

# **Elite Cues and Economic Policy Attitudes: The Mediating Role of Economic Hardship**

## *Abstract*

Do voters' change their attitudes toward economic issues in line with their material self-interest? The consensus among students of public opinion is that material self-interest plays a very limited role and that competing non-material factors, such as partisanship or ideological predispositions, do most of the heavy lifting. This paper moves beyond comparing the role of material and non-material factors. Instead, we examine how these factors *combine* to shape policy preferences. Specifically, we propose a friendly amendment to Zaller's influential model according to which attitudinal change results from the interaction between changes in elite messaging on the one hand and individual political predispositions on the other. In Zaller's model, partisanship and ideological predispositions help explain why some resist and others embrace new elite messaging. We hypothesize that self-interest also conditions the effect of elite messaging. Using British individual-level panel data collected over more than a decade, we show that material hardship predicts who, among left-wing voters, resist new right-wing cues from partisan elites. Our results highlight material self-interest's incremental impact on economic attitudes.

*Keywords:* Attitude formation, economic preferences; self-interest; panel data; Great Britain; Zaller.

How do people form political preferences? How do these preferences change?<sup>1</sup> Most answers to these questions emphasize the interaction between the political context, as shaped by political elites competing for power, and individual characteristics such as political ideology, party identification or racial and economic values. In this approach to opinion formation and change, economic conditions and material self-interest play little to no role. This paper proposes a friendly addendum to this line of work.

Existing evidence shows that citizens exposed to elite-level debates and disagreements will embrace some claims and resist others depending on their political predispositions (Zaller and Feldman 1992; Zaller 1992). We extend this argument further and hypothesize the existence of another mediating factor, namely a person's economic conditions and needs.

To test this argument, we turn to a unique British panel dataset with repeated measures of both economic hardship and economic preferences. The data was collected over a period of elite-driven change in the discursive context. Specifically, we focus on the period preceding and following Tony Blair's pro-market 1995 take-over of the Labour Party and his successful 1997 election bid. During this period, the Labour Party moved towards the Tories' positions on economic issues, becoming markedly more likely to describe market mechanisms in positive terms and less likely to mention income redistribution as a policy goal (Bara and Budge 2001; Green and Hobolt 2008; Heath et al. 2001).

John Zaller's model of preference formation and change, even though developed and tested in a context of growing partisan identification and strong partisan cues, provides us with clear empirical expectations. Given that the Labour Party's messaging shifted from left-wing statements to a mix of right-wing and centrist ones, we should observe a portion of Labor identifiers with left-wing preferences "follow the leader" (Lenz 2009) and become more ambivalent with regards to left-wing economic policies. But who will be most likely, among left-wing Labour identifiers, to follow the rhetoric of the political elite and update their survey responses accordingly? Who, in contrast, will not change their economic preferences and resist party cues? According to Zaller, the effect of elite messaging is mediated by partisanship, ideological

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<sup>1</sup> In line with previous work in social psychology, we use the terms "preferences" and "attitudes" interchangeably and define them as evaluative statements, in this case policy-relevant statements, ranging from positive (favor) to negative (oppose).

predispositions and the extent to which voters pay attention to politics. We also argue that individual economic factors help explain who is most likely to resist or embrace changes in elite messaging. One reason is issue importance: people experiencing economic hardship are more likely to care about economic issues and consequently more likely to resist elite messaging that goes against their own prior attitudes and beliefs. A second reason is the extent to which elite messaging resonates with one's own experience: we expect people experiencing economic hardships to be more likely, relative to individuals experiencing no hardship, to resist right-wing considerations about the economy and embrace left-wing ones.

To examine these expectations, we rely on a measurement model that classifies respondents based on their response pattern to a set of six survey items asking about economic issues (“Government has an obligation to provide jobs”) and beliefs (“There is one law for the rich one for the poor”). To examine the effect of hardship on preferences, we model attitudinal change as a first-order Markov chain and examine how changes in a respondent's material conditions affect the probability of transitioning from a consistently left-wing to a more ambivalent survey response pattern. Within our sample, we document an increase in the share of respondents categorized as ambivalent on economic issues. In line with common expectations, this shift is due to individuals who entered the panel with consistently left-wing response patterns and appear to “follow” the New Labour's more right-wing messaging (Lenz 2009). Most importantly, we show that material hardship affects who follows and who resists. Evidence on the timing of attitudinal change (i.e. around the 1997 General Elections), as well as results from a placebo test using non-economic preferences further document the interaction between elite cues and material conditions.

Our findings support the hypothesized amendment to Zaller's framework: proxies of self-interest can be included as additional variables predicting both *resistance to* and *acceptance of* party cues on a related economic issue. While this paper examines the relationship between people's economic conditions and their preferences on economic issues, the argument easily extends to different issue areas and individual characteristics (e.g. elite discourse about pay equality and gender, gun control and gun ownership, maternity leave and likelihood of becoming pregnant).

## **Self-Interest and Preference Formation**

A key assumption in political economy is that voters translate material hardship into higher support for redistributive economic and social policies (Meltzer and Richard 1981; McCarty et al. 2008). This conjecture receives only limited empirical support. In cross-sectional data, proxies of material hardship, such as unemployment risk or income, are often poor predictors of social policy preferences (Sears and Funk 1990). Studies using panel data find only small and temporary effects of individual material conditions on economic preferences (Margalit 2013). The main reason is that people rely on alternative modes of reasoning that are cognitively more manageable and that trigger behaviorally-important emotional responses that easily swamp self-interested reasoning (Sears and Funk 1990: 249).

