

Contextual and Individual Determinants of Economic Preferences: Evidence from Panel Data^{*}

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“Social evolution is a resultant of the interaction of two wholly distinct factors, — the individual, deriving his peculiar gifts from the play of physiological and infra-social forces, but bearing all the power of initiative and origination in his hands; and, second, the social environment, with its power of adopting or rejecting both him and his gifts. Both factors are essential to change. The community stagnates without the impulse of the individual. The impulse dies away without the sympathy of the community.”

William James, *The Will to Believe: And Other Essays in Popular Philosophy*

Abstract

To what extent does economic self-interest shape policy preferences? This paper argues that individuals are more likely to translate personal hardship into higher support for redistributive social policies when political elites actively compete over redistributive issues. We first test this argument using individual panel data from Great Britain. We find evidence that the discursive context mediates the relationship between economic hardship and preferences. Using data from 24 European countries we then show that, where elites polarize over redistributive issues, low-income respondents are more likely – relative to high-income individuals – to support redistribution.

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1 Introduction

Following the 2008 Great Recession, a large share of the European labor force has experienced bouts of unemployment. The consequences of job loss extend beyond a temporary drop in income: getting back to work often means being willing to accept a lower wage or a less secure employment position (Johnson 2013; Murphy 2014). According to workhorse models in comparative political economy (Meltzer and Richard 1981; Moene and Wallerstein 2001), this should increase mass support for left-wing economic policies among those who have experienced or are exposed to job and income loss. There is however little evidence that economic hardship translates into higher support for redistributive policies (Margalit 2013; Bermeo and Bartels 2014; Lindvall 2014).

To students of political behavior and public opinion, this mismatch between predicted and observed attitudinal change does not come as a surprise. Zaller (1992) has famously shown that changes in mass preferences are more likely to result from changes in how elites contest specific policy issues than from changes in individuals' economic conditions. A large body of work also argues that the cognitive shortcuts individuals rely on to reach an opinion on complex policy issues (e.g. the partisanship heuristic) have often little to do with individual material conditions (Sears et al. 1980; Achen and Bartels 2006; Berinsky 2011). In Sears and Funk's words: "it is difficult to code the rich complexity of direct personal experience" into the general symbols and terms that structure political debate. As a result, the "cross-over between political attitudes and economic personal conditions is limited" (Sears and Funk 1990: 148).

In this paper, we provide a bridge between materialist and behavioralist accounts of attitude formation. In line with findings from the public opinion literature, we hypothesize that attitudinal change is more likely "when partisan elites debate an issue and the news media cover it" (Dancey and Goren 2010: 686). Individual characteristics, such as partisanship and ideological predispositions, mediate how citizens respond to an increase in the salience of a policy issue. In line with assumptions in political economy, we hypothesize that individual economic conditions are also an important mediating factor: given that left-wing economic policies are on the table as a visible policy option put forward by parties and interest groups, individuals experiencing hardship will be more likely, relative to individuals experiencing no hardship, to incorporate these policy options into their own policy preferences. To put it differently, while material interest nudges individuals to switch (or stick) to preferences more in line with their economic

conditions, the size of this nudging effect will vary with the political discursive context. Paraphrasing William James quoted at the beginning of this article, the “impulse” to support left-wing policies “dies away without the sympathy” of the political context. Both individual and contextual factors “are essential to change.”

To test our argument, we rely on British individual panel data. We find that a negative shock to one’s income expectations does indeed have a strong impact on preferences. However, in a context where elites are shifting away from pro-redistribution left-wing rhetoric, and bringing a large share of the public along with them, the effect of a negative income shock is mainly one of *resistance* to this shift away from left-wing economic preferences.

The argument presented in this paper sheds a new light on attitudinal change in Europe over the past three decades. There is ample evidence that left-wing parties have converged to the center on economic issues. Our findings for Great Britain imply that this convergence directly affects mass policy preferences, especially that of low-income voters. Using cross-sectional survey data, we show that support for redistribution among low-income individuals is higher – relative to high-income individuals – in countries where elites compete over redistributive issues.

Our findings can also help understand how the Great Recession is affecting economic policy preferences differently across varying political contexts. Only in countries where electoral rules and labor market institutions favor radical-left parties (Martin and Thelen 2007) can we expect an increase in hardship to translate into an increase in support for redistributive social policies, especially among the worse off.

Section two presents the argument and the main predictions. Section three examines the longitudinal evidence, focusing on the British case. Section four discusses the implications of our findings beyond Great Britain and examines differences in preferences across income groups in 24 European countries. Section five concludes.

2 A Behavioralist Take on Political Economy's Workhorse Assumption

Why do some individuals support high levels of taxation and social spending while others do not? More than half a century of research has generated two families of answers, one that we will call “materialist” and the other “behavioralist.” According to the former, individuals hold preferences in line with their economic interests. Survey respondents with limited earning potential will be more supportive of government spending and redistribution than those with high income (Meltzer and Richard 1981; McCarty, Poole and Rosenthal 2008). Preferences are expected to respond to a change in one’s own economic conditions. The assumption that economic self-interest is a key determinant of voters’ attitudes on economic issues finds empirical support in the negative relationship between support for redistribution and proxies of economic hardship such as current income, education or occupational unemployment rate (Amable 2009; Rehm, Hacker and Schlesinger 2012).¹

Scholars of public opinion and attitude formation provide a very different perspective on the origins of economic policy preferences. According to the standard model, policy preferences are rooted in ideological and partisan orientations that are acquired early on through one’s social context (parents, extended family or network of friends) and that remain relatively stable over one’s life time (Sears and Funk 1990, 1999; Alwin and Krosnick 1991; Jennings and Markus 1984; Jennings, Stoker and Bowers 2009). Attitudinal change is more likely “when partisan elites debate an issue and the news media cover it” (Dancey and Goren 2010: 686). A change in the salience of a policy issue does not impact individuals randomly. When partisan elites are visibly contesting an issue, partisan and ideological predispositions are activated in respondents’ minds through “semantic similarities” (Sniderman and Bullock 2004) and symbolic associations (e.g. party cues). When primed, prior ideological and partisan commitments overwhelm other factors in predicting answers to survey items (Zaller 1992; Achen and Bartels 2006).

¹ Amable (2009), using data collected by the European Social Survey finds that an individual with the highest level of education and of current income, who supervises people, with an open-ended labour contract and a managerial position would agree with the statement that government should redistribute income with a probability of 38 percent, while someone with the exact opposite social characteristics would support redistribution through government intervention with a probability of 90 percent.

Longitudinal empirical work on attitudinal change provides more support for the behavioralist than for the materialist approach to policy preference formation. Using cross-sectional data collected before, during and after the Great Recession, researchers find limited evidence of an increase in mass support for left-wing economic policies among those who have experienced job and income losses (Bermeo and Bartels 2014). Using American panel data collected from 2007 to 2010, Margalit (2013) examines the impact of jobloss on support for unemployment insurance. He finds that policy attitudes are very sticky and attitudinal updating, following a change in one's material conditions, not as large as expected. "There is more to preferences on welfare policy than mere self-interest" he writes, "prior ideological commitments remain an important factor in any account of voters' policy stance on this issue, even in conditions of great economic turmoil" (Margalit 2013: 98).

