



# Public opinion, party messages, and responsibility for the financial crisis in Britain

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## ABSTRACT

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The political consequences of the crisis in world financial markets are only beginning to be understood. In this article, we take up one of these many repercussions by examining public beliefs of who's to blame for a complex and unparalleled set of events. Analyses of survey data from Britain find that while most assign responsibility for the crisis to market actors, the likelihood of blaming governments, as opposed to blaming banks and investors, is greater among low sophisticates and Conservative Party identifiers. We further show how elite messages from competing political elites evolved over-time and were reflected in mass beliefs about the crisis. Results highlight the centrality of partisan cues and, in particular, of political sophistication in understanding the dynamics of responsibility attributions. Lastly, we estimate the consequences of blaming the government for the crisis for voter choice.

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## 1. Introduction

The 2008 financial crisis will define the contemporary era of global capitalism for years to come. Not since the Great Depression have markets in advanced industrial democracies proved to be as volatile. Compared to the 1930s, however, deeply integrated capital markets mean the current crisis has spread rapidly throughout the globe, leaving no country untouched. To the extent it 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 for how citizens relate to politicians? Does the rise of a new set of economic concerns with uncertain effects encourage mass publics to follow the lead of political elites? Or, alternatively, does uncertainty about elite response to

a crisis spurred on by financial markets mean that individuals break from their partisan cues? And, ultimately, to what extent do voters incorporate information about the crisis into their decision at the polls?

To gain insight on these issues, we examine mass opinion and elite strategies pertaining to the onset and fallout of the 2008 financial crisis in Great Britain. An understanding of how Britons form attitudes about the collapse of world markets is important for two reasons. For one, London's status as the world's largest financial centre means that the crisis has—and will continue to have—some of its gravest effects for the British economy. According to an International Monetary Fund (IMF) prediction, Britain will face the longest recession of all the major economies and will be the only country to keep shrinking through 2010 (IMF World Economic Outlook, 28 Jan. 2009). Secondly, given the crisis' early onset, an understanding of attitudes in Britain may allow us to better understand political dynamics elsewhere. While the severity of the financial problems didn't reach the world's mass audience until the worldwide crash of the stock markets in September 2008, the British populace

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had been attuned to the problems of financial institutions since fall of 2007.<sup>1</sup>

More generally, the crisis offers social scientists an opportunity to examine the effects of an event which is at once complex and unprecedented. Just as lessons from the complex and unprecedented events of the 1970s did much to advance our knowledge of comparative political economy (e.g., *Gourevitch, 1986; Katzenstein, 1985*), the current crisis should illuminate whether and how national governments today can respond to international events. An understanding of the mass political consequences of the crisis adds to what we know about how individual attitudes are formed and reshaped during uncertain times. How do parties react to such a shock? How do voters attribute responsibility for the crisis? And how does this attribution influence their political behaviour? We address these questions below, paying particular attention to how citizens attribute responsibility to government, on the one hand, and private sector actors, on the other.

We proceed in three main parts. First, we develop a set of expectations for how voters attribute responsibility for the crisis. Expectations are tested with data from an original sample survey of the British public from November 2008. We then add a key element to the story—and one sometimes neglected in analyses of public opinion—by considering the role of political elites. Elite communications, we suggest, should matter in accounting for across-group and over-time differences in attitudes about the crisis. We investigate the effects of party cueing effects by pairing an analysis of the media with monthly opinion surveys from October 2008 to May 2009. Finally, we take up the consequences of responsibility attributions for the crisis for voting behaviour. The conclusion discusses the findings' broader implications for the study of public opinion.

## 2. The financial crisis and perceptions of political control

The political causes and, now, repercussions of the global economic downturn have been much discussed. But little has been done to address the affect of the crisis on perceptions of political control. What do citizens expect from their government when it comes to responding to the crisis? Are they apt to blame the politicians, even for something as multifaceted as a crisis in international financial markets? Or does the global and private sector nature of the crisis absolve politicians from responsibility? Recent work on responsibility attributions for economic

performance and for natural disasters highlights how individual-level biases shape perceptions of who (or what) is accountable. We draw on this and other work on attitude formation to identify three factors shaping blame for the crisis: economic ideology, political sophistication, and partisan dispositions.

### 2.1. Economic ideology, political sophistication, and partisan dispositions

One's economic world view may play a prominent role in how he or she forms opinions about public policy. Free market ideologues believe that regulation, protectionism, competition laws, or taxes distort the market's ability to maximize economic utility, resulting in reduced productivity. From this perspective, there is little that elected officials or public sector actors should do to steer the economy beyond where it is directed by markets. Those holding left-of-centre views on the economy, on the other hand, point out that markets and individuals also are prone to failures. Policy should be conducted with the aim of shielding national economies from the financial market collapse. Researchers have indeed found conservative ideologues to be less likely to blame the government for their personal economic situation and for national economic conditions and more likely to target private sector entities (*Abramowitz et al., 1988; Peffley and Williams, 1985; Rudolph, 2003*). Extending these insights to a study of the global financial crisis, we test the claim that free market ideologues are more likely to assign responsibility for the financial crisis to banks and investors and less likely to blame government actors.

It also is well established that political sophistication matters for public opinion. Some argue that the public's lack of knowledge is so severe that voters are generally unable to make even simple retrospective assessments, as of the sort required for economic voting (e.g., *Achen and Bartels, 2004*; but see *Ebeid and Rodden, 2006*). According to this perspective, voters decide without discerning proper sources of observed outcomes, sometimes even attributing responsibility for natural disasters to elected officials (*Gomez and Wilson, 2008; Malhotra and Kuo, 2008*). Consistent with this work, the politically informed have been shown to be more capable of diffusing attributions, while the uninformed focus attributions on the government alone. *Gomez and Wilson (2003)*, for example, found that high political sophisticates are nearly five times more likely to attribute responsibility for the economy to "business people" than to the president (see also *Hellwig et al., 2008*). Political sophistication may be even more critical in shaping how individuals cast blame for a more targeted event in the financial crisis as they seek to make sense of this deviation from normal politics.

Finally, students of public opinion debate the effects of partisanship for political attitudes. One perspective holds that attitudes are shaped by partisan loyalties which are formed early on and remain stable through adulthood (*Campbell et al., 1960*). Others challenge this view, claiming that voters are rational and capable of learning and holding representatives accountable. Therefore, an individual opinion is simply an accumulation of experiences based on expectation of future benefits (*Fiorina, 1981*). Further

<sup>1</sup> The onset of the troubles was signaled on 13 September 2007 when the country's fifth-largest mortgage lender, Northern Rock, sought and received liquidity support from the Bank of England, the outcome of which was a nation-wide run on the bank by its depositors. Northern Rock's problems persisted despite the bailout, amounting to £24bn by the end of 2007. In February 2008 the Government announced it would nationalize the troubled bank, the largest bank nationalization in Britain since 1946. Problems escalated in October following the unveiling of another £37bn bailout plan for the banking sector, the Bank of England's utterances about the possibility of recession, and the rampant depreciation of the pound.

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