With a few important exceptions (e.g. Chong et al. (2001)) past studies have examined whether material self-interest provides a useful lens for understanding why people disagree on economic issues. Below, we build on Zaller's model of survey response to answer a different question: how might self-interest and alternative modes of reasoning interact and combine to affect attitudes?<sup>2</sup>

### **A Simple Addendum to Zaller's Theory of the Survey Response**

According to Zaller and Feldman (1992: 79), "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." Individuals express an opinion by reaching into their own "bucket" of existing considerations about an issue. Which consideration ends up being sampled is a function of the types of considerations that are at the top of their bucket, meaning those that are cognitively easier to retrieve. This simple framework suggests two main reasons why survey responses might change over time. One has to do with the hetero-

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<sup>2</sup> There is somewhat of a tension in the literature between studies, usually in political economy, that seek to identify the causal effect of hardship (see Margalit (2019) for a review) and studies of attitudinal change (usually in American politics) that seek to identify which share of the overall variance in policy preferences can be reasonably attributed to economic self-interest. This paper primarily engages with and leverages insights from the latter literature. In the conclusion, we discuss our argument and findings' implications for the former.

ogeneity of one's bucket of considerations. Assuming enough heterogeneity, over-time variation follows from respondents sampling a different consideration each time the same survey question is asked. Variation might also result from a change in the mix of considerations individual hold on a given issue. Accordingly, a left-wing (right-wing) shift in response patterns on economic issues follows from both an increase in the likelihood that individuals with "mixed" buckets sample left-wing (right-wing) considerations and an increase in the share of individuals whose bucket includes mostly left-wing (right-wing) considerations.

A key trigger of change, according to Zaller, is the discursive context as shaped by elite competition. Indeed, in the process of building electoral coalitions, political elites competing for political power to change the nature and range of perspectives and arguments available in voters' discursive context. More specifically, parties and candidates who actively compete over an issue will affect the *salience* of an issue area, the *range* of policy alternatives available within this issue area and how easy it is to *distinguish* these policy alternatives from one another (Sniderman and Bullock 2004: 346). In other words, elite discourse, through recall and framing effects, shapes the considerations likely to be on top of a respondent's bucket, which will in turn affect survey answers. By altering the range of policy considerations available to citizens, political elites also generate conditions conducive to more durable attitudinal change: they increase the likelihood that people will be exposed to new political messaging, ultimately incorporating new considerations and altering the mix of considerations from which people sample.

In Zaller's model, political predispositions enter the picture as mediating the effect of the discursive context on individuals. According to Zaller (1992: 44), "(p)eople tend to resist arguments that are inconsistent with their political predispositions." Predispositions, are, to simplify, selection mechanisms that shape acceptance or rejection of new considerations. Zaller, and scholars building in his synthetic model distinguish between at least two types of such selection mechanisms. One mechanism is the (mis)match between a new claim and the ones already available in an individual's existing bucket of considerations: the more homogeneous the existing bucket, the less likely the acceptance of a consideration that runs counter to it. We call this type of selection mechanism predispositional consistency.<sup>3</sup> The second type of mechanisms

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<sup>3</sup> Existing studies often use the term "ideological predispositions" to describe this resistance

are cognitive short-cuts that individuals rely to ‘decide’ whether or not to accept a given claim. One well studied short-cut is the partisan heuristic, which makes people more likely to accept (reject) claims that they associate with the political party they identify with (oppose). These selection mechanisms only function if people are first aware of (exposed to) public debates, and if they possess the knowledge necessary to filter the considerations they are exposed to through the prism of their priors considerations and own partisan identification.

To this well-known list of mediating mechanisms, we add self-interest. As documented by Krosnick et al. (1993), self-interest affects issue importance. Issue importance, in turn, shapes resistance to party cues and messaging. Carsey and Layman (2006) and Dancey and Goren (2010) show that, in the case of abortion, those who care the most about this issue will resist embracing the party’s new policy position if it conflicts with theirs (see also Zaller 2013). A related mechanism is people’s tendency to prefer self-serving considerations over others (also called “egocentric bias in information processing”, see Sears and Funk (1991)). Simply put, given competing considerations about the state of the world, individuals tend to prefer the ones that maintain their own self-esteem (DeScioli and Kurzban 2009). Below, we examine the case of economic considerations, an issue area for which there is ample evidence of egocentric bias. Indeed, beliefs about the fairness of the income distribution and the economy more generally are correlated with income and skills: economic losers are less likely than economic winners to believe that effort pays and that resources are fairly distributed (see (Montada 1998) for a review). As shown by Marshall (2014) and Giuliano and Spilimbergo (2014) among others, at least part of this relationship is causal.<sup>4</sup> As a result, we expect people experiencing economic hardships to be more likely, relative to individuals experiencing no hardship, to resist embracing right-wing considerations on economic issues and more likely to embrace left-wing ones.

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variable. We prefer to avoid this term as it does not adequately capture the hypothesized resistance mechanism. This definition of predispositional consistency, can also accommodate what the literature usually describes as “frames” and “schema.”

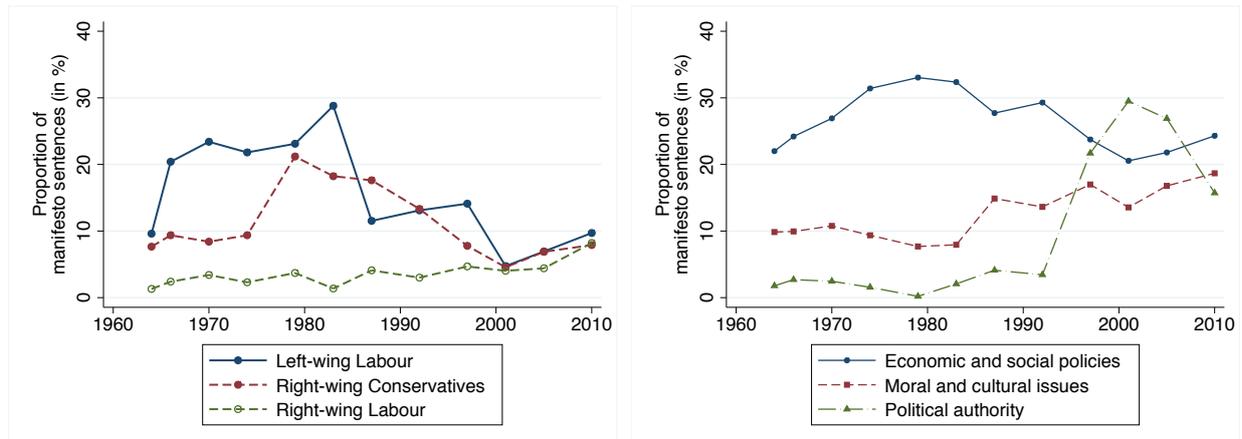
<sup>4</sup> Some researchers argue that the belief that the world is unfair is itself psychologically costly, so costly that, in practice, those who are most disadvantaged by a system can often be its most ardent supporters (Jost and Andrews 2011; Lerner 1980). They posit a shared universal propensity to see the status quo as fair. Such argument overlooks the well documented income gradient in Just World beliefs, especially when these beliefs are about the income distribution or the economy.

