45%) agreed with the proposition that the cuts were likely to result in substantial harm to their families, and only 16% disagreed. The extent of division in public opinion is perhaps most evident in responses to the statement that excessive public spending causes sovereign debt. As shown in Figure 9.6, the 2012 CMS respondents divided nearly equally over the impact of public spending on debt, with 34% agreeing that excessive public sector spending caused it and 32% disagreeing. A similarly even division of opinion is apparent in responses to a question asking for summary judgments about the anticipated effects of the public sector cuts—37% stated that the cuts will strengthen the economy, slightly more (41%) thought they will weaken it, and 22% were unsure (data not shown).

(Figure 9.6 about here)

Although still very much divided, additional analyses document that opinion has been trending gradually against the policies since the austerity measures were initially introduced by the Coalition Government in June 2010. Since then, agreement that budget reductions are essential has fallen gradually from 68% to 50%, while agreement that the cuts are causing serious difficulties for respondents' families has risen from 41 to 45%. In addition, the percentage agreeing that excessive public spending is the main cause of Britain’s debt has fallen from 45% in June 2010 to 34% in August 2012.

Negative attitudes towards prevailing social and economic conditions suggest why critics of austerity have gained traction. Echoing the strident rhetoric of 'Occupy' protestors,
large majorities of respondents in the January-August 2012 CMS surveys identify economic inequality, social injustice, corporate greed and excessive bank profits as major problems in contemporary Britain. As Figure 9.7 illustrates, 71% and 62%, respectively, believe economic inequality and social justice are serious problems, and less than 10% in each case disagree. Opinions about major financial institutions are even harsher, with fully 85% stating that banks are enjoying excessive profits and corporate greed is a major problem. Only 3% and 4%, respectively, disagree with these propositions.

(Figure 9.7 about here)

There is also evidence that many people blame British banks for the economic crisis. Figure 9.8 documents that this is not a recent phenomenon. Rather, starting in the autumn of 2008 over six CMS respondents in ten (61%) blamed the banks for the situation, with this number increasing to seven in ten (71%) by August 2012. The percentages assigning responsibility to government, although hardly trivial, are considerably smaller—40% in October 2008 and 45% in 2010. As also shown in Figure 9.8, the percentage blaming the European Union has trended sharply upward, from 22% to 46%. Again, however, the latter number is considerably smaller than those for domestic banks. Overall, the numbers in Figures 9.7 and 9.8 clearly testify that the arguments of movements such as Occupy Britain that blame capitalist financial institutions for the serious social and economic difficulties confronting the country are echoing widespread sentiments in British public opinion.

(Figure 9.8 about here)

Starting in October 2008, the British Election Study began asking CMS respondents to use a 0-10 scale (with 0 designated as 'very unlikely' and 10 designated as 'very likely') to forecast the likelihood that the economic crisis would be resolved in the year ahead. From the outset, CMS respondents have been quite bearish, with the initial average score being 4.0 on the 0-10 scale. And, as Figure 9.9 illustrates, pessimism has increased substantially over
time—in April 2012 the average score had dropped to a dismal 2.1. Nor is there much volatility in these gloomy assessments. Indeed, since the austerity-minded Conservative-Liberal Democrat Coalition came to power in May 2010, the monthly average has never exceeded 3.0.

(Figure 9.9 about here)

What are the sources of this widespread and deepening economic pessimism? In the spirit of the late V.O. Key (1966), a straightforward answer is: 'People are not fools!—they are bearish because the economy is in perilous shape and shows no sign of reviving any time soon.' Given a continuing barrage of bad news and commentaries highlighting future uncertainties, it does not surprise that many people are less than sanguine about resolving the crisis in the foreseeable future. In this regard, perhaps no single indicator carries as much weight in the public mind as the unemployment rate—monthly jobless numbers provide a widely publicized and easily understood measure of how hard times are. As discussed in earlier chapters, UK unemployment figures now have been depressing for an extended period of time—rising from 5.8% in October 2008 to 8.4% in October 2011 before retreating slightly (to 7.9%) in August 2012. As Figure 9.9 shows, the correlation between public expectations of solving the crisis in the next year and the unemployment rate is strongly negative \( r = -0.70 \).

(Figure 9.9 about here)

If people use unemployment figures as a convenient heuristic for assessing the economy's present state and future prospects, then it should be possible to model the relationship between forecasts for solving the crisis and the jobless rate as an error correction process (Enders, 2009). This error correction model enables us to estimate the long-run equilibrium relationship between unemployment and perceived economic prospects and to identify factors prompting short-run deviations from this equilibrium relationship. These
factors may help to explain variation in people's economic forecasts, but over the long run, expectations for solving the crisis should evolve in dynamic equilibrium with the length of lines at Jobs Centres. Here, we specify four such 'other factors'.