While agreeing with this general model of policy preferences, we resist dismissing material interest as a powerful motive driving attitudinal change. Indeed, models that emphasize the role of ideological priors, the evolving political debate and contextual cues to predict survey responses cannot explain why income groups express, on average, policy attitudes that align with their economic interests (Weeden and Kurzban 2014). Instead, we argue that behavioral models can help us predict the conditions under which individuals are more or less likely to align their policy preferences with their economic circumstances. To do so, we modify a famous behavioral model proposed by Zaller (1992) and include material interest as a motive that guides attitudinal change.

2.1 "A Simple Theory of the Survey Response" (Zaller 1992)

In the *Nature and Origins of Public Opinion*, Zaller proposes 'A Simple Theory of the Survey Response.' According to him, "most citizens do not possess preformed attitudes at the level of specificity demanded in surveys. Rather, they carry around in their heads "a mix of only partially consistent ideas and considerations."² An individual expresses an opinion – as measured through an answer to a multiple choice survey

² Strauss (2012), an anthropologist, has reached a somewhat similar conclusion through extensive interviews and focused groups, pointing to individuals' tendency to take on publicly available and shared common discourses about a policy area and using it to justifying their own position on specific policy issues. In other words, attitudes do not exist outside of publicly shared pool of considerations. This

item – by reaching out into his or her own “bucket” of existing considerations about an issue. Which consideration will end up being sampled is first a function of the heterogeneity of positions available in one’s “bucket.” The more homogeneous an individual’s set of considerations is, the more predictable his or her answer will be. Survey answers are also a function of the types of considerations that are at the top of the “bucket”, meaning those that are cognitively easier to retrieve. Recall and framing effects³ play an important role in explaining which consideration will “come on top.”

Following Zaller, we conceive attitudinal change as a change in one’s “bucket” of considerations, meaning that new considerations get added and old ones become increasingly harder to retrieve. How does this change occur? Take issue area Z (e.g. redistribution) and two claims made about Z , claim Z_{PR} (pro-redistribution) and claim Z_{AR} (anti-redistribution). To model changes in patterns of survey response, Zaller provides a two-step model of *exposure* to new claims, followed by *acceptance* or *resistance* to these claims. A change in exposure comes in two variants. One is an increase in the preponderance of Z_{PR} relative to Z_{AR} . The other is a change in the preponderance of Z_{AR} relative to Z_{PR} . Without a change in exposure, no attitudinal change is possible.

A change in exposure has heterogeneous effects across individuals. According to Zaller, “(p)eople tend to resist arguments that are inconsistent with their political predispositions.” Predispositions, here, are better thought of as two kinds of selection mechanism that shape acceptance or rejection of new

pool varies over time and across social groups and countries, resulting in turn in variations in expressed opinions.

³ In addition, framing effects will vary across individuals. They are likely to be substantial if respondents have an eclectic mix of considerations to sample from. To understand this point, consider an individual with a diverse mix of considerations in his or her “bucket.” With a change in the framing, this individual can sample very different considerations and provide different answers to the same survey item asked repeatedly over time. For individuals with more homogeneous considerations, the response pattern will not vary as widely in response to these contextual effects. In other words, what might appear like measurement error is not randomly distributed among respondents. Some individuals experience more attitude stability than others (Hill and Kriesi 2001).

considerations. One mechanism is the homogeneity of the existing “bucket” of considerations: the more homogenous it is, the less likely the acceptance of a consideration that runs counter to it. We call this type of predisposition the *attitudinal prior*. The second kind of mechanism are the cognitive short-cuts used to express an opinion, such as the partisan heuristic, well documented by students of American politics (Bartels 2005): individuals are more likely to accept claims that they associate with the political party they identify with. This short-cut only functions if respondents “possess the contextual information necessary” to match their partisan identification with a given policy preference. We call this family of predispositions *political heuristics*.⁴

Elite-level political competition will influence the exposure/accept-reject mechanism through two channels: by impacting the types of considerations available in one’s discursive context (Dancey and Goren 2010) and by activating or undermining politically relevant heuristics (Huckfeldt et al. 2005). In talking about elites here, we have in mind not only the major parties and their representative but also the organizations and media outlets that amplify and repeat the main parties’ messages. We cannot, in this paper, investigate the distortive role played by these discursive relays and do not consider it in the current analysis. In the next sections, we will draw from party platform and factual claims available in mainstream newspapers as a proxy for this discursive context.

From this schematic model of attitudinal change, we can draw three general predictions. First of all, elites are important as first movers: partisan elites’ decisions to visibly contest an issue will precede aggregate attitudinal change as measured using survey data (Page and Shapiro 1992; Duch and Stevenson 2011). Second, absent dramatic changes in one’s discursive environment, an individual’s “bucket” of considerations will be mainly stable over the life time.⁵ Finally, attitudinal change from one consistent

⁴ Preferences expressed in line with a given heuristic might appear sub-optimal from a material-self interest perspective. However, they are optimal with regards to the objective – which can be very low stakes such as answering a survey question – and the constraints (time or incomplete information) individuals face.

⁵ Individuals with less coherent bundles of considerations will appear unstable over time, especially if only one measurement item is used.

extreme (i.e. homogeneous “bucket” of considerations of type Z_{PR}) to the other (homogeneous “bucket” of considerations of type Z_{AR}) is very unlikely (Jennings and Markus 1984; Jennings 2007).

We now turn to our main addendum to Zaller’s theory: the role of material interest in shaping how individuals react to changes in elite-level discourse.

2.2 Introducing material interest

Zaller’s model conceives of attitude formation and change, when measured using survey data, as a cognitively costly act shaped by 1) changes in one’s discursive context, 2) the pro status-quo effect of attitudinal priors (which vary in homogeneity/consistency) and 3) the potential “biases” of heuristics such as identification with a party or an ideological family. We argue that material interest is a key motive in explaining which new consideration gets selected, which gets resisted and, in each case, by whom. When the discursive context generated by elites changes, individuals exposed to new considerations will reject or accept them in line with their current economic circumstances.

In a context where left-oriented considerations on economic issues are *added* to the discursive environment (increase in the Z_{PR}/Z_{AR} ratio), we expect low income individuals and individuals experiencing hardship to be more likely to “accept” these new considerations. Another alternative is the addition of right-wing policy considerations (decrease in the Z_{PR}/Z_{AR} ratio). We expect low income individuals to be more likely to “resist” these new considerations.⁶ This interaction between an individual’s experience and the discursive debate has already been described by Hopkins (2007, 2010) in the case of anti-immigration attitudes: only when immigration is being debated at the national level, does a change in the ethnic composition of one’s neighborhood impacts preferences. Similarly, we expect an individual’s economic conditions to shape preferences mainly in times when partisan elites are visibly contesting the issue and the media cover this debate.

The discursive context might also change as a result of a decrease in either Z_{PR} or Z_{AR} . In the case,

⁶ In both cases, the effect will be the strongest for those with more heterogeneous considerations, i.e. less constraining priors. This might be more simply described as a ceiling effect: one cannot express more support or opposition, than one is already committed or opposed to a policy, see Margalit (2013).