## The British Case

To test our argument about the mediating role of material self-interest, we turn to high-quality panel data collected in Great Britain during a period of significant shifts in elite discourse on economic issues. The transformation of the British party system is well documented and has attracted much attention from political commentators and scholars. 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 for details on the measures). In the early 1980's, close to a third of the two parties' manifestos were 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 of working-people" (Dale 2000: 248). This is also visible in Figure 1.A with an increase in the 1983 manifesto of the share of sentences mentioning left-wing economic and social issues. 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. Instead, Tony Blair, Labour Party leader from 1994 to 2007 and Prime Minister from 1997 to 2007, dramatically altered the party's platform by "advocating lower taxes and reduced welfare dependency (...) fiscal prudence, and personal responsibility" (Milazzo et al. 2012: 265).

This change strongly affected political discourse in the House of Commons (O'Grady 2019) and was relayed in the media. 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 2.1 a clear rightward shift on economic issues starting in 1997. By 2005, the number of sentences coded as a right-wing stance on the economy and social policy clearly outweighs the number of sentences coded as a left-wing stance. Overall, the prevalence of left-wing economic and redistributive considerations decreased over this period. Jeremy Corbyn, elected as party leader in 2016, represents a striking reversal from this trend. Unfortunately, because our dataset stops in 2007, we cannot examine how this change in leadership, and its effect on the discursive

**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, (Volvens et al. 2013).

context, has affected mass preferences.

Using the British Election Study respondents' mean placements of the Labour and Conservative Parties between 1987-2001, Milazzo et al. (2012: 266) show that the electorate was very much aware of this shift in party and media discourse. Over time, voters placed the Labour Party as more and 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 2.2.

The model sketched above allows us to examine how a change in elite rhetoric on economic issues shapes attitudes as measured using traditional survey methodology. Overall, the discursive context in Great Britain during this period is not conducive to an increase in left-wing economic preferences. Indeed, the main consequence of this convergence is to decrease the number of traditional left-wing policy considerations available in the political debate and increase centrist and right-wing ones associated with the Labor Party. From the perspective of individual voters, this has three consequences. First, individuals with a mixed bucket of considerations become less likely to have left-wing consideration on the top of their mind. Second,

fewer individuals are exposed to new left-wing considerations. Finally, more individuals are exposed to new centrist and right-wing considerations. The change is especially significant for individuals who start the period identifying with the Labour Party: their exposure to left-wing primes and new considerations coming from Labour elites declines while the exposure to centrist and right-wing primes and considerations coming from Labour elites increases.

As a result, we expect a decrease in the share of individuals who appear left-wing on redistributive and economic issues. This change should be especially important among Labour identifiers who pay attention to politics and thus notice change in elite cues. Given that attitudes are more likely to change around major upswing in the discursive context (Abney et al. 2013), we focus on 1997, the year the Labour Party ran for office on its “New Labour” platform. More specifically, we examine the following predictions:

**Prediction 1:** Individuals’ economic policy preferences exhibit a conservative shift starting in 1997. The shift is larger among individuals who pay attention to politics and who, at the beginning of the panel, identify with the Labour Party.

Prediction 1 is a common empirical expectation that has been successfully tested many times before (Zaller 2013 for a review). But exposure and partisanship are not enough to distinguish between those who change policy preferences and those who do not. In this particular case, at least a subset of respondents, i.e. Labour identifiers with consistent left-wing preference, are cross-pressured. While their partisanship encourages them to respond to centrist and right-wing cues by changing their survey responses, predispositional consistency pushes them to resist. To predict how cross-pressured individuals will behave,<sup>5</sup> we turn to material self-interest:

**Prediction 2:** Individuals who hold consistently left-wing economic policy preferences and

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<sup>5</sup> Economic and redistributive preferences are central to politics in post-industrial economies. They are, for a large set of voters, the preferences that underpin their party choice in the first place. A change in the party’s position might thus result not in a change in preferences but in a change in partisanship. Yet, in this particular case, left-wing voters have no party to switch to as the electoral rule in Great Britain precludes the emergence of a party to left of Labour.

have experienced a negative economic shock are more likely to resist party cues and less likely to experience a conservative shift in attitudinal response patterns.

Predictions 1 and 2 assume that partisan elites act as first movers<sup>6</sup> and that a change in policy platform is exogenous to attitudinal change in our panel. As documented in Appendix 2.3, changes in party platform were not preceded by a change in mass economic preferences. Existing interpretations of the British case point to factors beyond elites' control including the decline of the traditional industrial working class, the failure of Keynesian demand management and the search for a new policy paradigm to address the latter (Hall 1993). Note that none of these factors assume a change in mass preferences. Furthermore, our focus is on individual-level dynamics and estimates, not aggregate-level ones,<sup>7</sup> minimizes risks of reverse causality: elite discourse is more likely to influence a given individual's own preferences than the other way around.

## **Empirics**

To test predictions 1 and 2, we turn to the British Household Panel Survey (BHPS). The 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.<sup>8</sup> Given the emphasis in prediction 2 on changing economic security, we restrict our sample to the working age population, excluding pensioners and respondents in full-time education from the analysis: for these groups, income shocks are more difficult to measure. Due to the different party systems in Wales, Scotland, and Northern Ireland, we only keep individuals living in England. We further select individuals with valid responses on our

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<sup>6</sup> As discussed above, this assumption is constitutive of the field of research – public opinion and survey research – on which we build; and in the interest of space, we do not seek to review in detail the evidence that supports this claim (Zaller 1992; Bartels 2005; Lenz 2009; Evans and Tilley 2012; Zaller 2013).