The first factor is Chancellor George Osborne's annual 2009-2012 budget speeches which have delivered a depressing litany of claims about the necessity for varying mixtures of spending cuts and tax hikes. Second is the former Labour Government's March 2009 announcement of a massive quantitative easing program to jump start the faltering economy. Third is the presence since May 2010 of the austerity-minded Conservative-Liberal Democrat Coalition Government. As discussed in Chapter Six, Prime Minister David Cameron and Chancellor George Osborne have made the ailing economy and the need for stringent austerity measures the touchstone of their economic strategy. Covering the Government's pronouncements and adding their own embellishments, the news media have regularly reminded viewers that times are tough. For their part, Ed Miliband, and his Shadow Chancellor, Ed Balls, have responded to this 'doom and gloom' by arguing that times are indeed hard and quick relief is unlikely because the Government insists on pursuing an ill-advised neo-Thatcherite economic agenda. A fourth factor is the widely publicized November 2010 and November 2011 demonstrations prompted by the Government's decision to raise university tuition rates by upwards of 300%. Characterized by violent confrontations between marchers and police, the 2010 protests dramatized the costs that the new austerity policies would entail for millions of British families. The 2011 protests were both smaller and tamer, but reminded people of the financial burdens they were being asked to shoulder.

In summary, the time series error correction model of public forecasts of whether the economic crisis will be solved over the forthcoming year is:

$$\Delta \text{SOLVE}_t = \beta_0 + \beta_1 \Delta \text{UNEMP}_{t-1} - \alpha_1 (\text{SOLVE}_{t-1} - c_1 \text{UNEMP}_{t-1}) + \beta_2 \text{BUDGET09}_{t-1} + \beta_3 \text{BUDGET10}_{t-1} + \beta_4 \text{BUDGET10}_{t-1} + \beta_5 \text{QET}_{t-1} + \beta_6 \text{COALITION}_{t-1} + \beta_7 \text{PROTEST}_{t-1} + \varepsilon_t$$  \[9.1\]
where:

SOLVE = forecast for solving the economic crisis
UNEMP = unemployment rate
BUDGET09 - BUDGET12 = annual budgets
QE = quantitative easing
COALITION = Coalition Government elected
PROTEST = protests
Δ = differencing operator
ε = stochastic error term (N (0, σ^2), t is time, and α, c and β's are parameters to be estimated.

Model parameters are estimated using nonlinear least squares and aggregate CMS data for the October 2008-August 2012 period.

As reported in Table 9.2, this model can account for a large percentage of the variation in public opinion about the likelihood of the economic crisis (adjusted R^2 = .63). Indicative of the power of the error correction mechanism operating between public forecasts for solving the crisis and monthly unemployment rates, the adjustment parameter (α) is -.65, p < .001. This signifies that a shock to the system, from whatever source, is eroded at a rate of nearly 65% in each subsequent month by the long-run co-integrating relationship between optimism/pessimism about resolving the crisis and the unemployment rate. Unemployment also has large short-term effects, with a 1% increase in joblessness being sufficient to lower forecasts by nearly one full point (β = -.86, p < .001) on the 0-10 scale.

(Table 9.2 about here)

Other factors are operative as well. As expected, annual budgets, the initial round of quantitative easing, the student protests, and the replacement of Labour by the Conservative-Liberal Democrat Coalition all worked to dampen public forecasts that the economic crisis would soon be resolved. The impact of the presence of the Coalition government is especially noteworthy. Specified as an ongoing (permanent) effect, the presence of the Coalition has worked to reduce economic forecasts by -.66 points each month. Effects of the first round of quantitative easing and the widely publicized protests are smaller (β's = -.45
and -.22, respectively), but statistically significant. The effects of the annual budget statements are also negative and statistically significant for every year except 2012.

Overall, the model provides a parsimonious explanation of the bearish public forecasts about the future course of the economic crisis. As hypothesized, unemployment is the key heuristic, with forecasts for the economy and the joblessness rate constituting a powerful error correction process. Since the autumn of 2008, that process has adjusted the effects of various shocks, the largest being the replacement of Gordon Brown's Government by an avowedly austerity-minded Coalition government determined to 'rebalance' the British political economy via deep cuts in public spending.

**Cut the Public Sector, Occupy Britain**

Growing scepticism about the likelihood of solving the economic crisis has parallels in widespread concern with socio-economic inequality (reflected in the Occupy Britain Movement) and gradually diminishing support for the public sector cuts. We suggest that these latter two attitudes can be explained not only by the perceived likelihood of solving the economic crisis, but also by partisan affiliations, cognitive and emotional reactions to economic conditions, and socio-demographic factors such as age, education, gender, income, social class and country of residence (England, Scotland, Wales).

