

British Public Opinion and the Financial Crisis of 2008

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FIRST VERY ROUGH DRAFT
COMMENTS AND SUGGESTIONS WELCOME

Abstract. The crisis which hit world financial markets during the fall of 2008 ranks a defining characteristic of elite-mass political dialogue in advanced economies. In this paper we offer an initial examination of one of the political consequences of the crisis through an examination of responsibility attributions in Great Britain. We employ data from an original public opinion survey conducted in November-December 2008, just after the first wave of the problems in the world and, particularly, British banking sector. We find that while most Britons assign responsibility for the crisis to market actors, the likelihood of blaming governments is greater among low sophisticates and Conservative partisans, with market ideology playing no role. The joint effects of partisan biases and political knowledge are investigated. Finally, we estimate the assignment of responsibility to have a significant effect on vote choice in the next general election.

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Introduction

Without a doubt, the crisis in world financial markets defines the contemporary era of global capitalism. Not since the Great Depression have markets in the developed world proved to be as volatile. And compared to the 1930s, deeply integrated capital markets mean the current crisis has spread throughout the globe much more quickly. To the extent that the crisis has upended markets and politics “as usual,” the crisis deserves our attention. What are the broader implications of the credit crisis for political leadership, for national policy capacities, and, by extension for how citizens relate to politicians? When faced with a new set of global economic problems, do mass publics follow the lead of political elites? Or, alternatively, is uncertainty about elite response such that the crisis leads individuals to break from their partisan cues?

To address these issues, this paper examines one segment of the political consequences of the crisis by way of a study of public opinion and vote intentions in Great Britain. An understanding of how the British public forms attitudes about the international financial crisis is important for two reasons. First, given London’s status as the world’s largest financial center, it stands to reason that the financial crisis has—and will continue to have—some of its gravest effects for the British economy. According to the International Monetary Fund (IMF) prediction, for example, Britain will face the longest recession of all the major economies and Britain will be the only country to keep shrinking through 2010¹. As such, the British public more than any other has incentives to develop coherent and informed attitudes about the global crisis.

Second, Britain ranks as a key case for studying of public attitudes about the financial meltdown inasmuch as the public has been developing their attitudes for over a year longer than citizens of anywhere else. While the severity of the financial problems didn’t reach the world’s

¹ <http://www.guardian.co.uk/business/2009/jan/28/ilo-global-unemployment-to-soar>

mass audience until the worldwide crash of the stock markets in September 2008, the British populace had been attuned to the problems of financial institutions since fall of 2007.

A brief review of the financial crisis in Britain illuminates the massive exposure of the British public to the financial crisis long before the rest of world started to feel the pain. By most accounts, the onset of the troubles was signaled on 13 September 2007 when Northern Rock, the country's faith-largest mortgage lender, sought and received liquidity support from the Bank of England, which, in turn, triggered a dramatic nation-wide run on the bank. The problems of Northern Rock persisted despite the September bailout, amounting to £24bn by the end of 2007. In February 2008 the Chancellor of the Exchequer, Alistair Darling, announced that the Government would nationalize the troubled bank. This was the largest British bank nationalization since the Bank of England was brought into public control in 1946.² Problems escalated in October 2008 in light of the Government's unveiling of another £37bn bail-out plan for the banking sector,³ the Governor of the Bank of England first utterances about the possibility of recession,⁴ and the rampant depreciation of the pound.

Thus, by the time the financial crisis reached world proportions, the British public has already been exposed to, and polarized by, a year-long stream of accusations about who caused the financial crisis, and justifications and condemnations of government interventions based mainly on partisan cues. The political angle was realized quickly insomuch as it conjured up images of 1976, when the British government had to seek debt assistance from the IMF, a step usually reserved for developing countries. As is well-known, this step was taken by the Labour Government of James Callaghan to restore investor confidence in the pound. The action,

² http://www.bloomberg.com/apps/news?pid=20601087&sid=aR399_tyWImw&refer=home

³ <http://www.guardian.co.uk/business/2008/oct/13/marketturmoil-crediterunch>

⁴ <http://www.telegraph.co.uk/finance/financetopics/financialcrisis/3239283/Pound-plunges-after-Mervyn-King-warns-of-recession.html>

however, fed the break-down of the post-war consensus on macro-economic management. The current crisis has ushered in recollections of these difficult—and eventually unsuccessful—policy outcomes.⁵ All told, then, the British case allows for a clear isolation of long-term effects on public attitudes about managing national finances in general, and on the political effects of the current financial meltdown in particular.

We suggest that the current financial crisis provides a key case study in which to examine the effect of an exogenous shock to the political landscape. How do parties react to such a shock? How do voters attribute responsibility for the crisis and to what extent does this attribution influence their political behavior? We address these questions below, paying particular attention to teasing out the effects on public opinion by examining three factors: knowledge about politics, economic ideology, and partisan attachments.

We expect our efforts to have implications beyond the immediate task at hand; that is, beyond the effects of the current crisis in Britain. First, the crisis might be considered something of a natural experiment. Just as work in comparative political economy of the 1980s drew on the lessons of the crises of the 1970s (Gourevitch 1986; Katzenstein 1978; 1985), the current crisis should shed light on the options for domestic responses to international events. Second, due to its nature as a complex and multilayered global phenomenon, research on the mass political consequences of the crisis will add to what we know about how individuals form political attitudes under uncertainty. And thirdly, we can use results of this study of one democracy to draw inferences for future elections in democracies throughout Europe, North America, and

⁵ The *New York Times* (April 15, 2009) recently highlighted the connections between 1976 and 2008-09, printing Callaghan's famous speech at the Labour Party Conference: "We used to think you could spend your way out of a recession and increase employment by cutting taxes and boosting government spending. I tell you in all candour that that option no longer exists."

beyond. We might expect, for example, that the crisis will contribute to greater volatility in party makeup in parliaments and governments in the years to come.

We proceed as follows. In the next section we discuss our expectations regarding how voters attribute responsibility for the global economic crisis to public- or private-sector actors. Focusing on political knowledge, political ideology, and partisan attachments, we develop a set of hypotheses. We then test these research claims using an original sample survey of the British public conducted in November 2008. We then examine the consequences of crisis responsibility attributions for political behavior through an examination of party vote intentions in the next general election. The final section summarizes, spells out the study's implications, and lays a path for future research.