<sup>7</sup> At the aggregate level, economic attitudes appear very stable, see Appendix 2.3.

<sup>8</sup> For more information about the BHPS, visit <https://www.iser.essex.ac.uk/bhps>. The data can be downloaded at <https://beta.ukdataservice.ac.uk/datacatalogue/studies/study?id=5151>.

measurement items for at least three time periods, yielding a total of 5,745 observations.<sup>9</sup>

## **Variables and empirical strategy**

**Measurement of economic policy preferences.** The BHPS includes a number of attitudinal questions. Six of these items tap into support for, or opposition to, traditional left-wing economic and social policy preferences. They were measured on seven occasions between 1991 and 2007. We have re-coded them such that higher values indicate a more right-wing answer. Respondents were asked whether they agreed or disagreed with the following statements:

1. Ordinary people share nation's wealth
2. There is one law for the rich one for the poor
3. Private enterprise solves economic problems
4. Public services ought to be state owned
5. Government has an obligation to provide jobs
6. Strong trade unions protect employees

These items are interesting because they directly ask about “Old” Labour issues: conflict between management and labor, disagreement over the fairness of market economies and governments intervention to help the “little guy.” This is precisely the world view that New Labour dropped from its political platform starting in the mid-1990s. With Tony Blair's arrival to power, party messaging moved in a right-wing direction. His government introduced public-private partnerships for public services, communicated that the Labour Party was also the party of the successful entrepreneurs, and implemented workfare reforms designed to push unemployed workers off the “dole.”

According to Ansolabehere et al. (2008: 215) using “a large number of survey items on the same broadly defined issue area – for example, government involvement in the economy (...) eliminates a large amount of measurement error,” revealing true issue preferences. We perform an exploratory factor analysis on some waves of the survey followed by a confirmatory factor

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<sup>9</sup> 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 Neundorf et al. (2011).

analysis on other waves and find strong evidence that all items load on the same unique latent preference dimension. Consequently, we use these six items to estimate a unique latent construct that we call economic preferences.

We estimate a latent class model for each time point for each respondent.<sup>10</sup> Based on theoretical and methodological grounds, our preferred model assumes three latent classes of respondents.<sup>11</sup> One class is constituted of individuals who answer the 6 survey items in a consistently left-wing fashion. The second one is constituted of individuals who answer in a consistently right-wing fashion. 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 ambivalent centrists. The estimates from the Latent Class measurement model are shown in Appendix 3.2.<sup>12</sup> Individuals in the left-wing and right-wing response classes have mirroring response patterns. For instance, individuals in the former have a probability of 0.67 of agreeing or agreeing strongly with the claim that public services should be state owned. Individuals in the latter have a probability of disagreeing or disagreeing strongly of 0.62.<sup>13</sup> Individuals with an “ambivalent centrist” response pattern stand out for their low probability of taking ‘extreme’ positions (answer 1 or 5) on any of the six items. These individuals have a higher propensity, especially when compared to left-wing ideologues, of rejecting both extreme liberal and conservative positions (the ‘neither nor’ response category).

While Ansolabehere et al. (2008) recommend treating latent preferences on this issue area

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<sup>10</sup> The 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.

<sup>11</sup> We compare the model fit between models with 1 up to 5 classes. As Appendix 3.1 confirms, model fit greatly improves if we hypothesize the existence of 3 different classes.

<sup>12</sup> In Appendix 3.3, we further show how each individual, classified by the model as either right-wing, left-wing or ambivalent score on an additive index, a traditional way to use Likert-items. The latent class model distinguishes very well between three types of respondents. The distribution of the additive scores for individuals classified as left-wing barely overlaps with the distribution of additive scores for individuals classified as right-wing.

<sup>13</sup> This is the same patterns for all questions except for questions A and B, which show a strong bias in favor of a left-wing answer in both classes.

as continuous, we choose a categorical approach. Theoretically, a categorical approach – separating ideologues (left/right) from others – better matches Zaller’s distinction between homogeneous and heterogeneous buckets of considerations. Empirically, the assumption that latent economic policy preferences are continuous means assuming that individuals with heterogeneous beliefs can still be ordered from left-wing leaning to right-wing leaning and that the 6 items listed above are informative enough to do so. In contrast, our estimation strategy does not require such strong assumption. Using a latent class model, we can assign a score to each individual 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.

**Modeling within-person dynamics of latent attitudes.** In order to test Predictions 1, we need to model the dynamics of this latent attitudinal variable in a way that is sensitive to timing (i.e. pre and post-1997) and accounts for auto-correlation among individuals’ successive measures. We use 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:

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

This model specifies the categorical level variable measuring latent economic preferences  $\theta_t$ , to be a function of the previously held latent preference  $\theta_{t-1}$  and a level of measurement error that is assumed to be time invariant for reasons of identification. Note that equation (1) includes covariates  $\mathbf{x}_{i0}$  on the initial state of economic policy preferences  $\theta_0$ , when respondents first entered the panel.<sup>14</sup> These account for observed characteristics that predict the probability that respondent has economically left or right-wing preferences in the first place. The coefficients are reported in Appendix 4.

The model’s transition dynamics are parametrized by a multinomial logit model, modeling

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<sup>14</sup> The variables included in the model, when respondents entered the panel ( $\mathbf{x}_{i0}$ ) are as follows: Age (15-65 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% Owner), education (30% Primary or still in school; 36% low secondary-vocational; 9% high secondary-vocational; 16% higher vocational; 9% tertiary degree), and logged income.

the probability of being in state  $r$  instead of  $s$  – being for instance classified as left-wing instead of an ambivalent centrist – as a function of overall intercepts and time effects. The  $\beta$  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 survey waves. This allows us to examine the temporal fit between documented changes in the discursive context and preference change (or stability) across waves.