Table 1: Overview predictions about attitudinal change

Macro Prediction: Timing of change	Aggregate attitudinal change follows changes in economic policy discourse at the elite-level. Attitudes are thus more likely to change around major upswing in the discursive context such as election years.
Macro Prediction: Direction of change	An increase/decrease in left-wing economic preferences will only occur if the relative share of left-wing economic considerations at the elite level increases/decreases.
Micro Prediction: Resistance effect	Individuals experiencing hardship will be more likely to “resist” taking on right-wing economic considerations. In a context of an aggregate shift to the right, they will be less likely to follow other respondents in this general shift.
Micro Prediction: Acceptance effect	Individuals experiencing hardship will be more likely to “accept” left-wing economic considerations. In a context of an aggregate shift to the left, they will be more likely to be lead other respondents in this general shift.

for instance, of a decline in Z_{PR} relative to Z_{AR} , Z_{PR} considerations become harder to sample from one’s “bucket” of considerations. However, we expect individuals who are experiencing hardship to be comparatively more likely to sample the “correct” consideration. Self-interest will partly counter the consequences of a contextual priming less favorable to Z_{PR} .

Central to our argument is the claim that changes in the discursive context are key to explaining the nature and timing of a change in an individual’s economic policy preferences. In other words, we assume elite-discourse to be exogenous to the behavior of the individuals whose preferences we track over time, in our case low-income individuals and the unemployed pre-Great Recession. This assumption is under serious threat if the groups we study are pivotal with regards to electoral outcomes. Because low-income groups have rarely been shown to strongly influence what mainstream parties compete over, we feel confident that our assumption holds. In addition, our evidence is circumscribed to policy preferences measured using survey data. When using such measurement strategy, one needs to explicitly take into account how survey answers are generated and decades of behavioral research indicate that changes in elite-level discourse does much of the heavy lifting.

3 Explaining Individual-Level Changes in Economic Preferences

To test these hypotheses, we must first find clear variations in how elites compete over economic issues. We also need to locate longitudinal data with the relevant items measured both before and after the change in the discursive context. We could only identify one country where the period covered by individual-

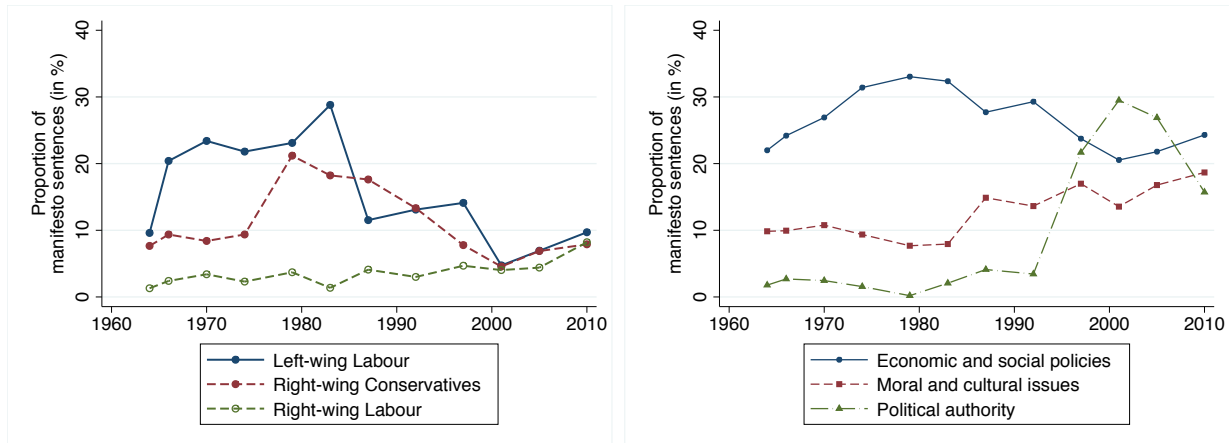
level panel data is also a period of important changes in the discursive context. This country, Great Britain, has experienced a sharp decline in the preponderance of left-wing pro-redistribution statements in elite discourse. The existence of a high quality panel data allows us to parse out the relationship between contextual and individual factors.

3.1 Great Britain and the De-politicization of Left-wing Economic Policies

The transformation of the British party system is well documented and has attracted much attention from policy commentators and pundits. Figure 1.A and 1.B plot the share of sentences in the Labour and the Conservative parties' electoral manifestos that allude to economic and social policies (see Appendix 1.1 for details on the measures). In the early 1980's, close to a third of the two parties' manifestos was dedicated to economic issues. In reaction to Thatcher's shift to the right on economic issues, the Labour party leaders initiated a turn to the left, "widely thought to have been the most (radical) in the party's history" (Fielding 2003: 25). Labour leaders explicitly called for further state ownership of the economy and reaffirmed the 1983 commitment to "fundamental and irreversible shift of wealth and power in favor working-people" (p. 248) (Dale 2000). This is also visible in Figure 1.A with an increased inclusion of left-wing economic and social issues in the 1983 Labour election manifesto. From the mid-1980s onwards, both parties started moderating their positions, especially the Labour party, which over time dropped traditional left-wing economic policies as an explicit policy option. We call Great Britain a case of "policy convergence by omission": both parties have converged on their rhetoric on economic and redistributive issues mainly because the Labour party has abandoned traditional left-wing economic political from its platform and discourse. This convergence from the left toward the right has resulted in a decrease in the salience of redistributive issues. More importantly, pro-redistribution considerations have become less prevalent in the discursive context: in other words the Z_{PR}/Z_{AR} ratio has decreased.

Our claim about the impact of the discursive environment on voters' beliefs not only relates to political parties, but also to the media, which play a central role in exposing voters to elite's political rhetoric. Kriesi et al (2012) conducted a textual analysis of mainstream newspapers in the two months preceding major elections. Using this data, we document in Appendix 1.2 a clear rightward shift on economic issues starting in 1997. By 2005, the number of core-sentences that take a right-wing stance on the economy

Figure 1: Share of manifesto sentences addressing economic and social policy issues. 1960-2011



(a) Economic issues: Labour vs. Conservatives

(b) Economic vs other issues

Figure on the left plots share of sentences addressing left-wing and right-wing economic and social policy issues in the Labour and Conservative parties' manifestos. Figure on the right plots the relative salience of selected policy issue areas with both parties' manifestos considered jointly. Source: The Manifesto Data Collection, (Volken et al. 2013).

and social policy clearly outweighs the number of sentences that take a left-wing stance.

The main consequence of this convergence by omission is to decrease the number of traditional left-wing policy considerations available in the political debate. These policies have been historically associated with a Labour party whose main ideological framework was the defense of the interests of workers against the rent seeking behavior of business elites. Using the British Election Study respondents' mean placements of the Labour and Conservative Parties between 1987-2001, Milazzo et al (2012) show that the shift in party and media discourse is perceived by the electorate (Milazzo, Adams and Green 2012: 266). Over time, the voters (correctly) place the Labour Party as more on more centrist on four policy scales relating to preferences for providing social services versus cutting taxes; support for income redistribution; preferences for fighting inflation versus lowering unemployment; and support for nationalization of industry. We reproduce this data in Appendix 1.3.