Open Markets, the Crisis, and Perceptions of Political Control

The political consequences of financial crisis and now recession of 2008-09 have already played out in several ways. Here we investigate the consequences for public perceptions of political control—specifically, of government's control of the economy. What do citizens expect from their governments? Have such expectations held steady over the years or have they subsided—or escalated—over time? Citizen expectations matter because they have potential consequences for how politicians communicate with the public, for how voters evaluate politicians at the polls and for the outcome of elections themselves (Anderson 2006; Gomez and Wilson 2003; Hellwig et al. 2008; Malhotra and Kuo 2008; Rudolph 2003). Survey data from the British case, collected over a period of over 30 years, suggest that citizen expectations about what services their government should provide change over time. As Figure 1 illustrates, British public attitudes about the scope of government involvement have subsided, almost uniformly,

across several policy domains from 1985 to 2006. Compared to 1985, fewer Britons in 2006 believed the government was “definitely responsible” for providing jobs, keeping prices stable, providing health care, help for industry, reducing inequality, and providing standard of living for the elderly and the unemployed. Equally interesting, in the fall of 2008 attitude trends in all seven of these areas sharply reversed course, with the share of those believing the government to be responsible in a particular area increasing by between six and thirteen percentage points compared to the fall of 2006. It is likely that the “exogenous shock” of the financial crisis had much to do with this departure from the trend.

<Figure 1 about here>

A second way to capture variation in citizen perspectives on political control is to do so in comparative perspective. Recent cross national evidence indicates that beliefs of political control over the economy is far from widely held among publics in advanced industrial democracies. Figure 2 displays data from public opinion surveys conducted in November 2008 regarding citizen perceptions of their government’s “ability to choose its own economic policies” under globalization in ten developed countries. It shows that while Danes have the strongest faith in their government’s ability to determine its own economic policies, residents of the France, Germany, and Britain are the most skeptical about their government’s room to maneuver. As regards the British public, this assessment of the lack of political control differs considerably from findings from a survey taken just eight years earlier: when asked in 2001 how much influence the British government has on the British economy, 57% of British respondents believed that the government has a “great deal” or “quite a lot,” far more than the 29% who answered this way in the 2008 survey.⁶

<Figure 2 about here>

⁶ The 2001 study can be found in Heath *et al.* 2002.

Taken together with the trends in Figure 1, this suggests that compared to the recent past a) *more Britons think the government has a responsibility* in the economy (and other areas), but b) *fewer believe their governments do anything about it*. These data also suggests that factors other than size of the domestic economy account for differences in mass perceptions of political control. In particular, the comparative data may well point to the salience of individual attributes and dispositions in determining beliefs about political control.⁷

What factors contribute to forming attitudes regarding political control? To address this question we next turn to three factors affecting citizen attitudes towards political control: economic ideology, knowledge levels, and partisanship.

Economic ideology. When it comes to how individuals form opinions about the economy, one's economic world view ought to play a strong role. Free market ideologues tend to support laissez-faire approach. They believe that government interventions including regulation, protectionism, competition laws, or taxes distort the market's ability to maximize economic utility and generally results in reduced productivity and reduced incentives for people to work. From this perspective, there is little that elected officials or public sector actors can do to steer the economy above and beyond where it is directed by domestic and international markets. Those holding left-of-center views on the economy, on the other hand, point out that markets and individuals are not always effective either, and believe that government is, and should be, capable to fix these failures. From this perspective, the government does have a hand in controlling economic outcomes—or, in terms of the current subject, in shielding national economies from the vagaries of world market collapse.

⁷ This, in turn, opens up much room for elite manipulation, a topic we hope to explore in further work (see also Alcañiz and Hellwig 2007).

Indeed, research in the area of economic ideology suggests that conservatives are less likely to blame the government for their personal economic situation (Sniderman and Brody 1977) as well as for the national state of the economy (Peffley and Williams 1985). More recent research confirms that economic conservatives are less likely to attribute responsibility to the president and more likely to business people (Rudolph 2003). Extending these insights to a study of the global financial crisis, we assert the following hypothesis:

Hypothesis 1: *Individuals with free market economic ideology are more likely to assign responsibility for the international financial crisis to banks and investors.*

Political Knowledge. It is widely known that most citizens are not fully informed about politics (Delli Carpini and Keeter 1996). This mass ignorance about politics have been shown to effect the degree of tolerance citizens have for others (Gilens 1999), how social and other policies are evaluated (Althaus 2005), how citizens diffuse responsibility attributions (Gomez and Wilson, 2001 and 2003), and how citizen make choices in elections (Bartels 1996). And Achen and Bartels (2004; 2005; also Bartels 2002) argue that citizen ignorance is so severe that voters are generally unable to make simple retrospective assessments, as of the sort required for retrospective “economic voting” (ie: Fiorina 1982). Achen and Bartels essentially reject the idea of rational retrospective voting. As they see it, citizens are only “blindly and myopically retrospective.” People react to events on election day sometimes even attributing responsibility for natural disasters to elected officials. According to this perspective, making a judgment about a complex idea like the international financial crisis is virtually certain to reflect these biases. Research further shows that knowledge of international issues is highly correlated with the knowledge of domestic politics (Delli Carpini and Keeter 1993); therefore, people who do not pay attention to domestic politics will not likely possess solid knowledge about international

events either. Indeed, scholars agree that what most citizens know about foreign affairs is a “dark area of ignorance” (Kriesberg 1949, Smith 1970, Almond 1960, Wittkopf 1990).

Closer to the task at hand, research has shown that politically informed individuals are capable of diffusing attributions while low sophisticates tend to assign responsibility for the economy to the government. This view is supported by recent studies on assigning responsibility for the American economy.⁸ For example, Gomez and Wilson found that high political sophisticates tend to be nearly five times more likely to attribute responsibility for the economy to “business people” than to the president (Gomez and Wilson 2003). Likewise, Rudolph (2003) finds individuals with more years of formal education to be more likely to attribute responsibility to business than to the president. This finding is replicated by Hellwig *et al.* (2008), who also show those with higher education to reward or blame market forces (business cycles) with more frequency than public sector actors.

We expect to observe similar findings with respect to who citizens blame for the international financial crisis. Indeed, political knowledge may be even more critical as individuals attempt to make sense of this “exogenous shock” from normal politics. Accordingly, our second hypothesis is the following:

Hypothesis 2: High political sophisticates are more likely to assign responsibility for the international financial crisis to banks and investors while those with low levels of political knowledge are more likely to blame the public sector actors (governments and regulators).

Partisanship. A large body of literature investigates the effects of partisanship on forming political attitudes. *The American Voter* (Campbell et al. 1960) suggested that political attitudes are shaped by partisan loyalties that are formed early in life and remain stable

⁸ Findings from these studies are informed by examination of a survey question along the lines of “please tell me who you feel is most responsible for the economic conditions in the United States in the past few years.”

throughout adulthood. Scholars have challenged this perspective on numerous fronts, most frequently under the guise of voter rationality. Many claim that voters are rational and capable of learning and holding representatives accountable. Therefore, an individual opinion is a simple average, or “running tally,” of political experiences based on expectation of future benefits (Fiorina 1989). Further research, however, has failed to convincingly support the “running tally” argument. For example, Zaller pointed out the limits of the preexisting considerations on the way in which citizens process the vast amount of information they are exposed to during election campaigns. Specifically, he found that inertia have no consistent impact on the acceptance of new candidate messages as either positive or negative considerations. Instead, Zaller argues that citizens tend to accept messages that are congenial to their partisan values and ignore those that are not (Zaller 1992), providing evidence of partisan bias in citizen’s candidate evaluation and suggesting that what shapes mass opinion are elite messages. Bartels further dismissed the idea of a rational retrospective voter, confirming the relevance of the *American Voter* by arguing that “partisanship is not merely a running tally of political assessments, but a pervasive dynamic force shaping citizens’ perceptions of, and reactions to, the political world.” (Bartels 2002). As shortcuts, partisan cues therefore ought to influence how members of the electorate choose to allocate responsibility to government and nongovernment actors for the financial crisis, particularly in a single-party control, fairly concentrated political system as in the United Kingdom.