**Partisanship and political interest** According to Prediction 1, transition patterns should differ depending on degrees of exposure and partisanship. We therefore estimate separate models - as outlined in equations 1 and 2 - for several sub-groups defined by 1) their level of political interest (below versus above the median of 2.4) and 2) their partisanship in the first two waves before Labour took its policy turn.<sup>15</sup> Based on Prediction 1, we expect the transition away from left-wing economic preferences toward more ambiguous centrist response patterns to be most pronounced among those who supported Labour in the early 1990s and those with high levels of political interest.

**Material conditions** To test Prediction 2, we 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 material hardship (whether positive or negative), we use two sets of variables. First, we include substantial changes in income (increase or drop of at least

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<sup>15</sup> The correlation between initial partisanship and political interest is only weak. Average level of political interest is correlated with support for Labour (R=0.09) and the Conservatives (R=0.07). We are hence confident that we are capturing two distinct mechanism of preference formation and change with these two measures.

25%) and changes in employment status (loosing or finding a job) as measures of objective hardship (Margalit 2013).<sup>16</sup> 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 experienced as hardship by all respondents. However, individuals vary in whether this shock might have been expected or not, something we do not observe. In addition, subjective measures can help account for unobserved factor (e.g. private wealth) that will shape whether an individual experiences at the same income shock as hardship or not. More information on the measurement of these variables is available in Appendix 5.

## Results

**The dynamics of economic preferences.** Table 1 on the following page shows that, on average over the period, left-wing respondents represent 20 percent of the sample, right-wing respondents 22 percent and the ambivalent centrists, 57 percent. On average, close to half of the sample can be classified as having response patterns falling on one of the two sides of the traditional economic cleavage. The other half appears ambivalent, potentially available to both sides of the debate on specific issues depending on how survey questions and issues are frames and which considerations are primed.

Leveraging the panel structure of the data, we first examine how transition rates across latent classes differ. Table 1 shows that less than 1 percent of respondents, on average switch from left-wing to right-wing economic preferences, or vice versa. This confirms the overall expectation that a switch from one consistent response category to another is very rare. In line with Prediction 1, we find evidence of a conservative shift in response patterns: left-wing respondents' probability of becoming centrists is 13 percent. This transition rate is averaged over the 6 transition periods available in the data. This means that by 2007, the share of left-wing respondents in the sample has declined by over 50 percent compared to 1991.

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<sup>16</sup> 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 1:** Estimated mean transition probabilities

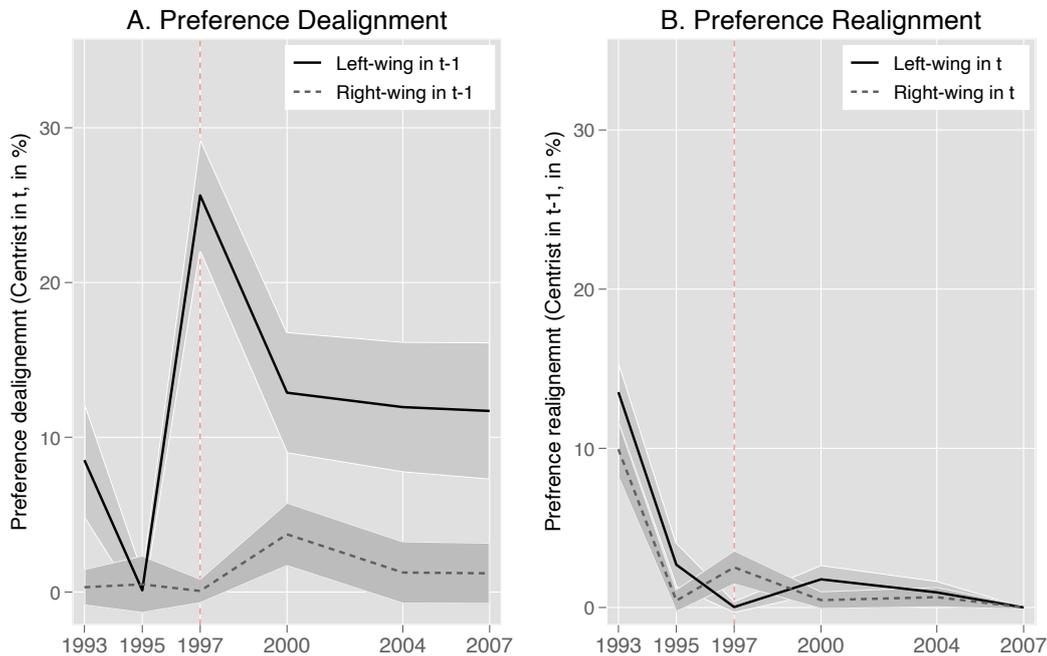
Econ pref[t]	Econ pref[t-1]		
	Left-wing	Centrist	Right-wing
<i>Proportion</i>	0.20	0.57	0.22
Left-wing	0.87	0.03	0.00
Centrist	0.12	0.94	0.01
Right-wing	0.00	0.02	0.99

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 (model 2 on page 14). Figure 2.A plots the dynamics of attitudinal change focusing on the probability of switching from being consistently left-wing to becoming ambivalent centrists, something we call attitudinal dealignment (i.e. neither left nor right-wing). Behind an average transition rate of 13 percent, there is a peak in 1997 with transition probabilities reaching 26 percent and stabilizing around 12 percent the following years. In contrast, we hardly see any change from right-wing to centrist economic preferences. For comparison, Figure 2.B plots the proportion of centrist respondents who shift to more consistently left or right-wing response patterns (i.e. attitudinal realignment) from one wave to the next. As expected, there are virtually no ambivalent centrists that became more left-wing between 1995-1997, while more centrists move to the right.

Overall, the BHPS provides support for the claim 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, which is not the case.

