

Policy Preferences in Tough Times: Experimental Evidence

Leonardo Baccini
McGill Univ.

Mattia Guidi
Univ. of Siena

Arlo Poletti
Univ. of Trento

IPES, University of Pittsburgh, US

October 28, 2022

Motivation

Research question:

- ▶ Which policies do citizens favour in tough times?
- ▶ Historically, two broad sets of answers:
 1. Embedded liberalism: social protection in the form of welfare state policies and redistribution via taxation
 2. Economic nationalism: social protection in the form of market closure to both foreign goods and people

Motivation

Research question:

- ▶ Which policies do citizens favour in tough times?
- ▶ Historically, two broad sets of answers:
 1. Embedded liberalism: social protection in the form of welfare state policies and redistribution via taxation
 2. Economic nationalism: social protection in the form of market closure to both foreign goods and people
- ▶ Evidence that economic nationalism has gained electoral support in recent years as testified by the surge of populism in advanced economies.

This Paper

Contribution:

- ▶ Difficult to assess the *causal* effect of specific policies on electoral success with observational data
- ▶ For one, policies are often correlated with one another
- ▶ This may explain why empirical evidence is mixed

This Paper

Contribution:

- ▶ Difficult to assess the *causal* effect of specific policies on electoral success with observational data
- ▶ For one, policies are often correlated with one another
- ▶ This may explain why empirical evidence is mixed
- ▶ An experimental approach to shed light on the micro-level drivers of policy support: embedded liberalism (social spending/redistribution) vs. economic nationalism (protectionism):

This Paper

Contribution:

- ▶ Difficult to assess the *causal* effect of specific policies on electoral success with observational data
- ▶ For one, policies are often correlated with one another
- ▶ This may explain why empirical evidence is mixed
- ▶ An experimental approach to shed light on the micro-level drivers of policy support: embedded liberalism (social spending/redistribution) vs. economic nationalism (protectionism):
 - ▶ 3 sets of original survey experiments: vignette, split-ballot, and conjoint

This Paper

Contribution:

- ▶ Difficult to assess the *causal* effect of specific policies on electoral success with observational data
- ▶ For one, policies are often correlated with one another
- ▶ This may explain why empirical evidence is mixed
- ▶ An experimental approach to shed light on the micro-level drivers of policy support: embedded liberalism (social spending/redistribution) vs. economic nationalism (protectionism):
 - ▶ 3 sets of original survey experiments: vignette, split-ballot, and conjoint
 - ▶ more than 11,000 citizens in the 3 largest EU economies.

Testable Hypotheses

HP1 (EL paradigm):

In the case of negative economic shocks, citizens are more likely to support a politician who increases social spending and redistribution via taxation rather than one who implements protectionist policies from both foreign goods and foreign people.

Testable Hypotheses

HP1 (EL paradigm):

In the case of negative economic shocks, citizens are more likely to support a politician who increases social spending and redistribution via taxation rather than one who implements protectionist policies from both foreign goods and foreign people.

HP2 (EN paradigm):

In the case of negative economic shocks, citizens are more likely to support a politician who implements protectionist policies from both foreign good and foreign people than one who increases social spending and redistribution via taxation.

Experimental Design

Data:

- ▶ Three vignette experiments:
 - ▶ Italy: (2-24 September 2021) fourth wave of a panel survey conducted by the University of Siena, on a sample of the Italian population aged 14 years or older ($N \approx 3,000$)
 - ▶ France and Germany (13 December 2021-8 January 2022): two surveys conducted by *respondi*, on a sample of the French and German population aged 18-75 years ($N \approx 2,500$ in each survey)

Experimental Design

Data:

- ▶ Three vignette experiments:
 - ▶ Italy: (2-24 September 2021) fourth wave of a panel survey conducted by the University of Siena, on a sample of the Italian population aged 14 years or older ($N \approx 3,000$)
 - ▶ France and Germany (13 December 2021-8 January 2022): two surveys conducted by *respondi*, on a sample of the French and German population aged 18-75 years ($N \approx 2,500$ in each survey)
- ▶ All surveys are representative of the population by age, gender, education, and region in which respondents live.

Scenario

We now describe a scenario that [France / Germany / Italy] could face in the future. It's 2031. [Jean Dubois / Andreas Müller / Francesco Ferrari] has been [president / chancellor] for two years. A well-known company has announced the closure of its biggest plant in [France / Germany / Italy]. 10,000 workers are at risk of losing their job. The issue is highly salient in the country.