Another angle from which scholars analyze the effect of partisanship on public attitudes is the relationship between partisanship and knowledge level. Do partisan messages have a greater impact on the attitudes of those who are less politically knowledgeable? Or, rather, is a measure of sophistication necessary to process elite cues? Consensus hasn’t been reached in this

area. Brady and Sniderman argue that partisanship helps uninformed people form a judgment about a complicated issue by allowing them to make a judgmental shortcut following a party line. Their research indicates that partisanship has a higher impact on low sophisticates (Brady and Sniderman, 1985). However, other scholars reached conflicting results: that bias increases with political knowledge. The most politically aware members of the public respond most ideologically because they are less likely to consider information conflicting with their party's beliefs (Achen and Bartels 2006; Zaller 1992). Zaller in his further study of foreign policy opinions shows that more politically aware citizens support a policy more strongly than any other part of the public if elites are united in support of that policy (Zaller 1994). Other research, on the topic of attitudes on European integration, finds no evidence that the impact of elite messages varies for more politically aware individuals (Gabel and Scheve 2007)

Finally, a body of research analyzes how parties craft messages to influence public opinion. Most notably, Zaller (1991) proposes an idea of a "two-message model," suggesting that elites craft opposing communications, each tending to push mass opinion in the direction desired by the particular party. The current global financial crisis lends itself for studying through the lens of Zaller's idea of competing messages, or opposing communication flows, implying that parties would suggest that they have the power to influence the economy *if the economy is doing well*, while they communicate messages that the international economy is responsible for domestic economic failures in case the economy is performing weakly.

A consideration of the British elite messages about the international financial crisis strongly supports the idea that parties craft their messages claiming responsibility for favorable outcomes, and blaming external forces for unfavorable ones. For example, messages from the incumbent Labour Party have consistently pointed at the international financial system as the

culprit of the current meltdown. Not only British citizens, but the whole world could read a clear message from the Prime Minister Gordon Brown writing in the *Washington Post* one month before the fieldwork for this study. Brown noted that this is “the first financial crisis of this new global age,” “the old postwar international financial institutions are out of date,” “international flows of capital are so big they can overwhelm individual governments,” and that “there are no Britain-only or Europe-only or America-only solutions to today's problems.”⁹

Brown has stayed on message ever since, and so have others in Government. Darling, the Chancellor, pointed out that these are "extraordinary circumstances" affecting markets worldwide,¹⁰ and that this is the “sharpest and most synchronised global downturn for generations.”¹¹ When growth data for the last three months of 2008 revealed that Britain's economy grew by just 0.7 percent in 2008 as a whole, both Brown and Darling maintained that the unexpectedly sharp downturn was the result of global forces and that the speed of recovery would depend on governments across the world taking coordinated action to boost growth.¹² The British Financial Services Secretary Maul Myners blamed the greed and mismanagement of some senior bankers for the financial crisis, again a force beyond government control, calling top bankers “masters of the universe” who were "grossly over-rewarded and did not recognize that.”¹³ Lord Healey, the Labour ex-Chancellor presiding over 1976 British economic meltdown supported the Labour messages, concurring that what has happened to Britain’s financial system is not Brown’s fault. “The Americans made a real mess of their economy and, of course, it affected the whole world... Gordon has done what he can to help the banks.”¹⁴

⁹ <http://www.washingtonpost.com/wp-dyn/content/article/2008/10/16/AR2008101603179.html>

¹⁰ <http://www.guardian.co.uk/business/2008/oct/13/marketturmoil-creditcrunch>

¹¹ <http://www.guardian.co.uk/commentisfree/2009/mar/10/alistair-darling-recession-g20>

¹² <http://uk.reuters.com/article/marketsNewsUS/idUKLN17883320090123?pageNumber=2>

¹³ <http://www.timesonline.co.uk/tol/news/politics/article5576562.ece>

¹⁴ <http://www.telegraph.co.uk/finance/financetopics/recession/4330745/Denis-Heley-Labours-survivor-of-economic-disaster.html>

The conservative opposition sent a different set of messages, blaming the Labour government rather than the global economy. George Osborn, the shadow Chancellor, openly refuted Brown's claim that the crisis is a global phenomenon: "It was in Britain, not America, where families borrowed more than any in the world."¹⁵ In early 2009, David Cameron, the Conservative Party leader, recalled the British humiliation when the country had to ask the IMF for a rescue and warned that Britain might need another IMF rescue if Brown continued with his financial recovery plan.¹⁶ Similarly, the former Conservative Party leader Margaret Thatcher communicated through Lord Lamont, one of her closest allies, that she was "appalled" by Gordon Brown's handling of the economy, viewing it as a rerun of the events of 1976.¹⁷ However, we also might detect a recognition in Tory elite messages that the source of the crisis was multifaceted. In late September, for example, Cameron tempered his criticism of the Government's response.¹⁸ And in January, Conservative Shadow Business Secretary Ken Clarke voiced his disagreement with Cameron on party policies for the economy.¹⁹

Messages about the blame for the financial crisis from the third largest British party, the Liberal Democrats, were initially careful about not assigning an open blame to any British party; however, this communication approach dramatically changed in March 2009 when the LibDem leader Nick Clegg openly accused both Tories and Labour of leading the country into an economic crisis, and particularly criticized Margaret Thatcher's legacy of a "dog-eat-dog, get-rich-quick" Britain.²⁰

¹⁵ <http://www.telegraph.co.uk/finance/financetopics/financialcrisis/3188267/Financial-crisis-George-Osborne-attacks-Gordon-Brown-over-nationalisation.html>

¹⁶ <http://uk.reuters.com/article/marketsNewsUS/idUKLN17883320090123?pageNumber=3>

¹⁷ <http://www.timesonline.co.uk/tol/news/politics/article6078395.ece>

¹⁸ <http://www.guardian.co.uk/politics/2008/sep/30/davidcameron.creditcrunch>

¹⁹ http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article5587093.ece

²⁰ http://news.bbc.co.uk/2/hi/uk_news/politics/7928672.stm

Evidence from these elite statements since the beginning of the crisis indicates that British parties do not hesitate to assign responsibility for bad economic performance to external forces or to other parties. But do their opposing communication flows actually translate into public opinion? Are they comparably strong? Rudolph (2003b), in advancing a partisan rationalization hypothesis, offers an answer for the first question in suggesting that opposing communication does translate into public opinion. He found that respondents tend to attribute responsibility to elected offices controlled by their preferred party and to the opposition party when conditions are poor. (Rudolph, 2003b). Feldman and Zaller (1992) address the second question, showing that in the US, Republican partisanship plays a stronger role in assigning responsibility than democratic identifiers. More recently, Hellwig, Ringsmuth and Freeman (2008) also found evidence that Republican partisans tend to believe that governments have less room to maneuver than Democratic partisans, a finding they argue connotes *partisan* rather than incumbency effects.