Table 9.3 summarizes OLS regression analyses of perceived socio-economic inequality and support for the public sector cuts, using CMS survey data collected between January and August 2012. We expected that perceptions of socio-economic inequality would reflect partisan divisions, with Conservative identifiers rejecting the notion that inequality is a major problem and Labour identifiers endorsing the idea. Expectations regarding Liberal Democrat identifiers are less certain—on one hand, they might support their coalition partners and reject the idea that inequality is a serious problem; on the other hand, the party has a long tradition of championing progressive policies and institutional reform, suggesting
widespread rank-and-file sensitivity to socio-economic inequality. The results (see Table 9.3) indicate the latter hypothesis receives empirical support: as anticipated, Conservative party identification has a negative impact ($\beta = -.19, p < .001$) on perceived socio-economic inequality, whereas both Labour and Liberal Democrat party identifications have positive effects ($\beta's = .18$ and .22, respectively, $p < .001$).

(Table 9.3 about here)

Regarding other predictors, as expected positive economic evaluations, positive emotional reactions to the economy, and a belief that the economic crisis soon would be solved all had negatively signed coefficients indicating that people who were sanguine about the economy tended to be less concerned about inequality as a major issue than were those who were pessimistic. Forecasts of the likelihood of solving the economic crisis had the anticipated negative effect on perceptions of socio-economic inequality—as anticipated, people who were optimistic about resolving the crisis tended to be less concerned with inequality as a major problem. Only a few socio-demographic variables had significant effects—older people, those with lower incomes and residents of Wales all had greater concerns about inequality.

If individuals had consistent belief systems, it might be expected that predictor variables with positive effects in the socio-economic inequality model—concern over inequality—would have negative effects in the public sector cuts support model, and vice versa. In the 'support for cuts' model, we included the variable reflecting concern over socio-economic inequality.\(^9\) This predictor exhibits the expected negative relationship ($\beta = -.14, p < .001$), indicating that people concerned about inequality tend to oppose the cuts. We also anticipated that identifiers with one of the Coalition parties would be more likely than Labour partisans to support the cuts and this proved to be the case. Effects for Conservative and
Liberal Democrat identifiers were positive, whereas the effect of Labour partisanship was negative.

Economic evaluations, emotional responses to economic conditions and forecasts of the likelihood of solving the crisis also had statistically significant effects. Positive economic evaluations and positive emotional reactions to the economy were associated with greater support for public sector cuts (Table 9.3, Column 2). The remaining predictor, forecasts for solving the crisis had a negative impact on support for the public sector cuts. This result may reflect the fact that many of those who expect the economy to recover quickly may have concluded that the size and scope of public sector cuts are excessive and counterproductive.

**Bears Bite**

Since the Coalition Government came to power in May 2010, public opinion about Conservative Leader David Cameron and that of Liberal Democrat Leader Nick Clegg has become increasingly negative. As Figure 9.10, Panel A shows, affect for both Cameron and Clegg stood at a healthy 5.1 points one month after they took office. In the ensuring months, their scores have trended downward, falling to 3.9 for Cameron and 3.7 for Clegg in August 2010. Nor is it simply the case that people do not like them, perhaps because they are administering bitter, but needed, medicine to heal the ailing economy. Rather, as documented in Figure 9.10, Panel B, both leaders' competence ratings have fallen sharply—in Cameron's case from a high 6.2 points to a mediocre 4.5 points. Clegg has fared worse, with his competence score moving sharply downward from 5.6 to merely 3.1. Rightly or wrongly, there is a growing sense in the electorate that the Coalition leaders are not able to handle the country's affairs effectively.

(Figure 9.10 about here)

It might be conjectured that these downward trends are rooted in widespread perceptions that the economic crisis is not about to end anytime soon. The Coalition's
austerity policies are justified as being what's necessary to cure Britain's economic malaise. But, as discussed above, public forecasts that the economic crisis will soon be resolved in the foreseeable future have become increasingly pessimistic as unemployment has remained high and Chancellor George Osborne's 'bad news' budgets have become a familiar feature of Government rhetoric. It is plausible that the growing bearishness is the motor driving increasingly negative judgments about Government leaders. In the language of econometrics, this suggests the existence of a cointegrating relationship between public forecasts for solving the economic crisis and images voters have of Messrs. Cameron and Clegg. That cointegrating relationship can be specified as a simple error correction model. Recalling that Clegg suffered a barrage of negative publicity in the autumn of 2010 for reneging on his pledge to oppose increases in university fees, we also include a dummy variable in the model to index the effect of that event. The model is:

\[ \Delta \text{LIMAGE}_t = \beta_0 + \beta_1 \Delta \text{SOLVE}_t - \alpha_1 (\text{LIMAGE}_{t-1} - c_1 \text{LIMAGE}_{t-1}) + \beta_2 \text{UNIFEE}_t + \epsilon_t \]  \[9.2\]

where:

- \text{LIMAGE} = Cameron or Clegg's affect or competence rating
- \text{SOLVE} = forecast for solving the economic crisis
- \text{UNIFEE} = university fee increases announced
- \Delta = differencing operator
- \epsilon_t = stochastic error term (N(0, \sigma^2), t is time, and \alpha, c and \beta's are parameters to be estimated.