Vignette Experiment

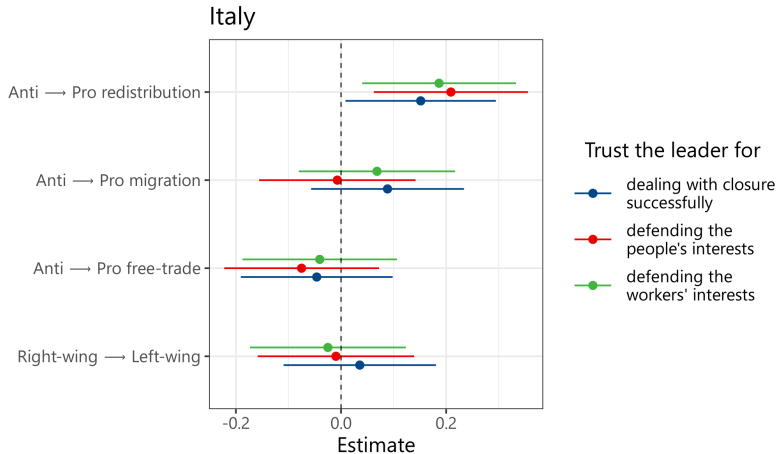
Attribute	Formulations	
1. <i>Taxation, redistribution and social expenditure</i>	(A) “[Jean Dubois / Andreas Müller] has raised taxes for the rich and reduced them for the poor, increasing social expenditure”	(B) “[Jean Dubois / Andreas Müller] has lowered taxes for both the rich and the poor, reducing social expenditure”
2. <i>Migration and inclusion of migrants</i>	(A) “[Jean Dubois / Andreas Müller] has avoided pushing back migrants and has increased the funding for integration policies”	(B) “[Jean Dubois / Andreas Müller] has pushed back migrants and has reduced the funding for integration policies”
3. <i>Trade policy</i>	(A) “[Jean Dubois / Andreas Müller] has supported the new trade agreements that the European Union is negotiating, arguing that they represent a big opportunity for [French / German] firms and workers”	(B) “[Jean Dubois / Andreas Müller] has opposed the new trade agreements that the European Union is negotiating, arguing that they are a threat for the interests of [French / German] firms and workers”
4. <i>Political affiliation</i>	(A) “[Jean Dubois / Andreas Müller] is a left-wing politician”	(B) “[Jean Dubois / Andreas Müller] is a right-wing politician”

Outcomes

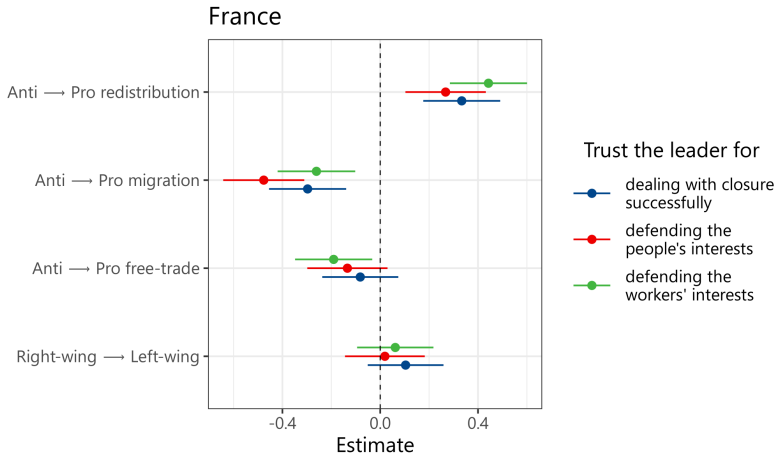
3 questions

- ▶ Please tell us to what extent you agree or disagree with the following statement, indicating a value between 1 and 7, where 1 means “completely disagree” and 7 means “completely agree”
 1. Jean Dubois / Andreas Müller / Francesco Ferrari is the right person to deal with the plant's closure successfully
 2. Jean Dubois / Andreas Müller / Francesco Ferrari defends the rights of the [Italians / French / Germans]
 3. Jean Dubois / Andreas Müller / Francesco Ferrari / defends the rights of the workers

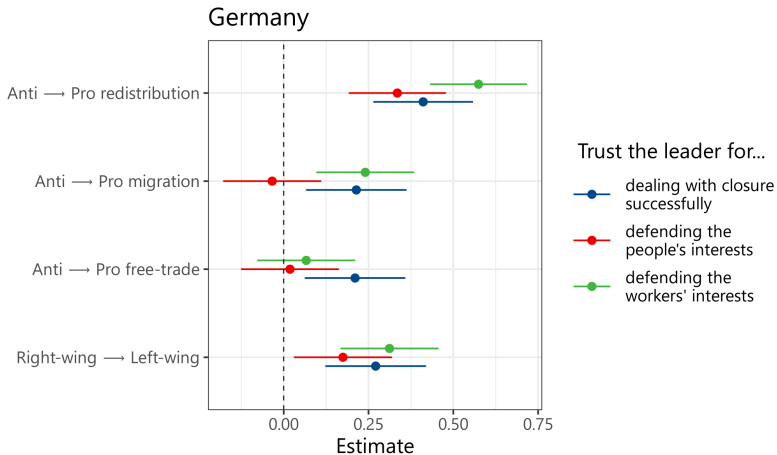
Italy



France



Germany



Experimental Design

Data:

- ▶ Three split-ballot experiments: One in which half of the sample was shown Introduction A and half of the sample was shown Introduction B

Introduction A	Introduction B
Six months have passed. The firm has eventually decided to not close the plant and to not dismiss any employee.	Six months have passed. The firm has eventually decided to close the plant and to dismiss all employees.

