Ideology All the Way Down?

The Impact of the Great Recession on Partisans' Welfare Policy Preferences

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The widespread hardships caused by the Great Recession and the sharp increase in budget deficits have brought to the fore the debate over the desired level of government provided welfare assistance. To what extent are voters' preferences on welfare policy driven by their personal circumstances versus their ideological dispositions? Addressing this question is difficult because individuals' ideological position can be an outcome of their material interests rather than an independent source of preferences. This paper addresses this empirical challenge by utilizing an original panel study carried out over four waves which tracks the labor market experiences and the political attitudes of a national sample of Americans before and after the eruption of the financial crisis. I examine how the welfare policy preferences of different partisans change in response to three forms of personal economic shocks: a sizable drop in household income, a sharp rise in subjective job insecurity, and the actual loss of employment. I find that: (*i*) the experience of the shocks, particularly job loss, significantly increased support for welfare spending; (*ii*) this effect varied across partisan groups and was larger among Republicans than among Democrats; and (*iii*) the large shift in preferences among the job losers dissipated once they found new employment. I discuss the broader implications of the findings to our understanding of the link between personal circumstances and political preferences.

1 Introduction

The Great Recession of 2008 has left millions of individuals unemployed, struggling with shrinking incomes and facing heightened levels of economic insecurity. The consequent demand for larger social spending has brought to the fore the public debate over the proper role of government in providing support for the unemployed and the needy. This debate, of course, is not new but rather one on which many individuals hold long-standing ideological views. Yet these views may have been challenged by the hardships experienced during the financial crisis. How do individuals' preferences on welfare policy shift in response to changes in their personal economic circumstances? To what extent do people update their views when a change in their material self-interest calls for supporting a policy that is antithetical to their ideological dispositions?

To put this point in starker terms, consider a hypothetical case of two otherwise similar individuals, one positioned ideologically on the left and the other on the right, who lose their jobs at the same time. The question that arises is whether the same downturn in their personal circumstances leads to a convergence in policy preferences, whereby the right-leaning individual becomes significantly more supportive of welfare assistance, or whether their different ideological dispositions yield two distinct responses, in line with their previously-held views.

The importance of understanding the factors that shape individuals' attitudes on welfare assistance has been underscored by growing evidence that the preferences of voters on the issue are also a cause, and not simply an outcome, of the government's choice of welfare policy (e.g. Brooks and Manza 2010; Haman and Kelly 2010; Lupo and Puntusson 2011; Pierson 1994). As part of this research, much scholarly attention has been given to the claim that economic self-interest is a key determinant of voters' attitudes on welfare and redistribution; people's position in the labor market, exposure to the risk of layoff, and their financial standing are the main factors associated with this line of explanation (Alesina and La Ferrara 2004; Bean and Papadakis, 1998; Cusack et al. 2006;

Finseeras, 2009; Iversen and Soskice 2001; Luo 1998; Rehm 2007, 2009). Although these studies use varied sources of data to support this claim, the strength of the empirical evidence they provide has come under question for a number of reasons. First, the evidence is based almost exclusively on cross-sectional data, namely on correlations that scholars find between measures of survey respondents' economic standing and their views on social policy. Unfortunately, the observational nature of this evidence means that a causal link between the two measures remains unclear: while it could be, as the authors argue, that individuals' labor market circumstances shape their attitudes on welfare policy, it is also plausible that an unobservable characteristic, for example people's upbringing or their parents' influence, explains their preferences on welfare provision and their standing in the labor market. Further undermining the material self-interest explanation is the fact that several other studies (which use similarly problematic cross-sectional data) find an empirical association that is weak or non-existent between measures of individuals' economic circumstances and their attitudes on the welfare programs from which they are deemed to benefit (Taylor-Gooby 2001; Mughan 2007; Lynch and Myrskyla 2009).

Underscoring the inconclusiveness of the evidence, a second strand of explanation shifts the focus away from economic self-interest and instead emphasizes the impact of ideological beliefs and value orientations as a determinant of people's attitudes on welfare assistance. In particular, attitudes about fairness in society and views on equality of opportunity are argued to be central ideational factors underlying individuals' welfare preferences (Alesina and Glaeser, 2004; Fong 2001; Funk 2000; Linos and West 2003). Yet as some studies recognize, the two strands of explanations - those focused on economic self-interest and those on ideology - may not be mutually exclusive. For one, ideology may be an outcome of material circumstances rather than a separate source of influence shaping preferences. Alternatively, ideology may be a systematic moderator of the way in which the material interests of individuals shape their political views (e.g. Lodge and Taber, 2000; Redlawsk 2001; Taber et al., 1998). Thus, due to these potentially interactive

mechanisms, it is empirically difficult to separate the roles of self-interest and ideology and causally identify the impact of personal economic circumstances on people's preferences on welfare policy.