Parameter estimates presented in Table 9.4 reveal the existence of the hypothesised cointegrating relationships. Table 9.4 Panel A shows that Cameron's affect and competence ratings have tended to move in tandem with public judgments about the likelihood of solving the economic crisis. The short-term effects of these judgments are such that a downward movement of 1 point on the 0-10 scale would cost Cameron slightly over half a point in his affect rating and over four-fifths of a point in his competence rating. The long-term effects for affect and competence are -.66 and -.69, respectively, thereby indicating that shocks to
Cameron's image, from whatever source, are eroded in subsequent months by judgments about the economic crisis.

(Table 9.4 about here)

Effects for Clegg are similar, but stronger. The short-term effects of a downward movement in forecasts for solving the economic crisis are nine-tenths of a point for affect and a full point for competence. The long-term effects are -.71 and -.58, respectively, again indicating that negative judgments about the crisis have had a powerful long-run role in driving down his affect and competence ratings. In addition, unlike Cameron (see Table 9.4, Panel A), Clegg's image was tarnished by his widely publicised and much criticised U-turn on university fees, which cost him a half point in affect and four-tenths of a point in competence (Table 9.4, Panel B).

In earlier chapters, we have discussed the power of leader images in valence politics models of electoral choice and models of party support in inter-election periods. This is why the downward trends in the Coalition leader's affect and competence ratings are very important. As shown, these trends reflect the electorate's increasing pessimism about resolving the now protracted economic crisis. That pessimism is bad news for Cameron, Clegg and their parties. Leader images do much to drive electoral choice and the Coalition's current low numbers in opinion polls are harbingers of the future peril they may encounter.

However, despite the negativity expressed about Cameron and Clegg, their political futures are not necessarily bleak. In this regard, Figure 9.10 documents that many voters continue to have reservations about Labour Leader, Ed Miliband. Miliband's initial affect rating in the October 2010 CMS was a mediocre 4.5 and since then it trended downward, reaching 3.7 in August 2012. His competence scores have been equally uninspiring. The significance of leader images suggests that this lack of enthusiasm for Miliband—should it
continue—may give Cameron, Clegg and their Coalition colleagues a useful opening in the run-up to the next general election.

Another opening may be provided by economic evaluations. Either by luck or design, Britain's economic prospects may well improve before the next election. If, for whatever reason, the economy does regain its health, Cameron and Clegg will quickly claim that they were right along and their austerity medicine did the trick. Whether their claim is valid will not matter much. With a stronger economy comes more jobs and analyses presented in this chapter demonstrate that the latter will be key to transforming bearish economic forecasts into bullish ones. In turn, increasingly bullish attitudes will help Cameron and Clegg to refurbish their images as competent leaders deserving of public affection and respect—and the electoral support that will bring.

**Conclusion: Austerity Policies and Valence Politics**

The massive public sector cuts they have implemented carry both risks and opportunities for the governing Coalition and its lead partner, the Conservative Party. An economic recovery would give the Conservatives and Prime Minister Cameron the opportunity to claim that their 'smaller government' approach that 'rebalances' the public and private sectors is exactly the medicine the ailing British economy needed after over a decade of Labour 'big government' excess. However, if the current combination of high unemployment and negligible-to-negative growth persists, Labour and other political parties will be able argue that the austerity-driven cuts have been senseless and cruel—beneficial only to a very small percentage of Britons, many of them wealthy Conservative supporters in the City of London. These charges would resonate with antipathy to banks and bankers that extends far beyond supporters of the 'Occupy' movement.

Viewed globally, the analyses presented above suggest that support for Coalition Government's austerity policies eventually may be undermined by a lack of visible results in
the real economy. A substantial segment of the British populace in the mid-term of the current government believe that public sector cuts are essential for the country's long-term economic health but, increasingly the view that the cuts are causing serious difficulties for families is leading many people to say 'enough is enough'. Sustained high levels of unemployment propelled by public sector job cuts put mounting pressure on the welfare budget and are unlikely to be regarded kindly by either frustrated job seekers or those workers who have been fired during the economic downturn. Furthermore, confidence in Britain's ability to solve the economic crisis has been falling as persistently high unemployment figures cue voters that the problem is unlikely to be fixed any time soon. Faced with a continuing lack of jobs, a 'double-dip' recession and an episodic, but recurrent, flood of bad news about conditions in Greece, Spain and other EU countries, the British public is being sorely tempted to conclude that the Coalition Government's austerity policies are ineffective and unjust. This explains the pattern in public opinion discussed in Chapter 6 showing that the Coalition’s reputation for economic competence is a wasting asset.