- ▶ Main finding: *Regardless* of being able to avoid the closure, respondents are more likely to vote a political leader who increases social spending and redistribution.

Experimental Design

Data:

- ▶ Three conjoint experiments:
 - ▶ France, and Germany, and Italy
 - ▶ August-September 2022
 - ▶ Sample of the population aged 18-75 years
 - ▶ $N \approx 1,100$ in each survey
 - ▶ Representative of the population by age, gender, education, and region in which respondents live.

Scenario

We will now describe a hypothetical scenario that Italy could face in the future. It's 2031. A well-known company has announced the closure of its biggest plant in Italy. 10,000 workers are at risk of losing their job. The government is discussing a plan to increase social expenditure to deal with plant closures. There are several proposals on the government's table. Proposals differ as to which type of social expenditure will be increased, which category of people will benefit from it, and who will pay for it. We ask you to compare three pairs of proposals and let us know your opinion.

Attributes of the Conjoint

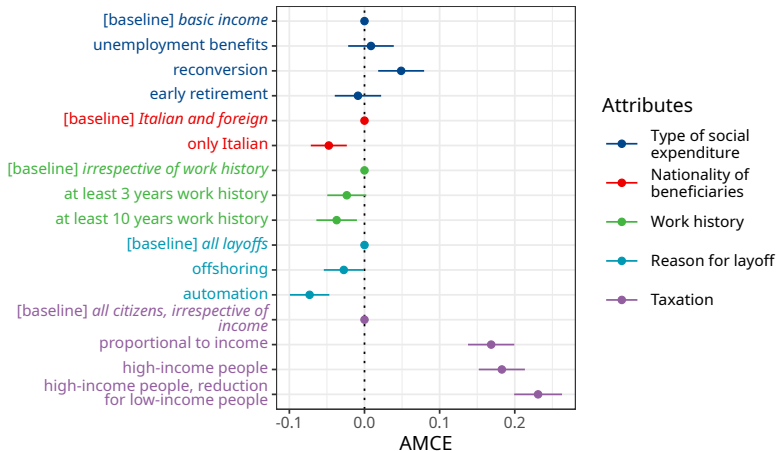
Attribute	Formulations
	<i>The plan increases social expenditure</i>
Type of social expenditure	<ul style="list-style-type: none"> – to finance a universal basic income* – to finance unemployment benefits – to provide training for those who lost their job – to finance early retirement
Nationality of beneficiaries	<ul style="list-style-type: none"> – for both [Italian / French / German] and foreign citizens* – only for [Italian / French / German] citizens
Work history	<ul style="list-style-type: none"> – for all people, regardless of their work history* – for people who have worked at least 3 years – for people who have worked at least 10 years
Reasons for layoffs	<ul style="list-style-type: none"> – for all layoffs, regardless of their reason* – for layoffs due to offshoring (companies moving their production abroad) – for layoffs due to automation
	<i>To finance this increase of social expenditure, the plan raises taxes</i>
Taxation	<ul style="list-style-type: none"> – for all people, regardless of their income* – for all people progressively (the higher the income, the higher the increase in taxation) – for high income people – for high income people, reducing taxation on low income people

Outcomes

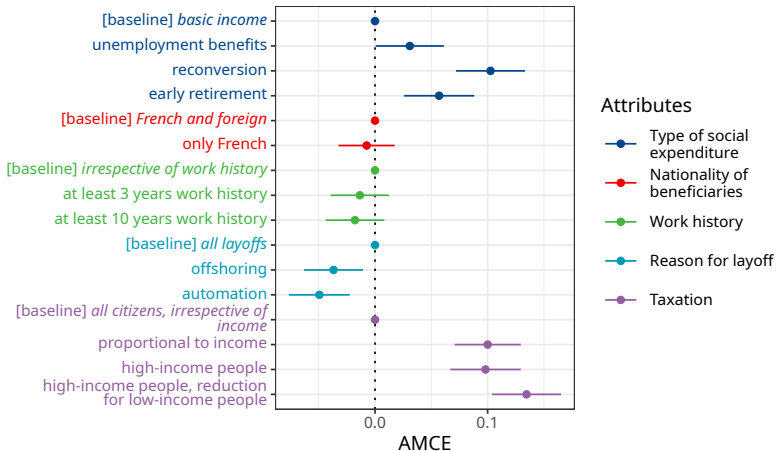
Questions

- ▶ Like/Don't like [0,1]
- ▶ Forced choice [0,1]
- ▶ Rating [1,7]
- ▶ Petition [1,7]