To address these estimation challenges, this study employs a novel research design that exploits within-subject variation during a period of high economic volatility. More specifically, I use an original panel study that consists of four waves of surveys in which the same national sample of respondents was contacted for repeat interviews between July 2007 and March 2011. In these repeat interviews, respondents' changing labor market circumstances and political attitudes were documented in detail both before and after the eruption of the financial crisis. Utilizing this rich longitudinal data, I estimate how individuals' preferences on welfare policy shift in response to the personal experience of three types of economic shocks: a substantial decline in household income, a subjective decrease in perceived employment security, and the actual loss of a job.

The analysis reveals that the experience of certain economic shocks has a sizable impact on increasing individuals' support for greater welfare spending. In particular, the loss of employment is found to have the largest substantive effect, increasing the average likelihood of support for expanding welfare spending by up to 24 percentage points. These results are shown to be robust to a broad range of empirical specifications. In addition, a set of placebo tests lend further credence to my identification strategy by demonstrating that the views of individuals personally harmed by the economic shocks changed substantially with respect to welfare policy but not with respect to largely unrelated policy domains such as global warming or cultural values. This suggests that a change in personal material considerations, rather than a general sense of disorientation, accounts for the link between the experience of an economic shock and the shift in people's welfare preferences.

Yet a second finding of note is that with the passing of time, as individuals regain employment, their support for the expansion of welfare spending decreases appreciably.

This suggests that while the immediate impact of a personal economic shock on people's welfare preferences can be sizable, this impact is fairly short-lived.

Finally, the analysis reveals that the experience of the economic shock does indeed lead to a convergence in the welfare preferences of harmed individuals who prior to the shock held distinct ideological views. In particular, I find that in response to a personal economic shock such as layoff, republicans and independents grew significantly more supportive of welfare assistance; in contrast, among democrats, most of whom already supported welfare expansion at the outset of the study, the effect was appreciably smaller.

The article's findings contribute to the growing literature on the political economy of social policy (e.g. Huber and Stephens 2001; Mares 2003; 2006). With the accumulation of evidence that voters' preferences are an important factor shaping governments' choice of welfare policy (e.g. Brooks and Manza 2010; Haman and Kelly 2010), there is a need for a clear explication of the determinants of the public's welfare attitudes. By testing and quantifying the impact of personal economic circumstances on voters' attitudes, this study provides a much stronger empirical foundation for explaining the variation across publics in support for expansive welfare policies.

The article also adds to the ongoing research on the relative roles of ideology and material self-interest in the formation of individuals' political preferences (e.g. Bartels 2004; Fiorina 1981; Gelman et al.. 2007; Gerber and Green 1999). As these studies attest, there is still much disagreement on the relative weights of the two influences. In the context of welfare policy, the analysis presented here demonstrates that the two have varying effects over time: whereas ideology provides a strong basis for explaining voters' long-run policy stance, considerations stemming from a change in material self-interest do, in the short run, outweigh individuals' prior ideological dispositions.

The rest of the paper proceeds as follows. The next section reviews the debate over the sources of voters' social policy preferences and draws predictions from the main theoretical approaches. The subsequent section then describes the study and the empirical

strategy used to test these predictions. The results section is then composed of two parts: the first focuses on estimating the impact of personal economic shocks on individuals' welfare preferences; the second compares the response to the shocks among individuals with different prior ideological leanings. The concluding section discusses the broader implications of the findings.

2 Theoretical Background

A great deal of research in recent years has focused on explaining people's attitudes on the inter-related issues of government welfare assistance and redistribution.[1] Scholars have offered evidence tying individual attitudes on welfare policy to institutional factors such as union organization and the presence of class-based parties (Kumlin and Svallfors, 2007), religious denomination (Guiso et al., 2006), level of religiosity (Scheve and Stasavage, 2006) or the racial and ethnic composition of the poor (Alesina and Glaeser, 2004). Yet despite evidence put forward in support of these different arguments, the bulk of research on social policy preferences centers on two broad forms of explanation: those focused on people's own economic standing and those emphasizing ideological factors.