Valence politics considerations are having important effects on the evolution of public attitudes towards the economic crisis and the austerity measures that have been implemented to combat it. Perceptions of socio-economic inequality are less likely when individuals evaluate the economy positively, when they experience positive emotional reactions to economic conditions, and when they believe that a near-term solution to the crisis is at hand. But, at present, bullish Britons are hard to find—rather, most are decidedly bearish about prospects for solving the economic crisis any time soon. This prevailing pessimism is coupled with widely shared beliefs that Britain is blighted by a toxic mix of corporate greed, excessive bank profits, economic inequality and social injustice. According to this view, Gordon Gekko is not just an 'over-the-top' Hollywood caricature of an atypically rapacious banker; rather his real-life counterparts populate the City. They may not be the 'masters of
the universe' described in *Liars Poker* (1989) and many subsequent stories of Wall Street excess, but they dominate Britain's economy and politics to the detriment of millions of ordinary people.

The dark nature of present-day British public opinion is noteworthy but it does not necessarily signal an impending revolution or, less dramatically, the sure defeat of Prime Minister Cameron and his Coalition colleagues at the next general election. At the time of writing in the mid-term of the present Parliament the election is more than two years away, and it is possible that conditions will improve before voters are asked to choose. Perhaps Hayek really does trump Keynes and the Government's austerity policies will eventually work as advertised. But the analyses in Chapter 6 indicate that negative expectations do have pernicious economic consequences and, if so, the Coalition's neo-conservative political economy experiment may end in tears.

In any case, the fact that valence politics variables have powerful effects in the vote intention models discussed in earlier chapters indicates that attitudes toward spending cuts and socio-economic inequality, however important, will not be the sole drivers of party support when voters go to the polls. Rather than respond reflexively to conditions around them, British voters, like their counterparts elsewhere, place economic difficulties and the policy responses they engender in a broader context with images of party leaders, partisan attachments and global assessments of party performance. As documented above, differing positions regarding the austerity policies are exerting substantial effects on party support, but these attitudes have not negated the force of other valence politics considerations. Reactions to the evolving state of the economy coupled with mutable partisan attachments and more general evaluations of party and leader performance can be expected to animate electoral choice in the years ahead.
More generally, the weakness and mutability of partisanship, unfavourable valence policy outcomes and political leaders who appear unable to deal with the present crisis, combine to suggest the possibility of further fragmentation of Britain's party system. We have already discussed the challenge to the Conservatives from UKIP and the substantial loss of support for the Liberal Democrats and their leader, Nick Clegg, in earlier chapters. Labour has benefited to some extent but, party leader, Ed Miliband has not been particularly well-received and many voters remain unconvinced that Labour has the policy remedies needed to revitalize the country's now long-ailing economy and their leader has the ability to do the job. As a result, Labour is not as far ahead in the polls as it was in the run-up to the 1997 general election that brought Tony Blair, Gordon Brown and 'New Labour' to power. To date, there is considerable 'push' away from the Coalition but little 'pull' in any other direction. British party politics are in flux and the 2015 general election may contain surprises for all of us.
Figure 9.1 Satisfaction with Government Performance in Twenty-Three European Democracies, 2010

Source: European Social Survey, 2010.
Figure 9.2 Mean Satisfaction Ratings with Performance of the National Government in Twenty-Three European Democracies, 2010

Source: 2010 European Social Survey
Figure 9.3 Mean Levels of Satisfaction with Government in Twenty-One European Countries, 2002 - 2010

Source: European Social Surveys, 2002 - 2010
Figure 9.4 Relationship Between Satisfaction with Government Performance and Satisfaction with the Economy in 23 European Democracies, 2010

Source: 2010 European Social Survey.
Figure 9.5 Relationship Between Electoral Support for Incumbent Parties and Satisfaction with Government Performance in 23 European Countries, 2010

Source: 2010 European Social Survey.
Figure 9.6 Attitudes Toward Public Sector Cuts, January - August 2012

- Excessive Public Sector Spending Cause Debt:
  - Agree: 34%
  - Neither/DK: 34%
  - Disagree: 32%

- Public Sector Cuts Seriously Hurt Family:
  - Agree: 45%
  - Neither/DK: 39%
  - Disagree: 16%