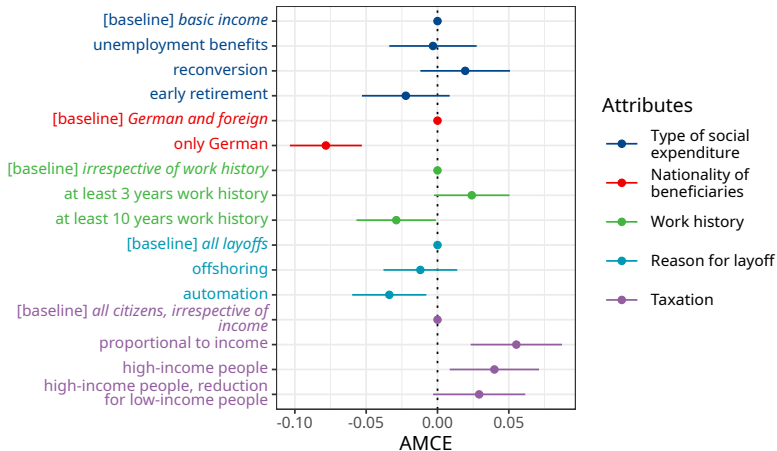
Italy



France



Germany



Conclusion

Key findings:

- ▶ Experiment 1: Social spending and redistribution via taxation are (still) the preferred policies among voters
- ▶ Experiment 2: Political support *does not* depend on successfully dealing with plant closure
- ▶ Experiment 3: support for a) social investment over consumption investment; b) progressive taxation; c) social spending *not* higher for trade-induced layoffs. We find evidence of welfare chauvinism among right-wing voters.

Conclusion

Key findings:

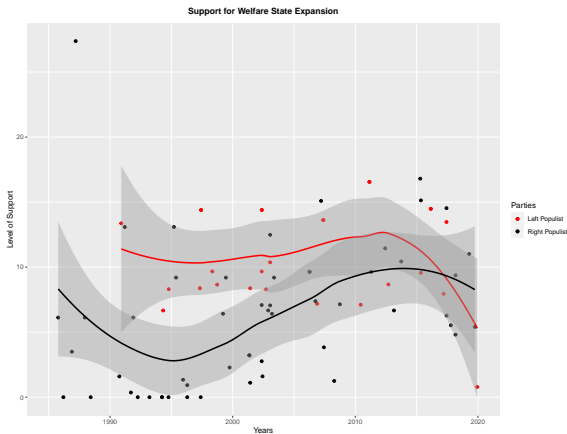
- ▶ Experiment 1: Social spending and redistribution via taxation are (still) the preferred policies among voters
- ▶ Experiment 2: Political support *does not* depend on successfully dealing with plant closure
- ▶ Experiment 3: support for a) social investment over consumption investment; b) progressive taxation; c) social spending *not* higher for trade-induced layoffs. We find evidence of welfare chauvinism among right-wing voters.

Discussion:

- ▶ The success of right radical parties may be better understood by their recent emphasis on welfare/redistribution.



Support for Welfare Expansion: Left vs Right Populism



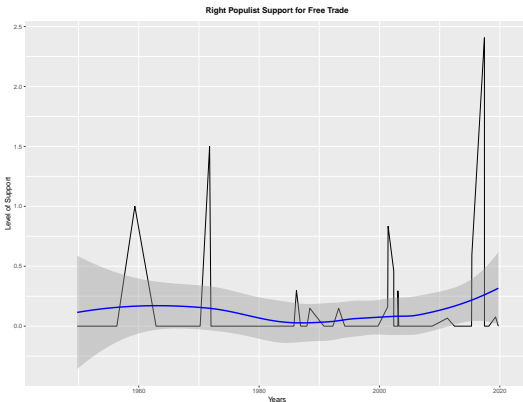
Source: CMP (2022), ParlGov (2022), and PopuList (2022).



Many thanks!

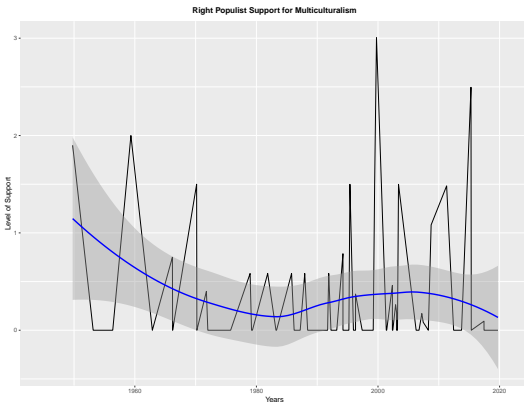
Descriptive

Right Populist Support for Free Trade



Source: CMP (2022), ParlGov (2022), and PopuList (2022).