As expected, attitudinal change in this sample appears mostly limited to left-wing respondents becoming more ambivalent. In line with Prediction 1, we examine if this is due to the over-representation of Labour party identifiers on the one hand, and of people who pay more attention to politics on the other. Figure 3 plots the predicted level of left-wing dealignment for four sub-groups. Figure 3.A divides respondents into those with low and high average political interest, while Figure 3.B separates the dynamic in left-wing economic preferences for initial Labour

**Figure 2:** Time-varying Predicted Probabilities of Change in Economic Preferences (incl. 95% C.I.)



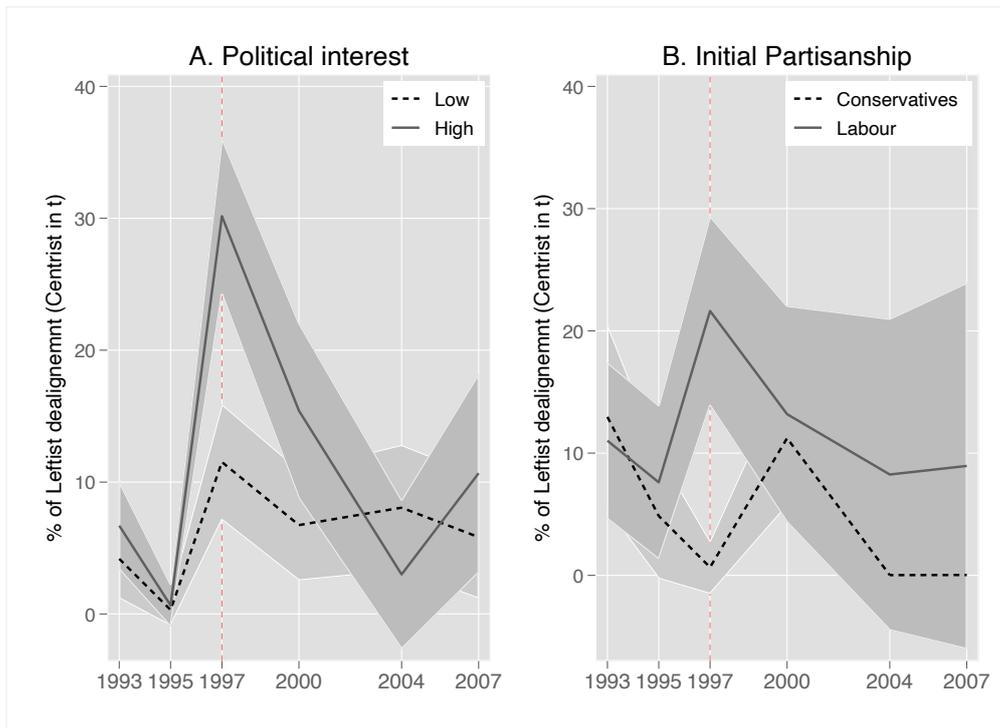
*Note:* The results are based on the estimation of Model 2 on page 14. *Source :* BHPS, 1991-2007.

and Conservative partisans. In line with expectations, Labour partisans and those who pay more attention to politics follow the elite discourse more closely and move their economic preferences from clear left-wing positions to an ambivalent centrist position.

**Material conditions and changes in economic preferences:** We now examine how individual material conditions shape economic policy preferences in line with the resist/accept mechanism presented above. As stated with Prediction 2, we expect individuals experiencing hardship to be more likely to *resist* transitioning away from the consistently left-wing latent class. The results testing Prediction 2 are presented in Table 2 and Figure 4. Table 2 reports the estimates of a series of multinomial logistic regression models. To account for all the possible combinations of latent class membership in time  $t - 1$  and of latent class membership at time  $t$ , we use effects coding instead of using one of the latent classes as a reference category.<sup>17</sup> Each

<sup>17</sup> Effect coding uses only ones, zeros and minus ones to convey all of the necessary information on group membership. For space reasons, we do not report the time-varying coefficients of the lagged latent economic preferences. The results are available upon request. See Figure 4 for quantities of interest.

**Figure 3:** Time-varying Predicted Probabilities of Left-wing Dealignment (Left-wing in  $t - 1$ ; Centrist in  $t$ ) by Average Political Interest and Initial Partisanship (incl. 95% C.I.)



*Note:* The results are based on the separate estimation of Model 2 on page 14 for each sub-group. Low and high political interest is based on below and above median (2.4) average political interest. Initial partisanship is measured as partisanship in the first two waves (1991 and 1995).  
*Source:* BHPS, 1991-2007.

coefficient reported in Table 2 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.

Substantively, all estimates fit our expectations. Individuals who experience hardship are more likely to become (or, in our case, remain) consistently left-wing. Individuals who are experiencing an improvement in their economic conditions exhibit the opposite pattern. Statistically, the effects are the strongest for the subjective job and financial security measures. An individual experiencing a change from feeling financially secure to feeling insecure is more likely to become (or remain) left-wing and less likely to transition toward the consistently right-wing latent class. Conversely, respondents that evaluate their financial situation better than in the last wave, transition more often to right-wing economic preferences and out of the left-wing latent class. Interestingly, the coefficients for these cross-over effects are similar in size. Individuals who went from being unemployed to finding a job are an exception. Having experienced

**Table 2:** Predicting transition probabilities: Objective and subjective **changes** in material conditions

<i>IV: Material Interest</i>	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>						
<b>Unemployment</b>						
Employed in <i>t</i> and <i>t-1</i>	-0.78***	0.18	0.08	0.16	0.69**	0.26
Unemp in <i>t</i> and <i>t-1</i>	0.12	0.42	0.26	0.37	-0.38	0.55
Became unemp in <i>t</i>	0.12	0.33	-0.32	0.29	0.20	0.47
Found job in <i>t</i>	0.54*	0.34	-0.02	0.32	-0.51	0.45
<b>Income</b>						
No significant changes	-0.21*	0.10	0.01	0.10	0.20	0.16
Drop by at least 25%	0.39*	0.18	0.06	0.17	-0.45	0.26
Increase by at least 25%	-0.19	0.15	-0.06	0.14	0.25	0.22
<i>Subjective material conditions</i>						
<b>Job security</b>						
Unchanged	-0.50***	0.12	0.30**	0.11	0.20	0.18
Got worse	0.21	0.20	0.29	0.18	-0.50	0.30
Got better	0.29	0.20	-0.59***	0.17	0.301	0.27
<b>Financial situation</b>						
About same	-0.03	0.06	0.10	0.06	-0.07	0.09
Worse off	0.37***	0.07	-0.06	0.07	-0.31**	0.10
Better off	-0.33***	0.06	-0.04	0.06	0.37***	0.09