- Public Sector Cuts Essential:
  - Agree: 50%
  - Neither/DK: 27%
  - Disagree: 23%

Source: January - April 2012 BES CMS surveys.
Figure 9.7 'Occupy Britain': Major Problems Facing Britain Today, January - August 2012

Source: January - April 2012 BES CMS surveys.
Figure 9.8 Trends in Attributions of Responsibility for the Economic Crisis, October 2008 - August 2012

- British Banks
- British Government
- European Union


Per cent: 10, 20, 30, 40, 50, 60, 70, 80

2010→Election
Figure 9.9 Likelihood of Solving the Financial Crisis and Unemployment, August 2008 - August 2012

Source: August 2008 - April 2012 CMS surveys.
Figure 9.10 Party Leader Images, June 2010 - August 2012

A. Leader Affect Ratings

B. Leader Competence Ratings

Source: June 2010 - August 2012 CMS surveys.
Table 9.1 OLS Regression Model of the Determinants of Satisfaction with Government and Democracy in 23 European Countries, 2010

<table>
<thead>
<tr>
<th></th>
<th>Satisfaction With Government</th>
<th>Satisfaction With Democracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feels Close to an Incumbent Party</td>
<td>.14***</td>
<td>.06***</td>
</tr>
<tr>
<td>Feels Close to an Opposition Party</td>
<td>-.08***</td>
<td>-.01***</td>
</tr>
<tr>
<td>Satisfaction with Economy</td>
<td>.31***</td>
<td>.25***</td>
</tr>
<tr>
<td>Satisfaction with Education</td>
<td>.07***</td>
<td>.17***</td>
</tr>
<tr>
<td>Satisfaction with Health Care</td>
<td>.02***</td>
<td>.07***</td>
</tr>
<tr>
<td>Satisfaction with Police</td>
<td>.04***</td>
<td>.08***</td>
</tr>
<tr>
<td>Trust in Politicians</td>
<td>.23***</td>
<td>.15***</td>
</tr>
<tr>
<td>Trust in Political Parties</td>
<td>.10***</td>
<td>.11***</td>
</tr>
<tr>
<td>Attitudes Immigration</td>
<td>.03***</td>
<td>.05***</td>
</tr>
<tr>
<td>Attitudes the Environment</td>
<td>.03***</td>
<td>.01</td>
</tr>
<tr>
<td>Attitudes Gay Rights</td>
<td>-.01***</td>
<td>.04***</td>
</tr>
<tr>
<td>Attitudes Inequality</td>
<td>-.03***</td>
<td>-.04***</td>
</tr>
<tr>
<td>Left-Right Ideology</td>
<td>.08***</td>
<td>.04***</td>
</tr>
<tr>
<td>Perceptions of Income Adequacy</td>
<td>-.02***</td>
<td>-.03***</td>
</tr>
<tr>
<td>Economic Satisfaction * Income Adequacy</td>
<td>.06***</td>
<td>.01</td>
</tr>
<tr>
<td>Age</td>
<td>-.04***</td>
<td>-.06***</td>
</tr>
<tr>
<td>Age Squared</td>
<td>.06***</td>
<td>.06***</td>
</tr>
<tr>
<td>Gender</td>
<td>-.00</td>
<td>.02***</td>
</tr>
<tr>
<td>Ethnic Minority</td>
<td>.01***</td>
<td>.00</td>
</tr>
<tr>
<td>Unemployed</td>
<td>.00</td>
<td>-.01**</td>
</tr>
<tr>
<td>Education</td>
<td>.01+</td>
<td>.02***</td>
</tr>
<tr>
<td>Social Class</td>
<td>-.00</td>
<td>.01</td>
</tr>
<tr>
<td>Income</td>
<td>-.00</td>
<td>.02***</td>
</tr>
</tbody>
</table>

$R^2$ | .54 | .47

*** - $p < .001$; ** - $p < .01$; * - $p < .05$; + - $p < .10$; one-tailed test.

Note: standardized regression coefficients.