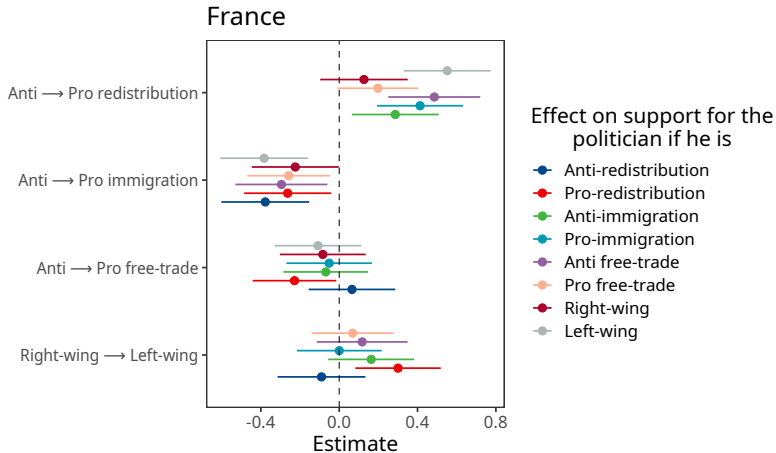
Right Populist Support for Migration



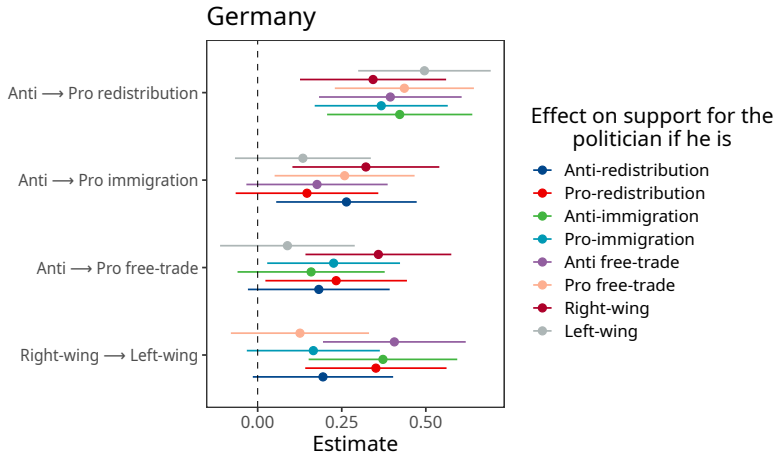
Source: CMP (2022), ParlGov (2022), and PopuList (2022).

Vignette: Conditional Effects

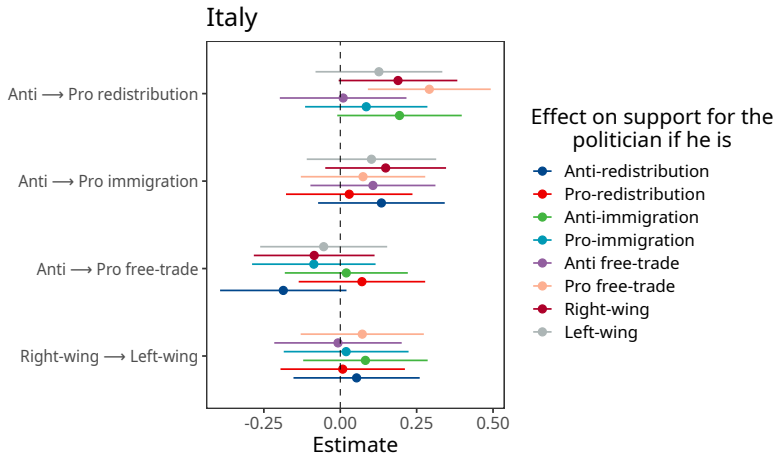
France



Germany

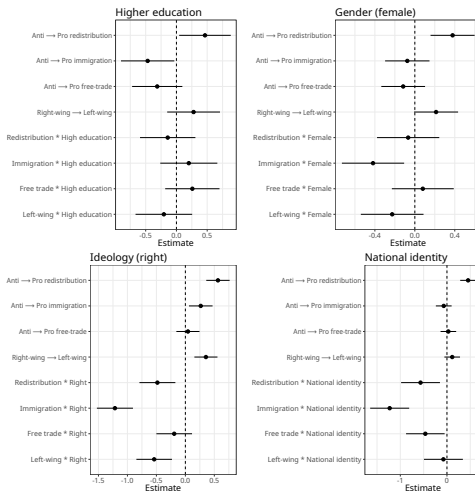


Italy

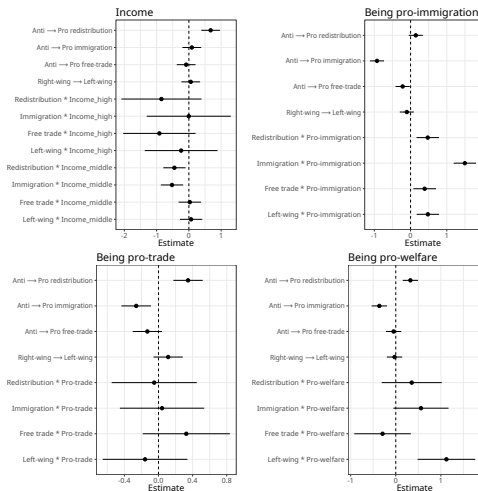


Vignette: Heterogeneous Effects

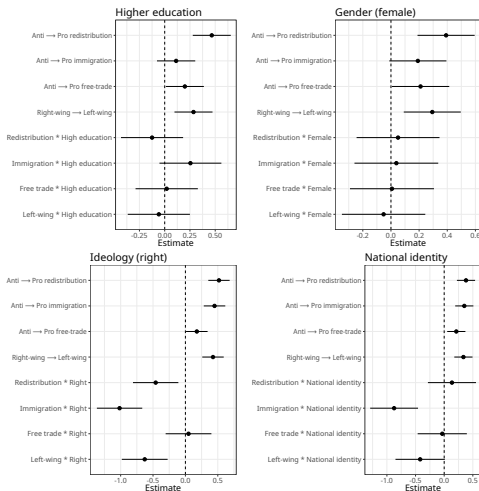
Heterogeneous Effects 1 (France)