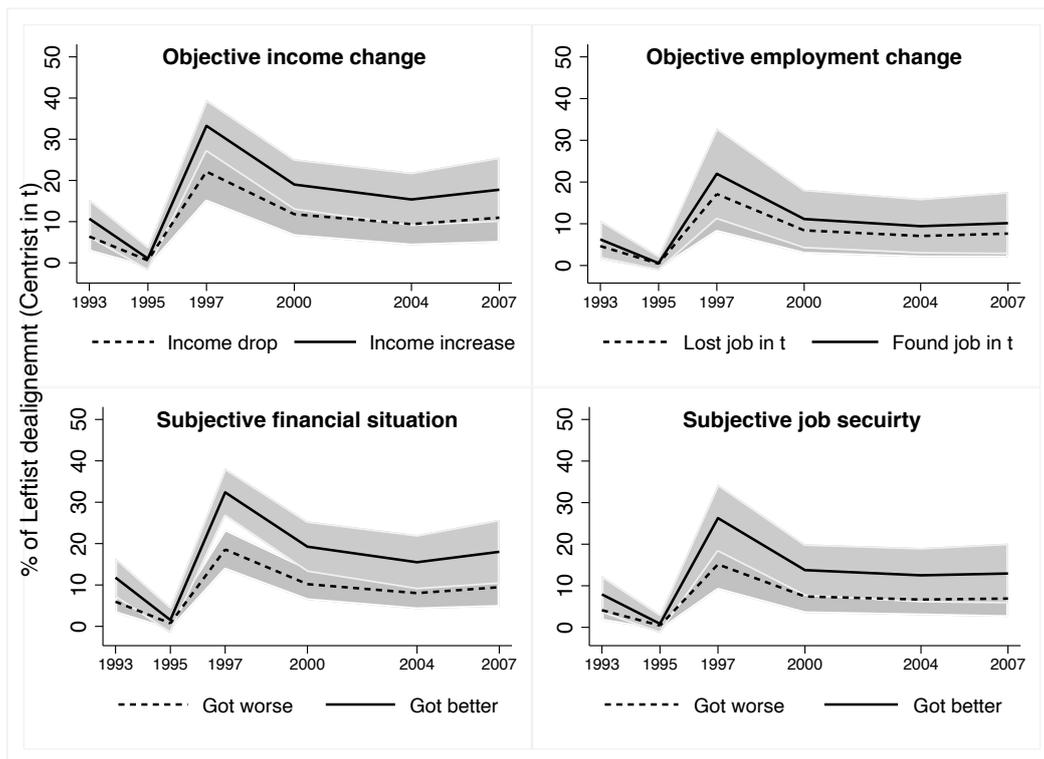
*Significance levels:* \* $p < .05$ , \*\* $p < .01$  \*\*\* $p < .001$ . *Data:* BHPS (1991-2007). *Note:* Effect coding! All variables are measured as the time difference between two surveys that included the economic attitude items. The multinomial logistic regression models were estimated separately for each set of independent variables. N obs.: 5,745.

unemployment in the past appears to nudge individuals toward becoming (remaining) left-wing, despite the improvement in job conditions.

Based on the estimates presented in Table 2, Figure 4 plots predicted transition rates *away* from holding left-wing economic preferences by year for four different forms of economic hardship.<sup>18</sup> As previously found, individuals who remain consistently left-wing on economic policy issues are also more likely to have experienced an income shock. Individuals who shift from left to center are less likely to have experienced such shock. For examples, individuals who

<sup>18</sup> The predicted probabilities are based on the joint effect of the time-varying coefficients of the lagged latent economic preferences (estimates note shown) as well as the covariates of material interest. Additional predicted values are presented in Appendix 6.

**Figure 4:** Left-wing Dealignment (Left-wing in  $t - 1$ ; Centrist in  $t$ ) by material interest



*Note:* The results are based on the estimation of Model 3 on page 14. *Source :* BHPS, 1991-2007.

have experienced no change in their perceived financial security have a transition probability of up to 40 percent away from left-wing economic preferences. In the case of individuals who experienced worsening of their financial security, this probability is at most 12 percent. This finding supports Prediction 2. It is also confirmed when using an objective measure of hardship, namely a drop in one's income by at least 25 percent.

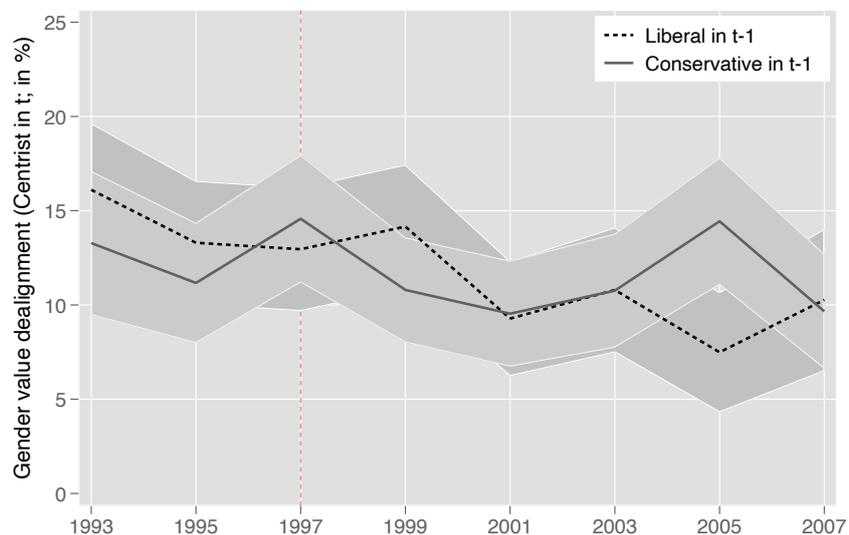
In sum, in line with Prediction 2, we find evidence that individual-level experiences with economic hardship mediate how individuals react to changes in the discursive context triggered by a change in political elites' electoral strategies.