3.1.1 Predictions

We have documented how the British political system has experienced a convergence of the main political parties on key economic policy areas. Additionally, economic and social issues lose their prominence

in the political debate. The model presented in section 2 allows us to examine how changes in elite-level discourse shape, constrain and enable changes in individual economic preferences. Overall, the discursive context in Great Britain is not conducive to an increase in left-wing economic preferences. As the share of economic policy considerations associated with “old” Labour policies declines, it becomes cognitively more costly to maintain strong left-wing preferences. However, absent any increase in right-wing policy statements, we do not expect an increase in the share of individuals expressing right-wing economic preferences. In addition, we have argued that attitudes are more likely to change around major upswing in the discursive context such as a key election year. In the previous section, we identified 1983 and 1997 as two years of important changes in the discursive context. For lack of available data, we unfortunately cannot examine 1983 and focus here on 1997.

Prediction 1: Items that tap into economic policy preferences exhibit a conservative shift starting in 1997. This shift is due to a decline in left-wing economic policy preferences, not an increase in right-wing policy preferences.

In line with the interactions between individual and contextual variables hypothesized in section 2, we expect material interest to be a good predictor of whom will be more likely to resist abandoning left-wing preferences.

Prediction 2: Individuals who have experienced a negative economic shock are more likely to resist the shift away from holding left-wing economic policy preferences.

3.1.2 Empirics

The British Household Panel Study (BHPS) is an annual survey that provides high quality socio-economic data at the individual and household level. Our sample consists of a nationally representative sample of about 5,500 households recruited in 1991, containing a total of approximately 10,000 interviewed individuals.⁷ We restricted our sample to only those living in England due to the different party systems

⁷ Individuals who split-off from the original household are followed and all members of the new household created are also interviewed. New members joining sample households become eligible for interview. Children of the household are interviewed once they reach 16.

in Wales, Scotland, and Northern Ireland. We further select individuals with valid responses on our measurement items for at least three time periods, yielding a total of 5,745 observations.⁸

Measurement of economic policy preferences. Ansolabehere, Rodden and Snyder (2008) argue that the use of single survey items is not sufficient, as any manifest variables that try to tap people's political preferences are associated with measurement error. They advise using multiple survey items to measure latent dimensions of political attitudes. The BHPS includes a number of attitudinal questions, repeated at regular intervals. Six of these items tap into support or opposition to traditional left-wing economic policy preferences. They were measured on seven occasions between 1991 and 2008. Waves in which the relevant attitudinal questions were not asked were excluded. We performed an exploratory factor analysis on some waves of the survey followed by a confirmatory factor analysis on other waves and found in all cases that all six items strongly loaded on the same dimension. These six items were all re-coded in a way that higher values indicate a more right-wing answer. Respondents were asked whether they agreed or disagreed with the following statements:

- A: Ordinary people share nation's wealth (reversed)
- B: One law for rich one for poor
- C: Private enterprise solves economic problems (reversed)
- D: Public services ought to be state owned
- E: Government has an obligation to provide jobs
- F: Strong trade unions protect employees

⁸ 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).

Based on the items listed above, we estimated a latent class model for each time point for each respondent. The assumption is that respondents reply to these questions in accordance to their underlying or latent preferences towards economic and redistributive policies.⁹ For both theoretical and empirical reasons, we estimate three latent classes of respondents. One class is constituted of individuals who answer the 6 survey item in a consistently left-wing fashion. The second one is constituted of individuals who answer in a consistently right-wing way. 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.¹⁰

Theoretically, we decided to take a categorical approach, separating ideologues from others to better match Zaller's distinction between homogeneous and heterogeneous "buckets" of considerations. Empirically, we prefer to avoid imposing too much structure to the beliefs of what we call "non-ideologue centrists." The assumption that latent economic policy preferences are continuous would assume that these individuals can be ordered from left-wing leaning to right-wing leaning, a strong assumption to make. There is an additional benefit to using a latent class model. We can assign a score to each individ-

⁹ Latent class approach is similar to factor analysis but makes a different assumption about the nature of the latent variable, assuming it to be categorical. 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.

¹⁰ Appendix 2.1 presents the optimum number of latent classes that provides the best fit to our data. Here we compare the model fit between models with 1 up to 5 classes. Model fit greatly improves if we hypothesize the existence of 3 different classes. The estimates from the Latent Class measurement model are shown in Appendix 2.2. In Appendix 2.3, we show how each individuals, classified by the model as either right-wing, left-wing or non-ideological score on an additive index, summing answers to the 6 items. the distribution of our three latent classes on the additive index of the six single items that were utilized here. The latent class model distinguishes very well between three types of respondents. There is close to no overlap between the left and right-wing individuals.

uals 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.

On average over the period, Table 2 on page 17 shows that left-wing respondents represent 20 percent of the sample, right-wing respondents 22 percent and the non-ideologue centrists, 58 percent. Thus, a total of 42 percent of the population on average can be classified as having a consistent response pattern on economic policy survey items.

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. To achieve this, we require three basic components: 1) a modeling structure which accounts for autocorrelation among individuals' successive measures. Once such a model is established, we can 2) introduce exogenous factors such as economic hardship to predict change and 3) condition these effects on time to match changes in the discursive context. We achieve these three requirements by using 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:

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

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 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 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 $r = s$.

$$\log \left[\frac{P(\theta_t = r|\theta_{t-1} = s)}{P(\theta_t = s|\theta_{t-1} = s)} \right] = \beta_{0rs} + \beta_{1rst} \text{time}_{it} \quad (2)$$

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

surveys. This allows us to directly test whether the changes in the discursive context affect the stability across waves of economic policy preferences. Note that this model in equation (1) includes covariates x_{i0} on the initial state of ideological predispositions θ_0 , when respondents first entered the panel.¹¹ The results for these covariates are reported in Appendix 4.3.

Material conditions. Once we have determined the dynamics of individuals’ “bucket” of considerations on economic issues, we can introduce covariates w_{it} that measure changes in a respondent’s material conditions. We introduce these variables as predictors of the transition probability of preference updating by extending model (2) as:

$$\log \left[\frac{P(\theta_t = r | \theta_{t-1} = s)}{P(\theta_t = s | \theta_{t-1} = s)} \right] = \beta_{0rs} + \beta_{1rst} \text{time}_{it} + \beta_{rs} w_{it} \quad (3)$$

In order to measure changes in economic circumstances, especially negative income shocks, we use three sets of variables. First, we include variables that capture a substantial change in income (increase or drop of at least 25% of previous income) and a change in employment status (loosing or finding a job).¹² Second, reported job insecurity and an evaluation of one’s financial situation serve as subjective measures of economic conditions. We rely on these subjective measures to compensate for the limitation of objective measures. Indeed, these measures assume that the same objective income shock is experi-

¹¹ The variables included in the model, when respondents entered the panel (x_{i0}) are as follows: Age (15-90 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% Own), education (30% Primary or still in school; 36% low sec-voc; 9% hisec-mivoc; 16% higher voc; 9% degree), and logged income.

¹² Note that changes between two time-points were calculated based on the years that included the economic preference items. This measurement ignores any changes that might have happened in-between survey-years that are excluded here. This is however not a problem, as we also look at the changes in latent economic preferences at the two consecutive waves that included these items. The items were included in 1991, 1993, 1995, 1997, 2000, 2004, 2007.