In summary, lessons from the existing literature imply that partisanship and elite messages do shape public attitudes about complex issues. As the main opposition party, we expect—and evidence at the time supports this—that Conservative elites will send messages to the electorate which pin blame for the crisis on the policies of the Labour Party as party of Government for the past eleven years. This message ought to be picked up favorably by Conservative Party identifiers in the electorate. Hence, we posit the following hypothesis:

Hypothesis 3: Relative to the rest of the electorate, Conservative Party identifiers are more likely to attribute responsibility for the international financial crisis to the government.

Moreover, drawing on developments in the public opinion literature, we assert that this tendency is moderated by political knowledge. Specifically, we posit that in the face of volatile

cues (and mixed messages), more knowledgeable Tory identifiers will be less likely to saddle the government with the blame for the crisis than the less politically sophisticated Conservative identifiers. We focus on Conservative partisans because they are the group most likely to be cross-pressured when it comes to responsibility attributions: On the one hand they should use information about their party's position in opposition to view the crises through a purely partisan lens (Hypothesis 3). The tendency of more knowledgeable Conservative identifiers to blame the government, however, should be moderated both because 1) the more political aware are more likely to be attuned to the particular cues voiced by the party at the time, and On the other hand, more knowledgeable partisans might draw on more nuanced assessments voiced by party elites regarding the sources of the crisis. Evolving messages by Conservative party elites—to the extent they existed²¹—could serve to reduce tendencies of the more knowledgeable to blame the government. Our final hypothesis therefore is:

Hypothesis 4: The tendency of Conservative Party identifiers to hold governments responsible for the crisis in world financial markets declines with rising levels of political sophistication.

Data and Measures

To test these hypotheses we employ original data designed by the authors and from an Internet survey of 2647 respondents in Great Britain between November 24 and December 2, 2008. The survey was conducted by YouGov, a UK-based survey and marketing firm. As per YouGov's practice, respondents were selected randomly from a larger pool of people, recruited from a wide range of Internet sources, who had already agreed to participate in YouGov's surveys. Together with demographic weights, this recruitment scheme is used to offset potential

²¹ In future drafts of this paper we will substantiate/refute the presence of evolving Conservative Party elite messages on the crisis.

biases arising from the non-random distribution of demographic groups represented in the sample.²²

Our question of interest pertains to how voters attribute responsibility for the international economic crisis. Drawing on previous survey-based research (Gomez and Wilson 2003; Hellwig *et al.* 2008; Peffley and Williams 1985; Rudolph 2003a; 2003b), we posed the following question: “If you had to choose, which one of the following do you think was the most responsible for the recent problems facing world financial markets?” Respondents were then provided with the following randomly ordered options: “governments and regulators,” “businesses,” “banks and investment companies,” “private investors,” and “don’t know.” Sixty-six percent selected “banks and investment companies,” 25% said “governments and regulators,” seven percent “don’t know,” with the remaining two percent responded with “businesses” and “private investors.” Given our interest in the decision to blame public vis-à-vis private sector actors, we pool respondents from these two categories with those who chose “banks and investment companies” to create a variable *Responsible for World Financial Crisis* (RWFC) having three outcomes: *governments*, *investors*, and *don’t know*.²³

The statistical model includes three sets of explanatory variables relating to economic ideology, political knowledge, and partisan attachments. Following Peffley and Williams (1985) and Rudolph (2003b), we created a measure *Free Market Ideology* through an index combining respondent’s fundamental attitudes pertaining to the government’s role in providing jobs,

²² YouGov and other Internet firms have demonstrated the utility of the approach for inferring from samples to populations. Sanders *et al.* (2007) compare results of face-to-face and Internet-administered data. They find that each mode performed fairly equally in terms of predicting vote shares and voter turnout for the 2005 British election, with the Internet mode doing marginally better for the vote and in-person slightly better for turnout. YouGov has also developed a reputation for accuracy relative to telephone polling with its predictions of the 2008 London mayoral election, the 2008 U.S. presidential election, and the January 2009 Hesse state elections in Germany (21 January 2009 Press Release, “YouGov enhances international reputation for accuracy”)

²³ See the measurement appendix for more details for this and all variables included in this study.

assisting industry, income inequality, and tax cuts relative to spending increases.²⁴ *Political Knowledge* is constructed through an index combining five true-false quiz items on British politics (see Delli Carpini and Keeter 1996). And for measures of partisanship we rely on standard items asking respondents whether they usually thought of themselves as “close” to any particular party or, alternatively, “a little closer” to one of the parties than the others. In this way, we construct four indicator variables for partisan attachments, *Conservative*, *Labour*, *Liberal Democrat*, and *Other Party*.²⁵ The claim advanced in Hypothesis 4—on the reduced tendency of more sophisticated Conservative partisans to assign responsibility to governments—is assessed by creating interactions between the partisanship variables and *Political Knowledge*. We control for a host of demographic factors, including education, age, gender, income, manual laborer, union membership, and region. Details for all measures are reported in the measurement appendix.

Who is Responsible for the International Financial Crisis?

In order to examine respondents’ choices among these three unordered response categories, we estimate a multinomial logit (MNL) model.²⁶ Table 1 reports model coefficients and standard errors, with “governments” as the omitted baseline category. We can use results from this model to do two things; first, we can assess the overall contribution to model fit of our three predictors of interest, market ideology, knowledge, and partisanship; and second, we can estimate the probability individuals with given sets of attributes assign responsibility to public sector actors (governments), private sector actors (investors), or aren’t sure (don’t know).

²⁴ We rerun the model reported in Table 1 below substituting a left-right self-placement XXXX

²⁵ Other partisans include those with attachments to the Scottish National Party, Plaid Cymru, UK Independence Party, and others not identified in the responses. We include this measure for the purpose of isolating the attitudes of non-partisans in our analysis (ie., those who score 0 on *Conservative*, *Labour*, *Liberal Democrat*, and *Other Party*).

²⁶ Report results of Hausman tests here.