Source: 2010 European Social Survey, 2010; N = 43,961.
Table 9.2 Error Correction Model of the Dynamics of Public Opinion Whether the Financial Crisis Will be Solved in the Year Ahead, October 2008 - August 2012

<table>
<thead>
<tr>
<th>Predictor Variables</th>
<th>β</th>
<th>s.e.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Unemployment Rate (t-1)</td>
<td>-.86***</td>
<td>.21</td>
</tr>
<tr>
<td>Error Correction Mechanism (t-1)</td>
<td>-.65***</td>
<td>.09</td>
</tr>
<tr>
<td>Unemployment Rate (t-1) - ECM</td>
<td>.30***</td>
<td>.08</td>
</tr>
<tr>
<td>2009 Budget Statement (t-1)</td>
<td>-.24*</td>
<td>.14</td>
</tr>
<tr>
<td>2010 Budget Statement (t-1)</td>
<td>-.32*</td>
<td>.14</td>
</tr>
<tr>
<td>2011 Budget Statement (t)</td>
<td>-.28*</td>
<td>.14</td>
</tr>
<tr>
<td>2012 Budget Statement (t-1)</td>
<td>.02</td>
<td>.14</td>
</tr>
<tr>
<td>2009 Quantitative Easing (t)</td>
<td>-.45***</td>
<td>.14</td>
</tr>
<tr>
<td>2010 General Election (t)</td>
<td>-.66***</td>
<td>.09</td>
</tr>
<tr>
<td>Protests/Strikes (t-1)</td>
<td>-.22**</td>
<td>.09</td>
</tr>
<tr>
<td>Constant</td>
<td>3.69***</td>
<td>.67</td>
</tr>
</tbody>
</table>

Adjusted $R^2 = .63$

N = 46

*** - p < .001; ** - p < .01; * - p < .05; one-tailed test.

Source: October 2008 - April 2012 CMS surveys.
Table 9.3 OLS Regression Models of Perceptions of Social-Economic Inequality and Opinions About Public Sector Cuts, January 2012 - August 20112

<table>
<thead>
<tr>
<th>Predictor Variables</th>
<th>β</th>
<th>s.e.</th>
<th>β</th>
<th>s.e.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Evaluations</td>
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<td>.01</td>
<td>.29***</td>
<td>.01</td>
</tr>
<tr>
<td>Economy-Emotional Reactions</td>
<td>-.11***</td>
<td>.01</td>
<td>.04***</td>
<td>.01</td>
</tr>
<tr>
<td>Likelihood Solve Crisis</td>
<td>-.03***</td>
<td>.004</td>
<td>-.01**</td>
<td>.004</td>
</tr>
<tr>
<td>Socio-Economic Inequality</td>
<td>XX</td>
<td>XX</td>
<td>-.13***</td>
<td>.01</td>
</tr>
<tr>
<td>Party Identification:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservative</td>
<td>-.19***</td>
<td>.03</td>
<td>.61***</td>
<td>.03</td>
</tr>
<tr>
<td>Labour</td>
<td>.18***</td>
<td>.03</td>
<td>-.37***</td>
<td>.02</td>
</tr>
<tr>
<td>Liberal Democrat</td>
<td>.22***</td>
<td>.04</td>
<td>.11***</td>
<td>.03</td>
</tr>
<tr>
<td>Other Party</td>
<td>-.01</td>
<td>.03</td>
<td>.09***</td>
<td>.03</td>
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<tr>
<td>Age</td>
<td>.01***</td>
<td>.0002</td>
<td>.003***</td>
<td>.0001</td>
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<tr>
<td>Education</td>
<td>.01</td>
<td>.01</td>
<td>-.02**</td>
<td>.006</td>
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<tr>
<td>Gender</td>
<td>.02</td>
<td>.02</td>
<td>.05**</td>
<td>.02</td>
</tr>
<tr>
<td>Income</td>
<td>-.01***</td>
<td>.002</td>
<td>.00</td>
<td>.002</td>
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<tr>
<td>Social Class</td>
<td>-.02</td>
<td>.02</td>
<td>.01</td>
<td>.02</td>
</tr>
<tr>
<td>Country:</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Scotland</td>
<td>.09**</td>
<td>.03</td>
<td>-.17***</td>
<td>.03</td>
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<tr>
<td>Wales</td>
<td>.12**</td>
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<td>-.04</td>
<td>.04</td>
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<tr>
<td>Constant</td>
<td>-.31***</td>
<td>.06</td>
<td>-.08**</td>
<td>.05</td>
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R^2 = .22
N = 8563

XX - variable not included in model.

*** - p ≤ .001; ** - p ≤ .01; * - p ≤ .05, one-tailed test.
Table 9.4 Error Correction Models of Coalition Leaders' Images, July 2010 - August 2012

A. Cameron's Image

<table>
<thead>
<tr>
<th>Predictor Variables</th>
<th>Affect</th>
<th></th>
<th>Competence</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\beta$</td>
<td>s.e.</td>
<td>$\beta$</td>
<td>s.e.</td>
</tr>
<tr>
<td>Change in Financial Crisis Forecast (t)</td>
<td>.55*</td>
<td>.29</td>
<td>.85**</td>
<td>.35</td>
</tr>
<tr>
<td>Error Correction Mechanism (t-1)</td>
<td>-.66***</td>
<td>.18</td>
<td>-.69***</td>
<td>.19</td>
</tr>
<tr>
<td>Financial Crisis Forecast - ECM (t-1)</td>
<td>.93**</td>
<td>.40</td>
<td>1.26**</td>
<td>.50</td>
</tr>
<tr>
<td>University Fee Increase (t)</td>
<td>-.13</td>
<td>.15</td>
<td>-.04</td>
<td>.16</td>
</tr>
<tr>
<td>Constant</td>
<td>.81</td>
<td>.83</td>
<td>.73</td>
<td>.97</td>
</tr>
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</table>