Table 2: Estimated mean transition probabilities

Econ pref[t]	Econ pref[t-1]		
	Right-wing	Left-wing	Centrist
<i>Proportion</i>	<i>0.22</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

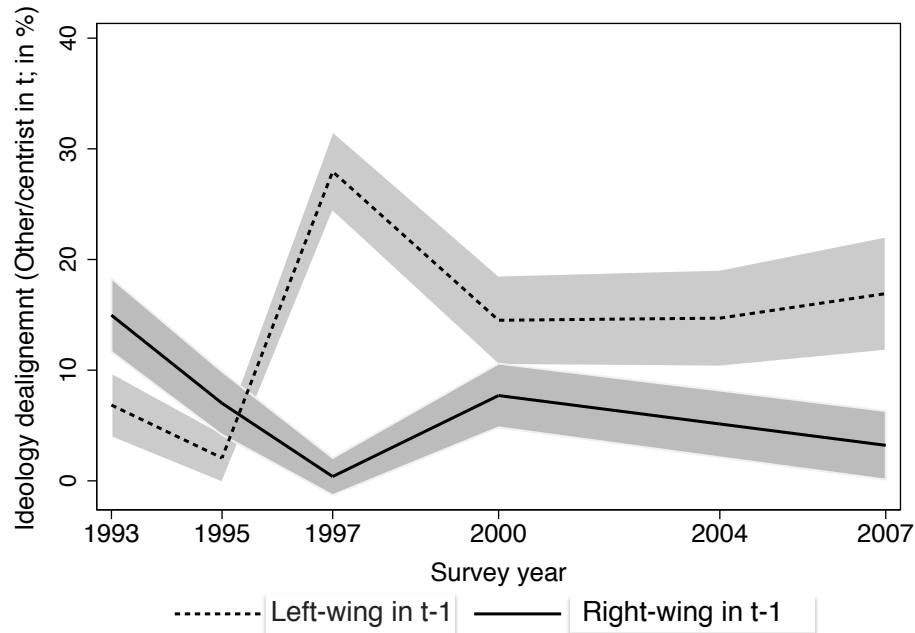
enced as hardship by all respondents. However, individuals vary in whether this shock might have been expected or not (and maybe budgeted for). In addition, subjective measures can help account for unobserved factor (e.g. private wealth) that will shape whether an individual experiences an income shock as hardship or not. Finally, we examine how household income levels at the previous wave (t) influence attitudes in the following wave ($t + 1$). Appendix 3. describes how these variables were computed.

3.1.3 Results: Great Britain

The dynamics of economic preferences: Leveraging the panel structure of this data, we first examine how transition rates across latent classes differ. Table 2 shows that less than 1 percent of respondents switch from being left-wing ideologues to being right-wing ideologues, or vice versa. The least stable class is the left-wing ideologues with an average probability of transitioning out (toward the “non-ideologue centrist” class) of 12 percent. Not only does this confirm the expectation that a switch across extremes is extremely rare, it also provides evidence for the claim that attitudinal change will match a change in elite discourse: a decline in left-wing attitudes but not at the benefit of right-wing survey response profiles.

To test the claim that most of these transitions away from left-wing patterns of answers are occurring around 1997, we allow the transition estimates to vary by year. Figure 2 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 years.

Figure 2: Predicted probabilities of economic preference dealignment over time (incl. 95% C.I.)



Source : BHPS, 1991-2008.

Overall, the BHPS provides strong evidence that the timing and nature of the change in elite-level competition, and its impact on the discursive context, shape aggregate attitudinal trends. In line with prediction 1, the bulk of the shift occurs in 1997, which mirrors changes in the elite discursive context. If attitudinal change, as captured in survey data, directly shapes what elites compete over, then this timing is surprising: we would expect most of the attitudinal change to precede Tony Blair's election. Because our panel data only starts in 1991, we only have two time periods to assess how key the year 1997 is. We briefly turn to the British Social Attitudes Survey, which provides survey items similar in spirit to the ones provided in the BHPS, starting in 1986 and thus adding two waves to the pre-1997 period. In line with our argument, there is no evidence in this data that the rightward shift preceded the year 1997. Details of this analysis are provided in Appendix 4.

Material conditions and changes in economic preferences: We now examine whether or not one's individual material conditions do shape one's preferences for redistribution in line with the resist/accept mechanism presented in section 2. 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.¹³ 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>
<i>Objective material conditions</i>						
Unemployment						
Employed in <i>t</i> and <i>t-1</i>	-0.775***	0.180	0.083	0.163	0.692**	0.255
Unemp in <i>t</i> and <i>t-1</i>	0.123	0.418	0.256	0.374	-0.379	0.548
Became unemp in <i>t</i>	0.117	0.329	-0.316	0.288	0.199	0.471
Found job in <i>t</i>	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
<i>Subjective material conditions</i>						
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: * $p < .05$, ** $p < .01$ *** $p < .001$. *Data:* 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.

The effects for subjective material conditions are as expected: an individual experiencing a change

¹³ For space reasons, we do not report the time-varying coefficients of the lagged latent economic preferences. The results are available upon request.

from feeling 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. We use these estimates to predict the probability of transitioning from being a left-wing ideologue to being a non-ideologue centrist. Individuals who have not experienced a shift in their subjective financial situation have a probability of transition of 30 percent while for individuals who report a worsened situation, this probability is around 10 percent. This finding supports the *resistance* hypothesis and generally confirms the materialist model of attitudinal change. This effect, however, can only be captured if one explicitly models the role of the discursive context as highlighted by behavioralist models of attitudinal change.

Is the effect of subjective hardship the result of a change in one's objective financial situation? Table 3 also reports the effects of experiencing an income loss and unemployment. First, respondents that had no change in their employment, no significant change in their income and did not perceive their job security as worse or better are more likely to shift away from left-wing economic preferences. Two groups resist this shift: individuals who experienced a considerable income drop and individuals who were unemployed in the previous wave but found a job in the current wave. The experience of unemployment seems to have altered their view of economic and social policies in a way that makes them less supportive of right-wing economic policies.

While Table 3 examines the effect of a change in economic conditions on attitudinal change, Table 4 examines the effects of material conditions, irrespective of a change. We have hypothesized that income levels in the previous wave should predict who will be more likely to lead or resist the shift away from more left-wing preferences. As predicted we find that low income individuals are more likely to resist, while high income individuals are more likely to lead. Note that the negative coefficient of the highest income quintile is much larger than the positive coefficients associated with the two lowest quintiles.