Regarding the first of these, we performed three likelihood ratio tests comparing the full model's likelihood with that for a model which omits 1) *Free Market Ideology*, 2) *Political Knowledge*, and 3) the four partisanship dummy variables. Results indicate that of the three, partisanship has the strongest impact on responsibility attributions, followed by knowledge effects and, lastly, market ideology.²⁷ This provides initial support pointing to a strong role for political elites in shaping public opinion.

<Table 1 about here>

The multi-category nature of the MNL model and use of interaction coefficients therein renders it is necessary to conduct a series of post-estimation analyses to test research hypotheses (Ai and Norton 2003). Accordingly, Table 2 reports predicted probabilities of asserting that governments, investors were most responsible for the problems in financial markets, along with the probability of asserting a lack of knowledge (don't know). Calculations are done by manipulating variables of interest, holding all other variables at their mean or modal values, and then using the equation for the MNL model to obtain the predicted probabilities.²⁸ The top rows the table show that, contrary to Hypothesis 1, market ideology plays no role in determining individual assignments of responsibility for the financial crisis.²⁹ This result is consistent with Rudolph's (2003b) analysis of the responsibility attributions for economic conditions in the United States but differs from earlier analyses by Peffley and Williams (1985).

<Table 2 about here>

The middle rows of the table show, however, that objective political knowledge has a strong effect in shaping responsibility assignments. While level of political sophistication has no

²⁷ The likelihood ratio statistics are 12.7 for excluding *Free Market Ideology*, 99.0 for excluding *Political Knowledge* (plus its interactions with the partisanship dummies), and 251.9 for excluding the partisanship dummies (plus their interactions with *Political Knowledge*). All statistics are statistically significant at $p < .01$.

²⁸ ***Report what the mean and modal values are here

²⁹ ***Comment on model which substitutes left-right self placement for *Free Market Ideology*.

negligible effect on blaming public sector actors (governments and regulators), it has a strong effect on the likelihood of blaming market actors. High political sophisticates are twice as likely to say that businesses or investors are responsible for the financial markets crisis than are low sophisticates. Not surprisingly, we observe the opposite effects regarding the probability of a “don’t know” reply. Hypothesis 2, therefore, receives solid support.

The bottom rows of Table 2 tease out the role of partisan bias in determining how citizens view a phenomenon as multilayered as the international financial crisis. Results imply that a Conservative partisans are the most likely and Labour partisans the least likely to blame the crisis on governments, with predicted probabilities of .38 and .10, respectively. The relationship is flipped regarding for private sector actors, with Labour partisans 26% more likely than Conservative members (.81 vs. .55) to blame investors. So Hypothesis 3 also is supported in the data.

Hypothesis 4 pertains to the joint effects of knowledge and partisanship on how individuals attribute who’s responsible for the financial crisis. Specifically, we are interested in whether the relative tendency of Conservative Party identifiers to hold governments responsible for the crisis in world financial markets declines with rising levels of political sophistication. To assess this claim, Figure 3A displays the predicted probability that Conservative partisan assigns responsibility to governments or to investors (“don’t knows” not shown) across the range of values of political knowledge. The figure shows that at low levels of knowledge, a Tory partisan is no less likely to blame governments than she is to assign responsibility for the crisis to market actors.³⁰ However, at median and greater levels of knowledge, however, attribution probabilities increase. Conservative partisans having high (+2) values on Political Knowledge attribute responsibility to market actors with probability .61 and to governments with just .35. For sake of

³⁰ The 95% confidence intervals overlap at low levels of knowledge.

comparison, Figure 3B replicates this exercise for Labour partisans and shows that knowledge has very little effect.³¹

<Figures 3A and 3B about here>

The Electoral Consequences of Public Opinion about the Crisis

The importance of the question of “who’s responsible” for the crisis is, of course, a function of the broader consequences it carries for British politics. In this section we demonstrate the impact of responsibility attributions in terms of what it means for who might win the next election. We do so by modeling party vote intentions. The survey asked the standard question “If there were a General Election tomorrow, which party would you vote for?” To this question 31% said Conservative, 27% Labour, 11% Liberal Democrat, while 5% indicated they would not vote. We use these four outcomes to estimate a multinomial model of party vote intentions. Explanatory variables include that standard indicators included in previous analyses of vote choice in Britain. In addition to all the demographic control variables in the responsibility attributions model (Table 1), we add measures for respondent left-right self placement and for retrospective and prospective national economic evaluations. To this standard model of the British vote we add two indicator variables: *Governments Responsible* is simply coded 1 for those respondents who indicated “governments and regulators” as most responsible for the recent problems facing world financial markets, and *Investors Responsible* is coded 1 for those who respond to this item with “businesses,” “banks and investment companies,” or “private investors.”

³¹ Specifically, based on probabilities with 95% confidence intervals, knowledge has a statistically significant difference for the Labour partisan’s responsibility attribution only for at the extremes (-2 value and +2 values on *Political Knowledge*).

Results of the four-outcome multinomial logit model are displayed in Table 3. The governing Labour Party is designated as the omitted baseline category. Our objective is to ask whether—controlling for several well-known factors predicting the vote in Britain—we can detect an independent influence based on how respondents attribute responsibility for the crisis. The answer to this question is a solid “yes.”³² The top row of the table shows that the likelihood of choosing Conservative, choosing Liberal Democrat, or of abstaining relative to voting Labour is in each case greater for those who believe governments to be responsible for the crisis (relative to the baseline “don’t know” response). This finding is brought into more substantive light in Table 4 which isolates the effect of responsibility attributions on vote probabilities of a hypothetical respondent. First differences show that individuals who think investors are mostly responsible would be 29% more likely to vote Labour “if a general election were held tomorrow” than those who think government actors are responsible. Or, we can interpret results of Table 4 as showing that those who think government actors are responsible are much more likely to vote Conservative (probability .52) than Labour (probability .10).

<Tables 3 and 4 about here>

Conclusion

This paper has served as a first cut into the question of how mass publics draw on ideology, elite cues, and the existing knowledge about politics to assess the political consequences of the international financial crisis. Apart from its very real consequences, we maintain that studying the mass political effects of the crisis will help cast light on how politics and public opinion play out during highly volatile, uncertain times—or, we might say, times

³² Students of British voting behavior are divided as to whether partisanship ought to be included as an exogenous variable in vote choice models. In further versions of this paper we will examine this more carefully.

during which we have reason to believe established elite-mass ties are upset. The uncertainty accompanying the financial crisis is certainly palpable, as even as experts debate who is responsible and to what extent. For example, a recent lead story in the APSA's *PS: Political Science and Politics* identifies several potential sources of blame, including liberal home ownership policies, free market policies, and the U.S. Federal Reserve (Comiskey and Madhogarhia 2009). The line for dividing responsibility between the government and industries blurs for general public even further when the financial industry permeates the government not only indirectly through its influential lobby, but also literally by senior financial industry officials assuming highest government jobs (Jacobs and King 2009). It should not be surprising, therefore, that large shares of mass publics admit not knowing how to attribute responsibility. Our initial findings support a view that during such a diversion from "normal politics," citizens are (even more) apt to search for cues from elites to help them make sense of it all.