Adjusted R$^2$ .28 .31
N = 25

B. Clegg's Image

<table>
<thead>
<tr>
<th>Predictor Variables</th>
<th>Affect</th>
<th></th>
<th>Competence</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\beta$</td>
<td>s.e.</td>
<td>$\beta$</td>
<td>s.e.</td>
</tr>
<tr>
<td>Change in Financial Crisis Forecast (t)</td>
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<td>.21</td>
<td>1.01***</td>
<td>.23</td>
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<tr>
<td>Error Correction Mechanism (t-1)</td>
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<td>.13</td>
<td>-.58***</td>
<td>.11</td>
</tr>
<tr>
<td>Financial Crisis Forecast - ECM (t-1)</td>
<td>.80**</td>
<td>.30</td>
<td>.92**</td>
<td>.32</td>
</tr>
<tr>
<td>University Fee Increase (t)</td>
<td>-.51***</td>
<td>.15</td>
<td>-.40***</td>
<td>.14</td>
</tr>
<tr>
<td>Constant</td>
<td>1.23*</td>
<td>.59</td>
<td>.42</td>
<td>.58</td>
</tr>
</tbody>
</table>

Adjusted R$^2$ .63 .63
N = 25

*** - p $< .001$; ** - p $< .01$; * - p $< .05$; one-tailed test
Endnotes

1 See the European Election Database (http://www.nsd.uib.no/european_election_database).

2 These are Belgium, Bulgaria, Switzerland, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, United Kingdom, Greece, Croatia, Hungary, Ireland, Netherlands, Norway, Poland, Portugal, Sweden, Slovenia and Slovakia. Data was also collected for three non-European countries which are not included in this analysis.

3 Note that the fieldwork for the British survey was done after the general election of 2010 and so the higher than average scores could in part be attributed to the honeymoon of the coalition government.

4 The question asks: ‘Which of the descriptions on this card comes closest to how you feel about your household’s income nowadays?’ The response categories are: 1 - Living comfortably on present income; 2 - Coping on present income; 3 - Finding it difficult on present income; 4 Finding it very difficult on present income.

5 The immigration question asked: ‘Would you say it is generally bad or good for [country’s] economy that people come to live here from other countries?’ The economic inequality question asked if respondents agree or disagree with the statement: ‘The government should take measures to reduce differences in income levels’. The gay rights question asked for responses to the statement ‘Gay men and lesbians should be free to live their own life as they wish’. Finally, the environmental problems question seeks responses to the statement: ‘Modern science can be relied on to solve our environmental problems’.

6 Question wording is as follows: "Please indicate how far you agree or disagree with each of the following statements: (i) The Government’s cuts in public expenditure are essential for the long-term health of the UK economy; (ii) The cuts in public expenditure that the Government proposes are likely to cause serious financial difficulties for me and my family; (iii) Excessive public spending is the main cause of Britain’s debt." Response categories: strongly agree, agree, neither agree nor disagree, disagree strongly disagree, don't know. Wording of the fourth question was: "Which of the following statements come closest to your view about the overall impact of the proposed public expenditure cuts?" (a) "The public expenditure cuts will strengthen Britain’s economic growth and international competitiveness;" (b) "The public expenditure cuts will damage Britain’s economy by pushing it further into recession;" (c) "Don’t know."

7 Respondents were asked: Here are some things people are saying about economic and social conditions in Britain these days. Please indicate if you agree or disagree: (a) "Economic inequality is a major problem in Britain;" (b) "Social injustice is a major problem in Britain;" (c) "Corporate greed is a major problem in Britain;" (d) "British banks are making excessive profits at the expense of ordinary people." Response categories: strongly agree, agree, neither agree nor disagree, disagree strongly disagree, don't know.

8 The dependent variables (socio-economic inequality and support for public sector cuts) in these regression analyses are factor scores based on principal components analyses of
the questions cited in notes 6 and 7 above. The socio-economic inequality analysis explains 65.4% of the item variance, with an average factor loading of .81 (range .78 -.86). The public sector cuts analysis explains 54.2% of the item variables, with an average factor score of .72 (range .52 -.85).

9 The measure of attitudes towards socio-economic inequality is the factor score variable described in note 8.