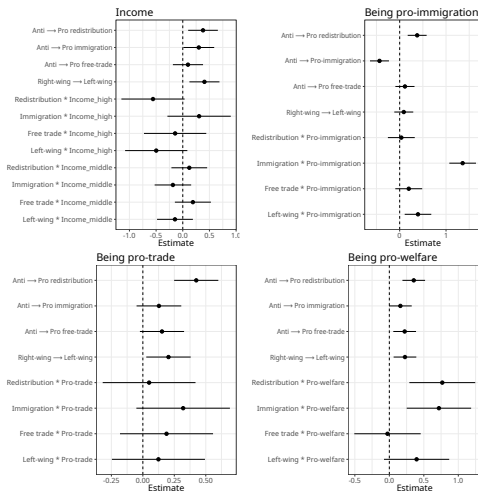
Heterogeneous Effects 2 (France)



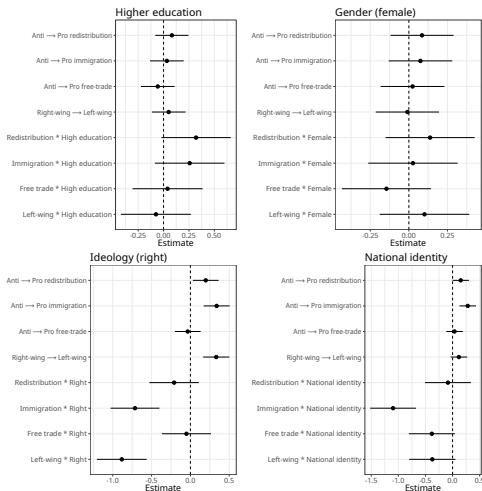
Heterogeneous Effects 1 (Germany)



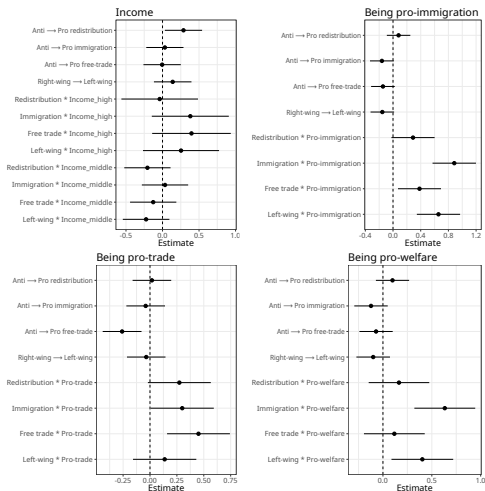
Heterogeneous Effects 2 (Germany)



Heterogeneous Effects 1 (Italy)

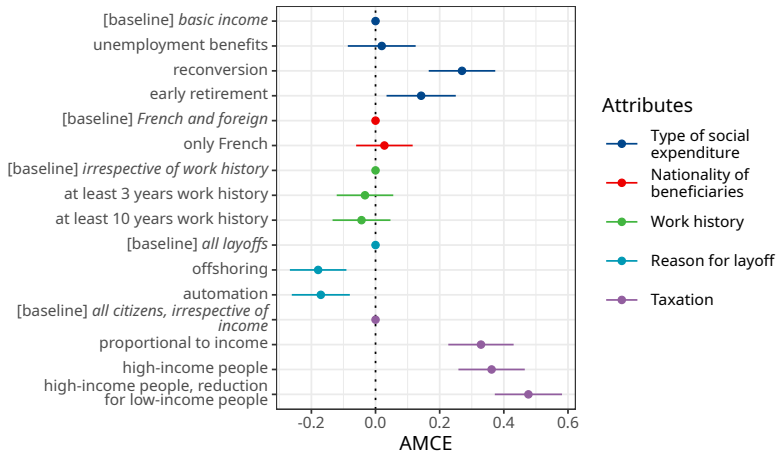


Heterogeneous Effects 2 (Italy)