Measurement Appendix

Responsibility Attributions for the International Financial Crisis: Our survey included the following question: “If you had to choose, which one of the following do you think as the most responsible for the recent problems facing world financial markets? Respondents who answered Government were coded 0, “businesses, banks and investment companies, and private investors, were coded as 1, and don’t know responses were coded as 2.

Vote intentions: Respondents were asked the standard question, “If there were a General Election tomorrow, which party would you vote for?” Respondents who answered Conservative were coded as 0, Labour 1, LibDem 2, and those who would abstain were coded as 3.

Political knowledge: Our survey included five true/false political knowledge items including questions about the British political and economic system: 1) elections to the British House of Commons are held at least once every five years; 2) enrolling as a voter in Great Britain is compulsory; 3) it is not necessary to be a British citizen to be eligible to vote in Great Britain; 4) interest rates in Great Britain are set by the chancellor of the exchequer; 5) Britain is a member of the WTO. Correct answers were coded 1 and 0 otherwise. Answers were counted up and centered, producing an index ranging from -2 for no correct answer to 2 for all correct answers.

Free market ideology: Respondent’s economic ideology was measured by averaging their responses for four questions (“On the whole, do you think it should or should not be the government’s responsibility to 1) provide a job for everyone who wants one; 2) provide industry with the help it needs to grow; 3) reduce income differences between rich and poor; 4) raise taxes and spend more on health and social services. The variable ranges from 0 for strong economic liberals and 3 for strong economic conservatives.

Conservative: Dummy variable coded 1 for respondents identifying themselves with, or feeling closer to, the Conservative Party; 0 otherwise.

Labour: Dummy variable coded 1 for respondents identifying themselves with, or feeling closer to, the Labour Party; 0 otherwise.

Liberal Democrat: Dummy variable coded 1 for respondents identifying themselves with, or feeling closer to, the Liberal Democratic Party; 0 otherwise.

Other Party: Dummy variable coded 1 for respondents identifying themselves with any party other than Conservative, Labour, or Liberal Democrat; 0 otherwise.

Government responsible: Respondents were asked, “If you had to choose, which one of the following do you think was the most responsible for the recent problems facing world financial markets?” Respondents who responded, “Governments and regulators” were coded as 1; 0 otherwise.

Investors responsible: Respondents were asked, “If you had to choose, which one of the following do you think was the most responsible for the recent problems facing world financial

markets?” Respondents who responded, “Private investors” and “Banks and Investment companies” were coded as 2; 0 otherwise.

Left-right self-placement: Left-right self placement was measured by respondent’s self-placement along a ten-point scale ranging from 0 for very left wing and 10 for very right wing.

Retrospective economy: Respondents were asked, “How do you think the general economic situation in Britain has changed over the last 12 months?” Respondents were coded between 0 for “got a lot worse” and 4 for “got a lot better.”

Prospective economy: Respondents were asked, “How do you think the general economic situation in Britain will be 12 months from now?” Respondents were coded between 0 for “got a lot worse” and 4 for “got a lot better.”

Education: Respondents were asked, “At what age did you finish full-time education?” Coded 0 for people who were 16 years old or younger when they finished school, 1 for people who finished school between 17 and 19, and 2 for those who were older than 20 when they finished school.

Age: Age measures respondent’s age in years and ranges from 18 to 80.

Female: Female denotes gender of a respondent, coded 1 for female, 0 for male.

High income: Dummy variable coded 1 for respondents making over £600 per week; 0 otherwise.

Low income: Dummy variable coded 1 for respondents making £249 or less per week; 0 otherwise.

Blue collar: Dummy variable capturing nature of employment of a respondent. Unskilled, semiskilled, and skilled manual workers, foremen or supervisors of manual workers and others were coded as 1; 0 otherwise.

Union: Dummy variable coded 1 for respondents who are members of a trade union (incl. UNITE, UNISON, GMB, CWU, USDAW, NUT, NASUWT, and others) and 0 for non-members of a union.

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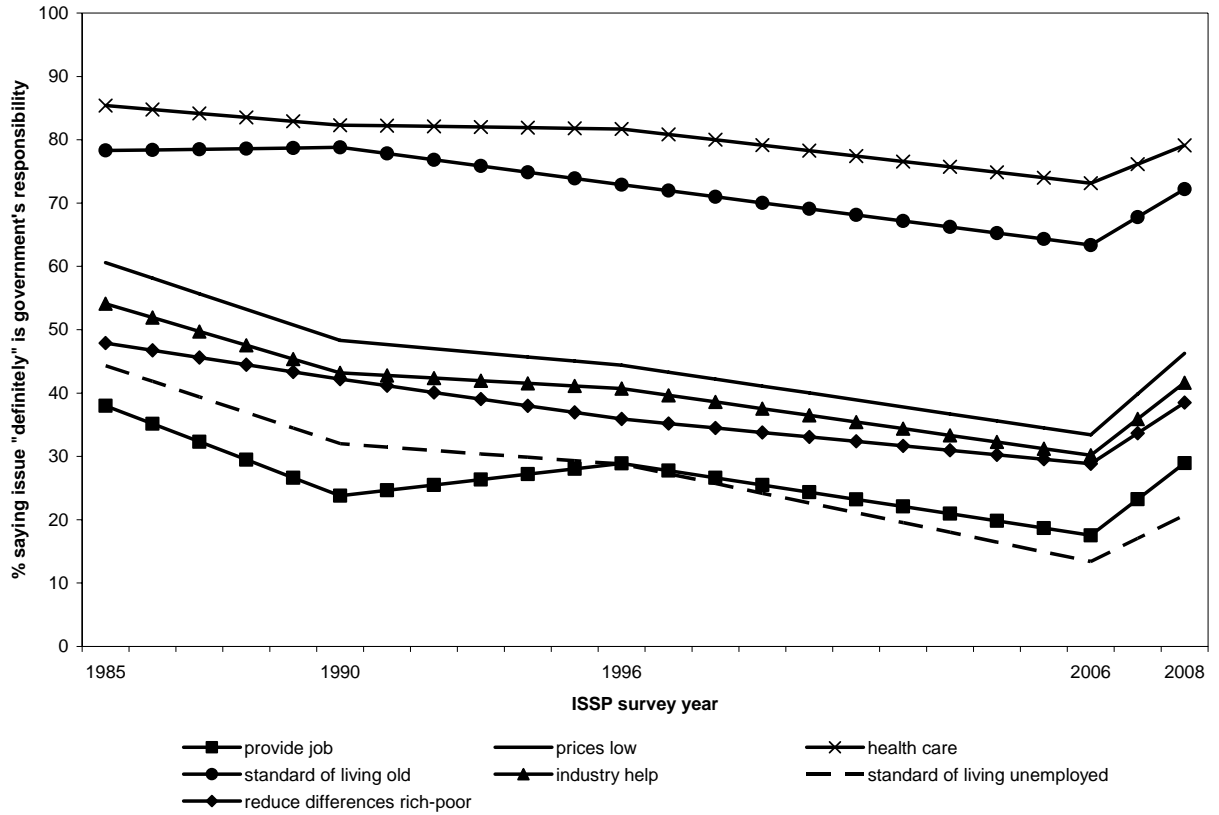
Gerber and Green, 1998