In sum, we have found empirical support for the assumption that worsening material conditions result in a shift toward more left-wing economic preferences. In a context where the aggregate attitudinal shift is one from left to center, we find that individuals experiencing changes in subjective financial security and a considerable income drop are much more likely to buck the trend. We also found that income

Table 4: Predicting transition probabilities: Income levels

	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>
Income level						
Quintile 1	0.167*	0.080	0.039	0.073	-0.206*	0.109
Quintile 2	0.490***	0.087	0.266***	0.083	-0.756***	0.138
Quintile 3	-0.006	0.083	0.001	0.075	0.005	0.116
Quintile 4	-0.038	0.087	-0.035	0.081	0.074	0.129
Quintile 5	-0.613***	0.095	-0.271***	0.079	0.883***	0.120
Log income	-0.16***	0.04	-0.06	0.04	0.21***	0.05

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

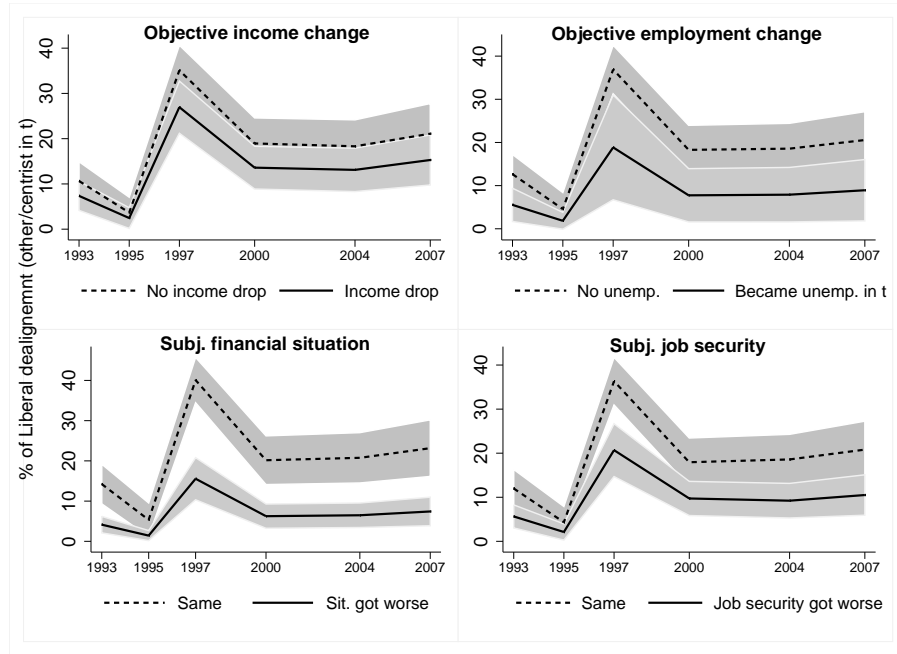
Note: Effect coding! All variables are measured as the time difference between two surveys that included the redistribution items. N obs.: 5,745.

levels were good predictors of who was more likely to transition away from holding left-wing economic preferences. We now examine whether this estimate varies across time.

Over-time dynamics of attitudinal change and material conditions: Figure 3 plots predicted transition rates away from being a left-wing ideologue 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 highest.

Attitudinal change among English respondents of the BHPS match our expectations. First, the timing and direction of aggregate change mirrors changes the elite discursive context, in line with previous findings among students of public opinion. The biggest attitudinal shift occurs in 1997, an election year marked by a dramatic change in the Labour Party’s policy platform. We show here that the electorate followed the party away from left-wing economic policy preferences. This general shift to the center was resisted by individuals who experienced a negative economic shock and by low income individuals, providing here support for the assumption that material self-interest also shapes attitude formation.

Figure 3: Leftist Dealignment (Leftist in $t - 1$; Centrist in t)



Source : BHPS, 1991-2008.

Robustness tests: We examine whether our results are not an artifact of differences across income groups in attention paid to politics. High income and economically secure individuals might be more likely to shift away from left-wing economic preferences merely because they are more likely to pay attention to politics and to register a change in elite discourse. In other words, the resistance of low income and economically insecure individuals might be due to the fact that these individuals are also less likely to follow politics: what appears like active resistance is nothing but higher levels of indifference. 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). The impact of a change in subjective financial security is the same across all level of interest. The results are reported in Appendix 5.2.

We thus find strong support that individual-level experiences with economic hardship mediate how individuals react to changes in the discursive context. To further test this argument, we now turn to the macro-level, using a cross-country approach to test the implication of our model.

4 Macro-Dynamics of Polarization and Economic Preferences

We argue that individuals are best able to bring their policy preferences in line with their material self-interest if the political elite offers clear policy alternatives. If this is true, this model should have implications at the macro-level. We expect that in contexts where political elite polarize on redistributive issues, it is easier for high and low income groups to form political preferences in line with their material interest. Poor individuals will be more likely to translate individual experiences of hardship into higher support for redistribution and rich individuals will be more likely to translate improved economic circumstances into opposing to redistribution. In turn, this also implies that in times of elite-level depolarization, rich and poor should differ less in their expressed support for redistribution. If citizens do not have a clear option to choose from and are not exposed to clear information regarding pro- or anti-redistribution positions, it will be more difficult for them to bring their preferences in line with their worsening or improving material circumstances.

4.1 The Age of Depolarization: Measuring Parties' Policy Positions and Individuals' Economic Preferences

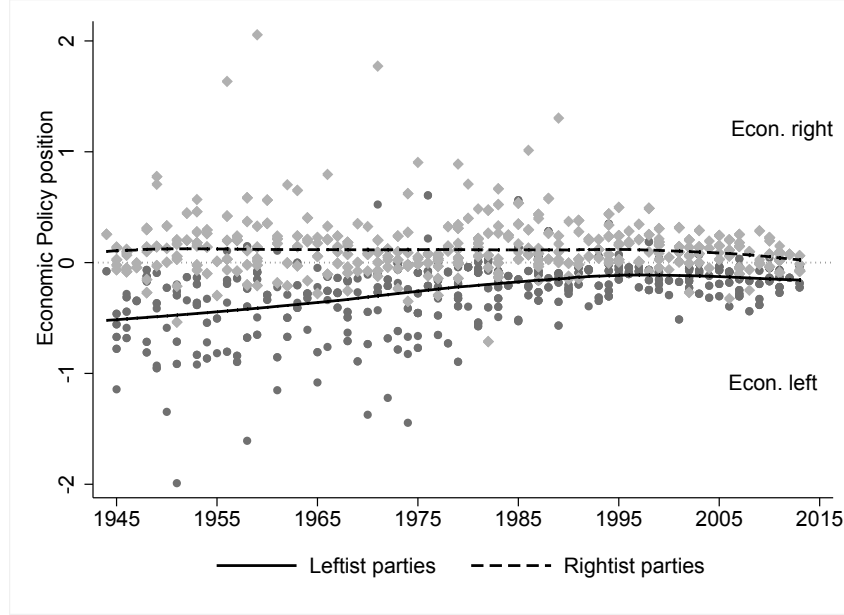
We test this argument using cross-sectional data from the European Social Survey (ESS) and the Comparative Manifesto Project (CMP). Our analysis is based on 24 European countries, focusing on the years between 2002 and 2012.¹⁴ If we look at the longitudinal trends of economic positions of political parties across Europe, a clear trend of depolarization emerges. Using data from the CMP, Figure 4 plots the average position on economic policies¹⁵ among all leftist (solid line) and all rightist parties (dashed line)

¹⁴ The countries included here are as follows: Austria, Belgium, Switzerland, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, Great Britain, Greece, Hungary, Ireland, Israel, Italy, Luxembourg, The Netherlands, Norway, Poland, Portugal, Sweden, Slovenia, Slovakia.