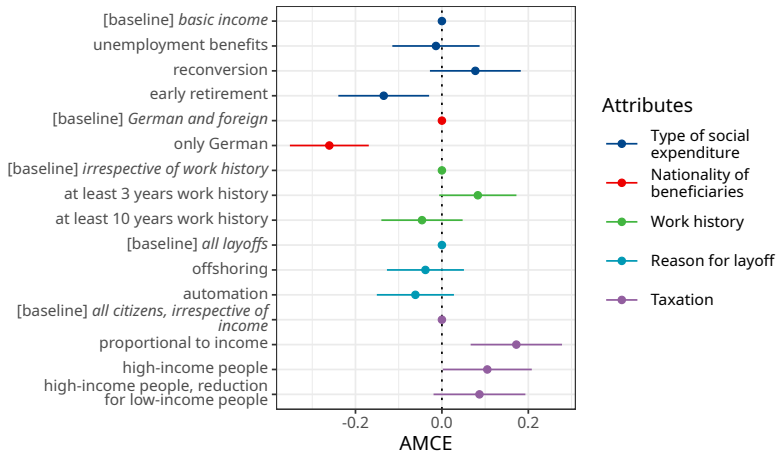


Conjoint: Rating

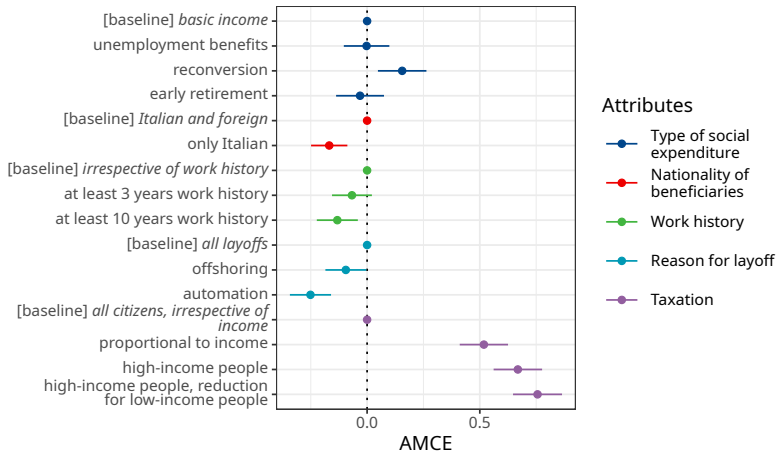
France



Germany

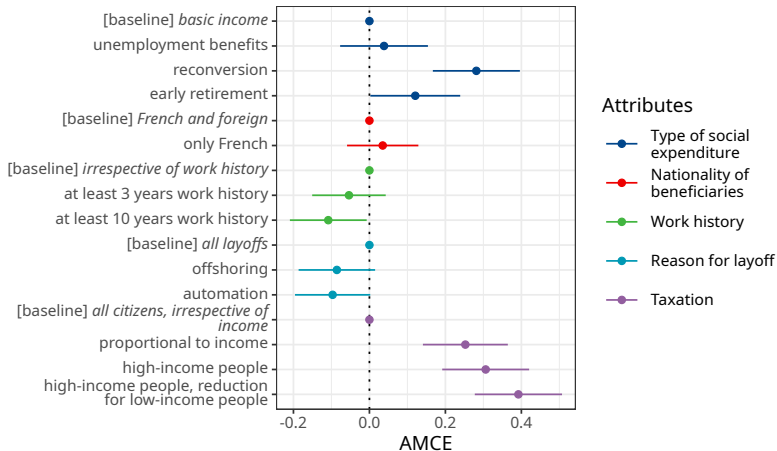


Italy

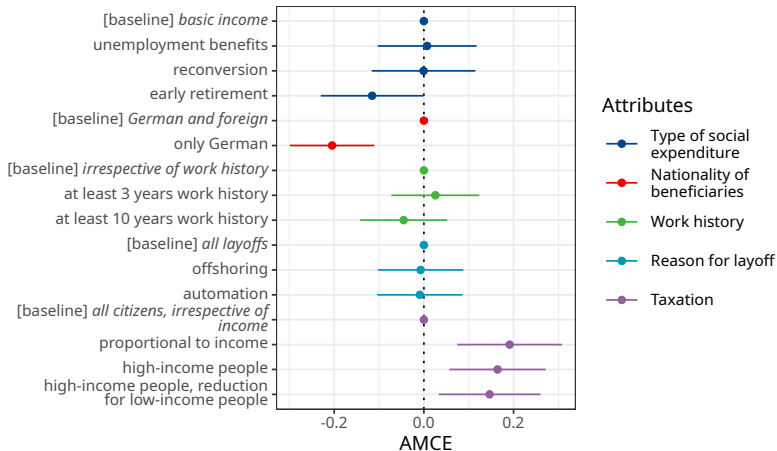


Conjoint: Petition

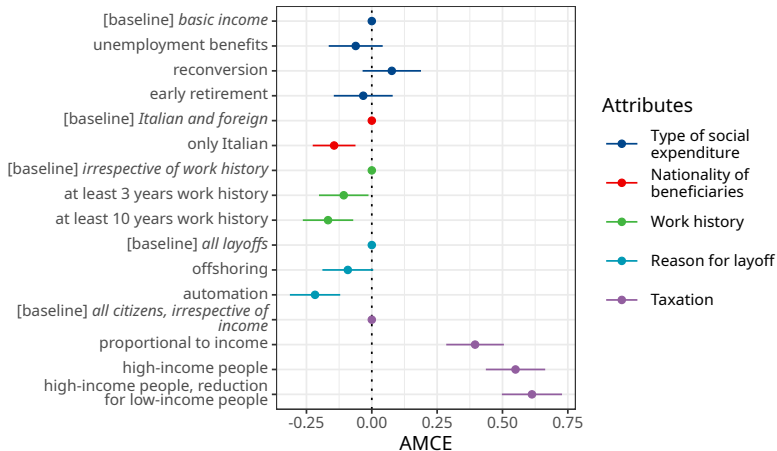
France



Germany

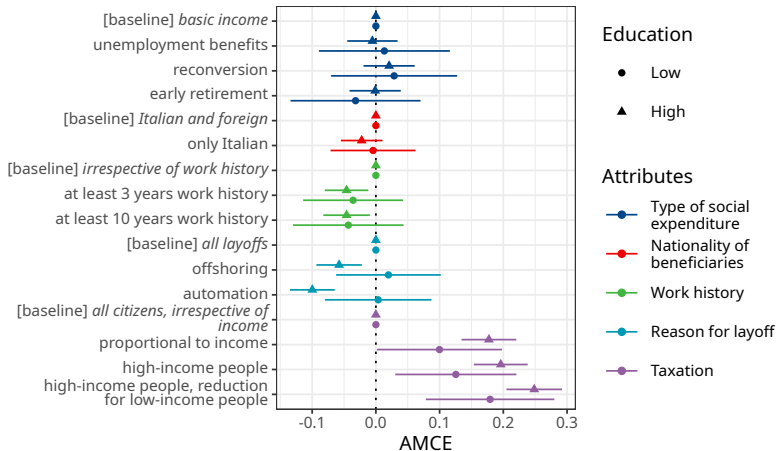


Italy

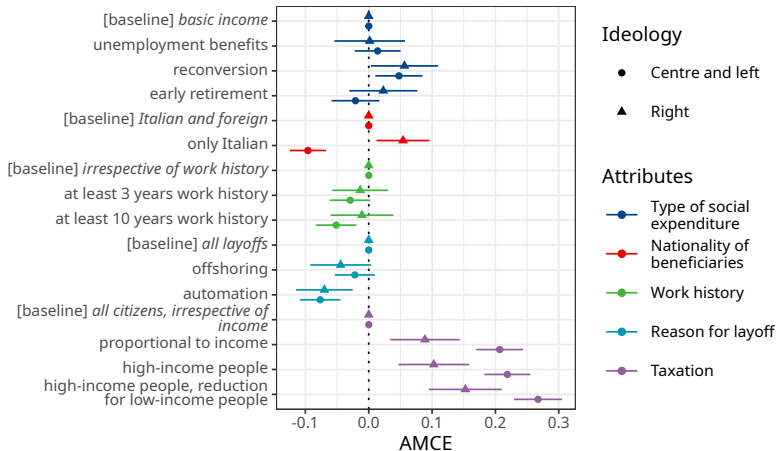