## Robustness Checks

We ran several additional analyses to check the robustness of our findings. First, we examine whether our findings on the effect of material hardship hold using a different estimation strategy. Using individual fixed effect, and thus leveraging only within-individual variance, we find re-

sults in line with those presented in Figure 4.<sup>19</sup> Results are presented in Appendix 7.1. Second, to confirm our assumption that 1997 is a key year with regards to elite discourse on economic issues, we run a placebo test. The BHPS repeatedly asks respondents about their attitudes on gender issues (see Appendix 7.2 for a list of the items). While the Labour Party is, on average, more progressive on gender issues, these issues were not politicized in the 1997 election. Consequently we do *not* expect individuals' to react to the New Labour Party's electoral success by becoming more progressive on gender issues. As documented in Figure 5, and in contrast to the economic preferences items, we find no meaningful variations in patterns of answers to the gender items over time.

**Figure 5:** Change in Gender Values (Centrist in  $t$ ; Liberal or Conservative in  $t - 1$ )



*Note:* Mirroring our main analysis, presented in Figure 2, we estimated a three-class latent class Markov Chain model. This figure plots the proportion of respondents that in each wave change their gender values from either conservative or liberal on gender issues to being neither. *Source :* BHPS, 1991-2007.

<sup>19</sup> To capture the effects of a change in the discursive context, our analysis pays close attention to time heterogeneity. As a result, we cannot use individual fixed effects as our main modeling strategy. However, we can use fixed effects to check whether the relationship between a change in material conditions and a change in attitudes is most likely causal, as FE models deal with the important time-constant, unobserved unit heterogeneity.

## Discussion

A strong assumption in American public opinion research is that changes in mass preferences in a given issue area follow from changes in whether and how elites agree or disagree over this particular issue. The findings presented in this paper align with these expectations. Mirroring the Labour Party's shift to the center, we find that the increase in ambivalence mostly affects left-wing respondents, at least in the early years of the Blair government. This increase is concentrated among Labour supporters and those who pay most attention to politics and are thus exposed to new elite messaging. Furthermore, we show how material self-interest can help distinguish between people who resist party cues and people who accept them. We find that individuals experiencing hardship are more likely to resist considerations that do not align with their own experience of economic insecurity. In other words, attitudinal stability is more than non-exposure to cues from trusted partisan elites: it also includes individuals actively resisting taking on new policy considerations because they do not align with their own experience and self-interest.

This friendly amendment to Zaller's framework suggests a possible path forward for studying the role self-interest plays in preference formation and change, one where proxies of self-interest are included as additional variables predicting both resistance and acceptance to party cues and messaging. This expectation need not merely apply to economic issues but should extend to non-economic ones. For example, as right-wing parties become more centrist on gay rights or abortion issues, and mass media experience a general shift away from right-wing positions on these issues, we would expect more religious people to resist this shift.

Overall, our findings do not contradict previous evidence that attitudinal change does not align with self-interest (Bartels and Brady 2003). Indeed, in aggregate, the effect of self-interest on acceptance of, and resistance to, party cues are likely to be too small to counter the larger effects of attitudinal change driven by elite messaging, party cues and other heuristics and primes. What we argue and find is that the observable implications of material self-interest are partly conditioned by prior beliefs and attitudes (Zaller's ideological priors) and by elite messaging. In this specific British case, one of elite convergence on economic issues, self-interest matters

as a source of resistance to new considerations and thus matters as a source of attitudinal stability. Building on the theoretical framework described in this paper, we can conjecture that, when hardship and left-wing messaging combine, an increase in left-wing attitudes and beliefs is much more likely to be observed. Organizations, such as unions, that target left-wing messaging to economically insecure workers, have experienced a precipitous decline in membership and media access implying that the conditions for a left-wing attitudinal shift are less likely to be met today.

Another feature of our design and results is worth mentioning. Most existing studies seek to explain how attitudes form on a specific policy issues, focusing either on a new policy issue voters have not been exposed to before or a well-known politicized issue such as abortion or gun control. As described earlier, according to Zaller, answers to these questions –the tip of the iceberg– should be shaped by a respondent’s latent considerations –the hidden part of the iceberg. In most studies, these considerations are either not observed or imperfectly proxied using single items asking about subjective ideology. Instead, we have sought to more directly model this hidden iceberg and how it can change. In this case, our findings suggest a role for self-interest, one that is incremental and that varies –in predictable ways– across time and sub-groups.

More generally, our results have implications for research beyond studies of public opinion, more particularly research in political economy. A common expectation is that adverse economic events such as recessions should thus be followed by left-wing shifts in mass economic policy preferences (Bermeo and Bartels 2014). Based on the model tested in this paper, political economists need to take seriously the mediating role of elite competition and the discursive context. Indeed, the latter can mute (or in some conditions de-multiply) the effect of economic hardship. For example, if, as it happened during the Great Recession, mainstream parties’ all emphasize austerity measures<sup>20</sup> and spending cuts, left-wing shift in attitudes are less likely to materialize. Yet, in line with the resistance argument, the public might nevertheless actively resist elites’ shift to the right, maintaining pre-recession levels of opposition to tax and spending

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<sup>20</sup> After his election, Jeremy Corbyn upheld the party’s previous commitment to a balanced budget. The shift to the Left only came after the Brexit referendum.

cuts. Relatedly, failure to consider individual and contextual factors jointly can return individual estimates regarding the individual-level effect of material interest that are hard to interpret. For example, in a context where center-left elites are shifting away from economic left-wing rhetoric, the effect of a negative income shock is mainly one of resistance to a general shift away from left-wing economic preferences. Empirical strategies that fail to capture the effect of income shocks on attitudinal *stability* risk under-estimating the effect of a change in economic conditions.<sup>21</sup>

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<sup>21</sup> This is especially true if research design includes individual fixed effects.

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