¹⁵ We used the following items of the CMP as right-wing economic position: per401 (Free Market Economy), per402 (Incentives) and per414 (Economic Orthodoxy). For leftist positions we used the following items: per403 (Market Regulation), per404 (Economic Planning), per406 (Protectionism: Positive), per409 (Keynesian Demand Management), per412 (Controlled Economy), per413 (Nationali-

in all West European elections between 1945 and 2014.¹⁶ Over time, leftist European parties moved to the center on issues related to classic questions of state-interventions into the economy. While leftist parties have clearly changed their position on economic policy, by becoming more moderate, there is not much movement among rightist parties.

Figure 4: Weighted mean economic policy positions of leftist and rightist parties over time



Source: CMP. Only Western European countries. Using Loewe et al. 2011 formula. Each dot represents the mean positions of all leftist (circles) and all rightist (diamonds) political parties in each election. The lines represent lowess functions.

Despite this general trend in depolarization of European political party systems and cross-national

sation), per415 (Marxist Analysis: Positive) and per701 (Labour Groups: Positive). The positions ($\theta^{(L)}$) were calculated using the log-odds ratio of normalized sentences, an approach proposed by Lowe et al. (2011): $\theta^{(L)} = \log(\sum_1^3 R + 0.5) - \log(\sum_1^8 L + 0.5)$. The mean position of leftist and rightist parties was further weighted by the vote share of each party. Positive values indicate a pro-market position, while negative values indicated a leftist economic position.

¹⁶ We combined the following party families as leftist: ecologist, communist, and social-democratic. The following party families were coded as rightists: liberal, christian democrat, conservative, and agrarian.

differences. Some countries show stronger depolarization (e.g. the UK, Netherlands, Portugal, Finland, Estonia, just to name a few), while other countries go against the general trend (e.g. Germany, France, or Poland).¹⁷ Hence, some respondents are more exposed than others to a discursive context that fosters the alignment between policy preferences and economic circumstances. Moreover, there are considerable fluctuations over time, as parties change their electoral strategies from one election to the next, moving more to the extreme or to the center. In order to test this we would ideally compare the effects of these within-country changes of elite's polarization on individuals' changes in political preferences. However, no comparative cross-national individual-level panel study exists that would allow us to replicate the analysis presented using the BHPS above.

The next best solution is the use of repeated cross-sectional data, such as the European Social Survey.¹⁸ Matching the varying discursive contexts with individual-level survey data allows us to test our theoretical model in a cross-sectional approach. Here we are drawing on the cross-country and within-country variation in economic polarization¹⁹ of political parties. As we only have measurement of parties' policy positions in election years, we linearly interpolated the data for the in-between election years.

To match measures of economic polarization to individual preferences, we are using a question that asked ESS respondents how much they agree (1) or disagree (5) with the following statement: Govern-

¹⁷ We report the development of economic positions of leftist and rightist parties by country between 2002 and 2014 in Appendix 6.1.

¹⁸ The ESS was first fielded in 22 countries in 2002 and was since repeated six times. The data is of high scientific quality. Each round representative samples are achieved by interviewing between 1,000 and 2,000 people per country. The questionnaires slightly change each round, but always include the same core questions.

¹⁹ We calculated polarization as the average difference of each party in each election from the mean position of all parties. We used the following formula to standardize the estimates (using Ezrow and Xezonakis (2011)): Weighted Average Economic Polarization = $\sqrt{\sum_{j=1} VS_{jkt} (P_{jkt} - \bar{V}_{kt})^2}$, 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 VS_{jkt} is party j's vote share in election t.

ment should reduce the differences in income levels. We recoded the five-point Likert scale to a dummy variable, where respondents were recoded as 1 that respond more leftist than the median to this question in each year and country. In most cases (year, country combinations), the median category was 2. Generally, respondents that agree with the above statement are classified as supporting stronger government responsibility in providing income inequality.

To proxy for differences in economic circumstance we use three measures. We use income and unemployment as objective measures of material interest.²⁰ We also rely on a measure of subjective satisfaction with one's income, whereby we coded respondents that reported to struggle as 1 and the rest as 0.

4.2 Modeling Cross-Sectional Polarization and Individuals' Policy Preferences

As the respondents are nested withing countries (N=24) and years (N=12), we estimated a cross-classified hierarchical model. We can use income to illustrate the model as follows:²¹

$$\log\left(\frac{\pi_{ijk}}{1 - \pi_{ijk}}\right) = \alpha_{0jk} + \beta_1 * Inc + \gamma_1 * Polariz + \beta_2 * Inc \times Polariz + \sum_{m=1}^M \beta_m * X_{mi} \quad (4)$$

where π is the probability of having pro-redistribution preferences of the i th respondent for $i = 1, \dots, n_{jk}$

²⁰ We only classified those as unemployed that indicated that they actively search for a job in the last 7 days. Regarding income, the ESS provides a categorical income variable designed to match the income distribution of the surveyed country: e.g. individuals who are in category 1 are individuals who declare a household income below the country's first percentile. We compared the cut-off points used in the survey to the cut-off points derived using country-specific labor force surveys available from the Luxembourg Income Study. This required some recoding. The final measure distinguishes respondents from a household below the 25th income percentile from respondents living in households above the 75th percentile.

²¹ See Snijders and Bosker (1999: 155-165) for a general introductory discussion of these cross-classified random models.

individuals within the j th country for $j = 1, \dots, J$ and the k th year (or survey year) for $k = 1, \dots, K$. Further model 4 controls for m individual characteristics ($m = 1, \dots, M$) X such as age, gender, education, and union membership, which are also believed to affect redistribution preferences.²² The most important coefficient in this model is β_2 , which gives us an estimate of the impact of income on redistribution preferences for varying levels of economic polarization among the political elite.

Model 4 further includes a random intercept α_{0jk} , which specifies that the overall mean of our dependent variable varies from country to country and from year to year. This can be noted by:

$$\alpha_{0jk} = \gamma_0 + \sum_{l=1}^L \gamma_l * Z_{lj} + u_{0j0} + v_{00k} \quad (5)$$

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 ($v_{00k} \sim N(0, \tau_v)$).

4.3 Results: Macro-Level Analysis

Table 5 reports the logit coefficients, estimated from Model 4 for three different forms of individual-level material interest: unemployment, subjective income satisfaction and actual income. For each of the three key independent variable, we estimated three 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 elites' discursive context.