Conjoint: Heterogeneous Effects

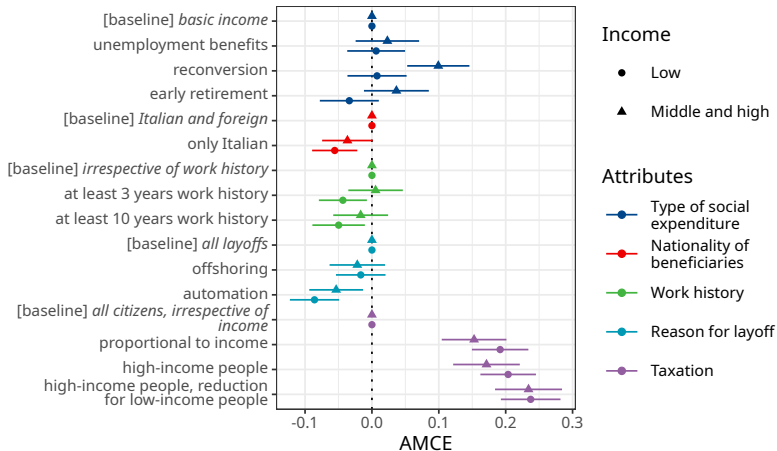
Heterogeneous Effects: Education (Italy)



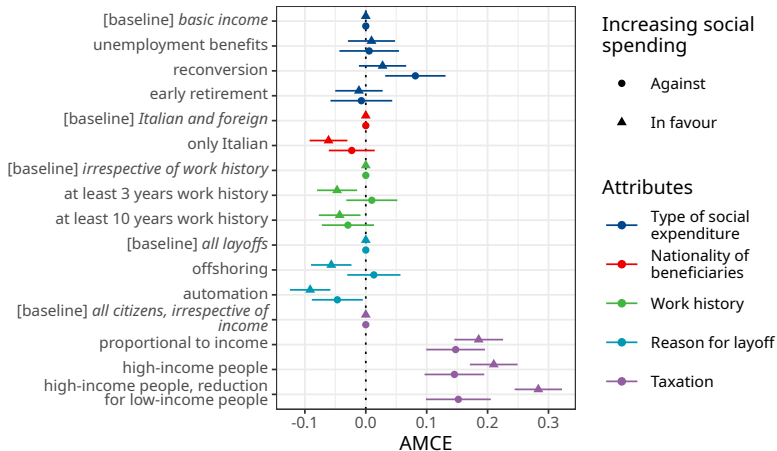
Heterogeneous Effects: Ideology (Italy)



Heterogeneous Effects: Income (Italy)



Heterogeneous Effects: Social Spending (Italy)



Heterogeneous Effects: Economic Vulnerability (Italy)