Zaller, 1991

Zaller 1992

Zaller, 1994

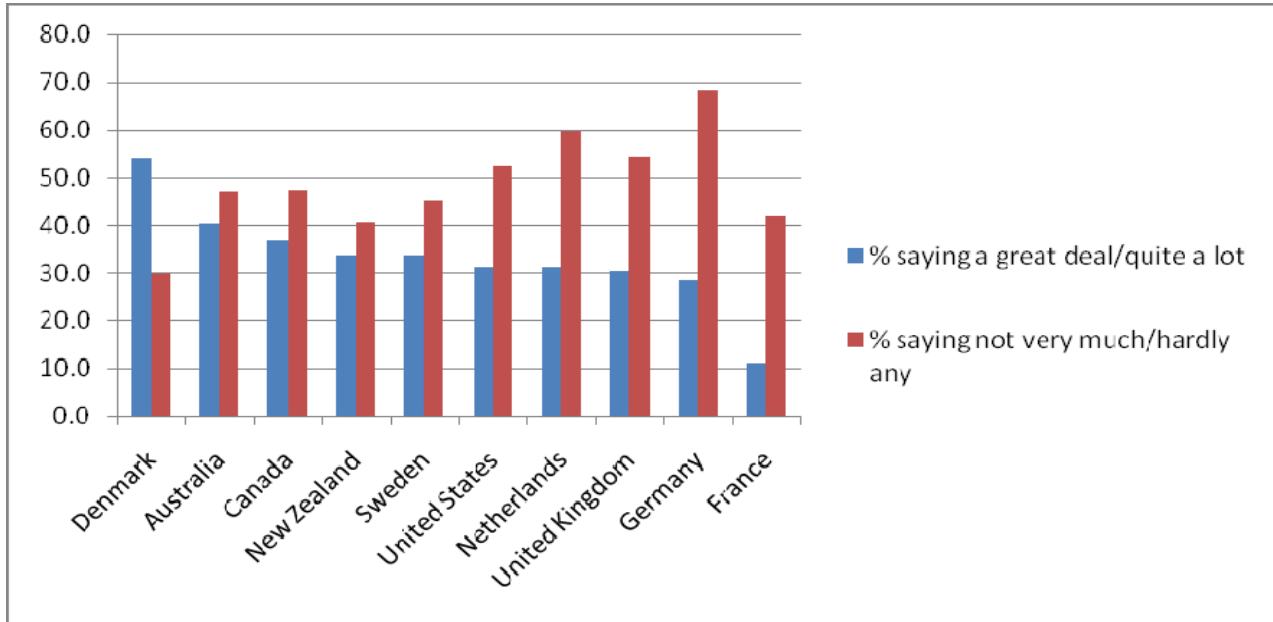
Figure 1: Trends in attitudes of British citizens towards government responsibility 1985-2008



Notes: 1974: lines report percentages of respondents who think policy domain is "definitely" the government's responsibility to do (don't know and no answer responses omitted). Sources: 1985, 1990, 1996, 2006: International Social Surveys Programme Role of Government Studies; 2008: YouGov survey, Timothy Hellwig, principal investigator.

Figure 2: Perceptions of the Room to Maneuver: Comparative Data, Nov 2008

“In your opinion, does globalization leave [COUNTRY’S] government with a great deal, quite a lot, not very much, or hardly any ability to choose its own economic policies?”



Source: YouGov survey, IFOP Eight Country Omnibus survey, 2008 New Zealand Election Study.

Table 1. Multinomial Logit Model of Responsibility Attributions for the International Financial Crisis, November 2008

	Investors / Governments		Don't Know / Governments	
	Coeff.	SE	Coeff.	SE
Free Market Ideology	-0.09	(0.10)	0.51***	(0.18)
Political Knowledge	0.10	(0.07)	-0.63***	(0.10)
Conservative Partisan	-0.19	(0.14)	-1.09***	(0.25)
Labour Partisan	1.47***	(0.17)	0.45*	(0.25)
Liberal Democrat Partisan	0.34	(0.28)	-0.33	(0.52)
Other Party Partisan	0.21	(0.23)	-0.52	(0.42)
Con x Pol Knowledge	-0.02	(0.11)	0.38*	(0.20)
Lab x Pol Knowledge	0.27**	(0.13)	0.81**	(0.19)
Lib Dem x Pol Knowledge	0.01	(0.23)	0.14	(0.44)
Other x Pol Knowledge	0.10	(0.19)	-0.03	(0.33)
Education	0.07	(0.07)	-0.06	(0.12)
Age	-0.004	(0.003)	-0.03***	(0.01)
Female	-0.12	(0.10)	0.79***	(0.19)
High Income	0.10	(0.12)	-0.05	(0.21)
Low Income	-0.21	(0.14)	0.18	(0.22)
Blue collar	-0.07	(0.14)	-0.21	(0.25)
Union	0.22	(0.13)	0.36*	(0.22)
North	-0.08	(0.17)	0.02	(0.29)
Midlands	-0.45**	(0.18)	-0.26	(0.30)
South	-0.18	(0.16)	-0.19	(0.28)
Wales	-0.30	(0.24)	-0.22	(0.41)
Scotland	0.14	(0.23)	-0.07	(0.39)
Constant	0.87***	(0.28)	-0.36	(0.49)
Log likelihood	-1877.23			
Pseudo R2	.13			
N	2610			

Note: Cells report multinomial logit estimates with robust standard errors in parentheses. The baseline category is “governments and regulators.” *** p < .01, ** p < .05, * p < .10, two-tailed tests.

Table 2. Predicted Probabilities of Responsibilities for the International Financial Crisis

	Governments	Investors	Don't Know
Free Market Ideology			
High (mean + 1 σ)	.30	.50	.20
Low (mean - 1 σ)	.31	.57	.12
<i>Difference</i>	<i>-.01</i>	<i>-.07</i>	<i>.08</i>
Political Knowledge			
High	.30	.65	.05
Low	.23	.34	.43
<i>Difference</i>	<i>.07</i>	<i>.32</i>	<i>-.39</i>
Partisanship			
Conservative	.38	.55	.07
Labour	.10	.81	.09
Liberal Democrat	.26	.64	.10
Non-Partisan	.30	.54	.16
<i>Difference, Con-Lab</i>	<i>.28</i>	<i>-.26</i>	<i>-.02</i>

Note: Cells report predicted probabilities of attributing responsibility to Governments, Investors or neither (“don’t know”). Values generated by using estimates reported in Table 1 and iteratively manipulating variables of interest for a hypothetical voter who is a non-partisan female from greater London with median levels of political and knowledge and education, mean age in years, is not a member of a union, and who is neither high nor low income.