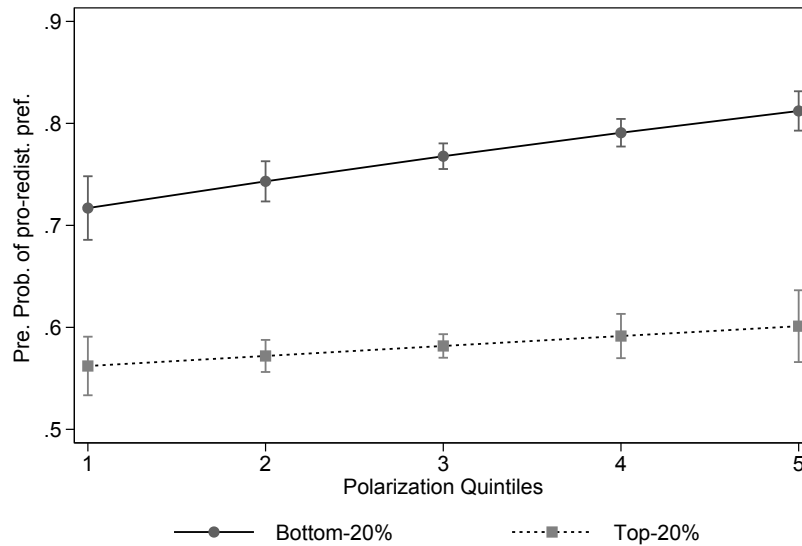
The first observation of Table 5 confirms that hardship affects redistribution preferences as expected. Unemployed respondents or those generally unsatisfied with their income are more likely to be support governments' responsibility to reduce income differences. The last models further confirm that those with middle or top incomes are less likely to support this than respondents that belong to the bottom-20% of the income scale.

²² 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: 80-81).

Turning to the main effect of economic polarization of the political party system, we find a strong positive effect on individuals' redistribution preferences. The more polarized the party system on economic issue, the more likely individuals are to believe in governments' responsibility to equalize income differences.

The last set of coefficients are most interesting, as the interaction terms test our hypothesis that the elite discursive context affects the mechanisms of economic self-interest. The results presented in Table 5 confirm that individual-level experiences with economic hardship mediate how individuals react to changes in the discursive context. The more polarized the party system on economic issues, the stronger is the impact of subjective and objective income struggle. As economic polarization increases the predictive power of income increases, as more individuals seem to bring their personal economic preferences in line with their material self-interest. The impact of unemployment is only borderline significant, which is not surprising, as only few people are unemployed.

Figure 5: Predicted support for redistribution by income and polarization



Based on full estimation in Table X, with the Redistribution Preference as the DV, holding other variables at their current values.

Source: ESS and CMP. Polarization is split into quintiles. The figures is based on results of the last model presented in Table 5.

To illustrate the interaction between economic polarization of the party system and individuals' income, Figure 5 plots the predicted support for governments' responsibility for income equality for the bottom and top income quintiles. For illustrative purposes, we also broke down polarization into quin-

tiles. Figure 5 confirms that the interaction is driven by low-income respondents. As economic polarization of the party system increases, it is only the bottom income quintile that brings their economic hardship more in line with their economic preferences. The increase of about 8 per cent is significant. On the other hand, the top earners seem not to respond to a changing elite discursive context. Support remains stable at around 60 per cent.

To sum our results, using a completely different empirical strategy of conducting a cross-national analysis of combining context and individual-level factors, we confirm our proposed theoretical model. In contexts that offer more economic policy choice, individual hardship becomes a better predictor of redistribution preferences.

5 Discussion

We draw from comparative political economy and from the study of political behavior, two literatures that very rarely speak to each other. Political economists have studied determinants of individual-level preferences and theorized the ways in which this demand shapes policy. Most of the time, demand for redistribution or preferred tax rates are shaped by exogenous “material” conditions with little attention paid to the role of electoral policies. Public opinion specialists, on the other hand, have exclusively focused on the reciprocal relationship between attitudes and the political context. In this approach, individuals are empty shells to be filled by socialization and elite-level discourse. Existing research fails to address strong correlations found by political economists between class, education and income on the one hand and support for redistribution on the other. We show how attitudes are conditioned simultaneously by features of a person’s material situation and by the discursive context of politics, uniting within one framework these two very different literatures.

In doing so, we avoid pitting the predictions of materialist and behavioralist frameworks against each other. Instead, we draw from behavioralist research to lay out the conditions under which material interest might reshape policy preferences, especially when these preferences are measured using survey data. Overall, our findings confirm the behavioralists’ claim, that at any given time, material interest plays a very limited role. However, we show how, under certain conditions (politicization of redistributive

politics) and for certain sub-groups (those with priors that are already left leaning), this small nudging effect can have a much larger impact.

This mechanism can help understand how the strong cross-sectional correlation between income and preferences emerges. When elites compete over redistributive policies they will explicitly target income groups with the policy that “matches” their needs and favor the emergence of preferences in line with these groups interests. Correlations between income and preferences are most likely the legacy of past mass mobilization around redistributive and left-wing economic policies that get passed on over time through socialization. These are then reinforced or undermined through the small nudging effects and context-specific dynamics documented in this paper.

According to our model, to find an “effect” of a change in hardship, following for instance the Great Recession, one needs to distinguish between favorable and unfavorable discursive contexts. In the UK, 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. This can also help explain why the increase in income inequality in the UK has not been met by much attitudinal change at the individual level, even among the least well-off (Cavaille and Trump forthcoming).

More generally, the theory developed and tested in this study can help explain three important empirical puzzles. The first one is the absence of a left-wing shift following the 2008 Great Recession. A material interest perspective would expect risk-exposed individuals to increase their support for left-wing policies. Our comparative analysis provide strong evidence that this only happens if the political context is conducive to such attitudinal change. Germany, a country that was not hit as badly as the UK, experienced an increase in demand for redistribution while the UK did not. In the context of the argument presented here, these trends are no longer puzzling. Factors that decrease elites’ incentives to compete over redistributive economic issues, even in time of hardship, can help explain the disconnect between trends in inequality and economic hardship and the observed over-time stability in average support for government-funded income protection in many advanced capitalist countries.

Our findings also cast a new light on an important debate in empirically driven democratic theory.

Several researchers have shown that increasing the turnout of the poor in the US would not have much impact on policy-making because the preferences of the poor, as captured in survey data, do not differ that much from that of the median voter (Soroka and Wlezien 2008; Ura and Ellis 2008; Gilens 2009). Our model predicts that this findings might be country and time-specific and can be expected to vary across political systems and across time. In a two-party majoritarian system relative to more proportional electoral systems, the incentives are limited to catering to the (latent) needs of a smaller and more moderate section of the electorate. Absent competition over redistributive issues that benefit the poor, this group is unlikely to exhibit diverging attitudinal trends.

Finally, and most importantly, the findings in this paper call for a brand new approach to studying the relationship between economic change and redistributive politics. The most common strategy among political economists is to examine whether negative economic shocks shape attitudes, votes or incumbent re-election. In other words, changes in voting behavior and preferences are assumed to only stem from changes in individuals' experiences. Our findings indicate that latent preferences will only become manifest preferences, at least in survey data, conditional on elites politicizing these issues and offering left-wing redistributive economic policies as an explicit option. This approach to politics was laid out more than half a century ago by Schumpeter (1950). In a representative democracy, citizens matter for politics primarily as a selection mechanism, namely as agents capable of *choosing* between available options (Schumpeter 1950). Without options to chose from, e.g. those provided by elite-level political competition, citizens cannot engage with the political process and their preferences remain latent.

When studying the impact of positive or negative economic shocks on the “winners” and “losers” of de-industrialization and globalization, research should focus on understanding how and when political entrepreneurs perceive these latent needs and decide to address them by offering a pro or anti redistribution platform. In other words, to understand how mass experiences with economic change matter for politics, we first need to understand how the elites perceive and interpret these changes, and why they strategically decide to address or overlook them.

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