Table 3. Multinomial Logit Model of Party Vote Intentions, November 2008

	Conservative / Labour		Lib Dem / Labour		Abstain / Labour	
	Coeff.	SE	Coeff.	SE	Coeff.	SE
Government responsible	1.86***	(0.32)	1.96***	(0.40)	1.15***	(0.40)
Investors responsible	-0.06	(0.28)	0.46	(0.35)	-0.44	(0.35)
Left-right self-placement	0.86***	(0.05)	0.20***	(0.05)	0.32***	(0.07)
Retrospective economy	-0.72***	(0.12)	-0.11	(0.11)	-0.27	(0.18)
Prospective economy	-0.51***	(0.07)	-0.29***	(0.07)	-0.69***	(0.11)
Education	0.13	(0.09)	0.35***	(0.10)	-0.30**	(0.14)
Age	-0.02***	(0.01)	-0.02***	(0.01)	-0.05***	(0.01)
Female	0.14	(0.14)	-0.05	(0.15)	0.40*	(0.21)
High income	0.02	(0.16)	-0.39***	(0.18)	-0.31	(0.24)
Low income	-0.52**	(0.20)	0.07	(0.21)	-0.28	(0.28)
Blue collar	-0.06	(0.20)	-0.48**	(0.23)	0.02	(0.27)
Union	-0.46***	(0.18)	-0.22	(0.18)	-0.82	(0.28)
North	-0.36	(0.22)	-0.43*	(0.25)	-0.07	(0.33)
Midlands	0.17	(0.25)	-0.14	(0.28)	0.14	(0.37)
South	0.36*	(0.22)	0.54**	(0.23)	0.14	(0.34)
Wales	-0.35	(0.33)	-0.16	(0.34)	0.08	(0.46)
Scotland	-1.28***	(0.32)	-1.07**	(0.36)	-0.56	(0.45)
Constant	-2.82***	(0.50)	-0.93*	(0.56)	0.75	(0.69)
Log likelihood	-1723.65					
Pseudo R2	.25					
N	1901					

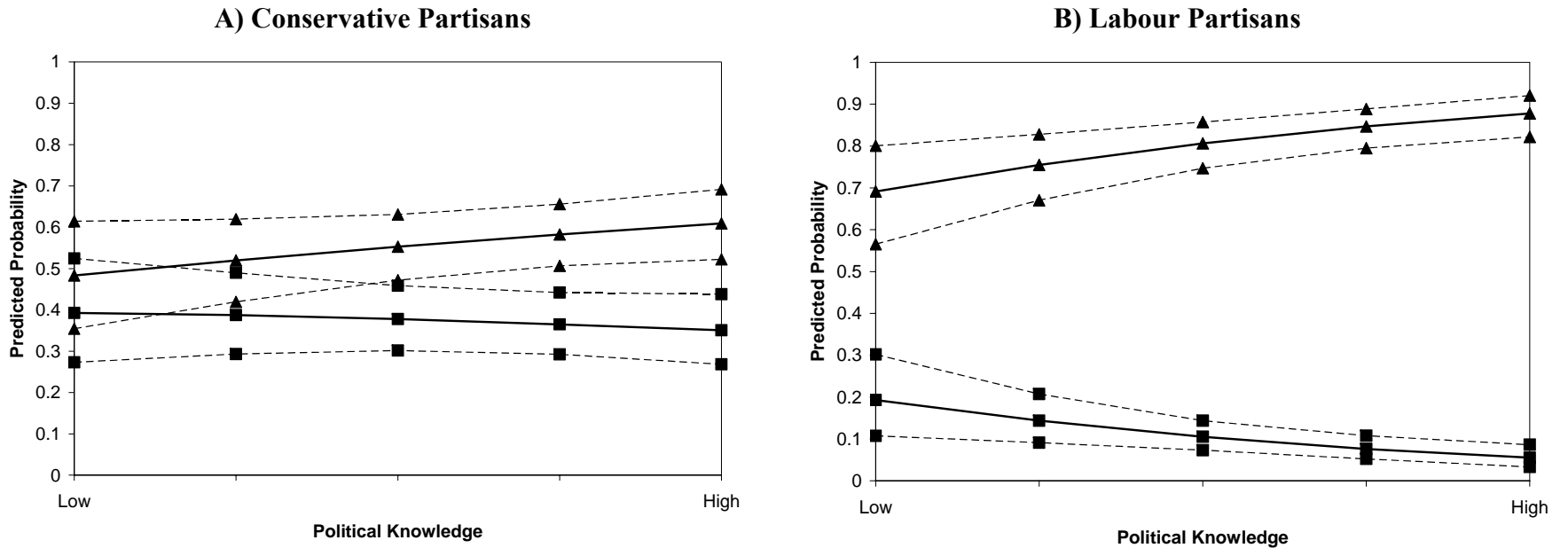
Note: Cells report multinomial logit estimates with robust standard errors in parentheses. The baseline category is the Labour Party. *** p < .01, ** p < .05, * p < .10, two-tailed tests.

Table 4. Predicted Probabilities of Responsibilities for the International Financial Crisis

	Labour	Conservative	Lib. Dem	Abstain
Government responsible	0.10	0.52	0.25	0.13
Investors Responsible	0.39	0.30	0.21	0.10
<i>Difference</i>	<i>-0.29</i>	<i>0.22</i>	<i>0.03</i>	<i>0.03</i>

Note: Cells report predicted probabilities of intending to vote Labour, Conservative, Liberal Democrat, or abstain. Values generated by using estimates reported in Table 3 and iteratively manipulating variables of interest for a hypothetical voter who is a non-partisan female from greater London with median levels of political and knowledge and education, mean age in years, is not a member of a union, and who is neither high nor low income.

Figure 3. Effects of Political Knowledge on Probability of Attributing Responsibility to Governments (■) or Investors (▲)



Note: Graphs display predicted probabilities of attributing responsibility to Governments or Investors (“don’t know” outcome not shown for ease of display). Values generated by using estimates reported in Table 1 and iteratively manipulating variables of interest for a hypothetical voter who is a non-partisan female from greater London with median levels of political and knowledge and education, mean age in years, is not a member of a union, and who is neither high nor low income. Dashed lines report 95% confidence intervals produced by taking 10,000 draws from the estimated coefficients and variance-covariance matrix from the model reported in Table 1.