Scholars have long argued for the prominence of economic self-interest in shaping individual policy preferences. In the realm of attitudes on welfare spending and redistribution, arguments centered on self-interest typically focus either on people's current economic standing or on their expectations about their future earnings. For example, Rehm (2009; 2011) argues that a key determinant of preferences on social policy is individuals' level of exposure to the risk of unemployment. Individuals are assumed to be risk-averse

[1] While the two concepts - welfare spending and redistribution - are not the same, most studies treat them as equivalent for analytical purposes. This approach is usually justified by the fact that both direct assistance to the needy and social insurance programs that provide income-differentiated benefits have significant redistributive consequences (Cusack, Iversen and Rehm 2006). Furthermore, the fact that welfare spending is highly progressive, and that taxes (as a share of government revenue) tend to be strongly and positively correlated with both higher welfare spending and lower inequality, means that the two can largely be discussed together (see Pontusson (2005), in particular Figure 7.2, for a more detailed elaboration of this point).

and thus, when facing less certain or lower future revenue streams (e.g. through the possible loss of one's job), they grow more supportive of higher levels of social insurance.[2] Alesina and La Ferrara (2004) posit that individuals' prospects of upward mobility is another path by which expected future income streams shape attitudes on redistributive social policy. Analyzing data from the General Social Survey, the authors find a strong empirical relationship between attitudes on redistribution and both objective measures of individuals' likely future gains from a redistributive policy and individuals' subjective perceptions of their own prospects for future upward mobility.

These careful analyses offer impressive evidence of an empirical relationship between individuals' personal economic interests and their attitudes on social policy. Nonetheless, the role of self-interest as a determinant of preferences on social policy has come into question for several reasons. First, the evidence put forward to date to support the self-interest claim is based almost exclusively on cross-sectional data; authors that find a correlation between people's economic circumstances (e.g. employment in an insecure job) and their attitudes on welfare routinely assume that the former is the cause of the latter. This interpretation, while plausible, is questionable: other unobservable factors, for example people's prior experience, the worldview of their parents and their upbringing, may account both for their economic circumstances and their views on welfare assistance. The empirical difficulty lies in the fact that observational data cannot help resolve the uncertainty about a possible spurious relationship.

Indeed, several other studies find no evidence for the alleged relationship between individuals' economic interests and their attitudes on welfare policy. For example, Lynch and Myrskyla examine survey data from 11 European countries and find that the expected beneficiaries of various pensions programs are no more likely than non-beneficiaries to oppose retrenchment in those pension programs (Lynch and Myrskyla 2009). Barry

[2]This logic is also prevalent in the literature linking economic openness and greater government welfare spending: exposed to growing uncertainty stemming from international market competition, individuals demand higher levels of government protection (e.g. Ruggie 1982; Burgoon 2001).

Mughan's analysis of survey data from the U.S. and Australia also finds no significant association between various measures of individuals' economic insecurity and their attitudes on social policy (Mughan, 2007). These "contrarian" studies also rely on observational cross-sectional data and thus suffer from the same inferential difficulties. Yet they are supported by research on other policy domains which indicates that individual attitudes on government policies tends to reflect sociotropic concerns rather than individual calculations of material self-interest (e.g. Citrin and Green 1990; Kinder and Sears 1981; Sears and Funk 1990). In sum, the evidence to date on the causal impact of individuals' economic circumstances shaping their preferences on social policy is inconclusive.

A second scholarly approach links preferences on redistributive policy to ideological factors. This line of explanation is again not unique to the study of welfare policy: ideological dispositions and partisan affiliation have long been described as key factors shaping individuals' policy views independent of considerations centered on material self-interest (e.g. Campbell et al. 1960; Stonecash, 2000). In the context of attitudes on welfare policy, studies show that people's perception of "fairness" in the levels of opportunity that society offers its citizens is strongly associated with people's level of support for redistribution (Alesina and La Ferrara 2004; Fong 2001). One interpretation of this observed relationship is that individuals who perceive society to be offering greater equality of opportunity are less sympathetic to the downtrodden, and as such become less supportive of redistribution (Alesina and Glaeser, 2004; Alesina and Giuliano, 2009).

Yet material self-interest and ideological disposition may also interact in shaping individuals' preferences. Indeed, the theory of "motivated reasoning" offers just such an interactive approach for explaining how change in individuals' economic circumstances would affect their preferences on welfare policy. The theory holds that affective attachments to preconceived ideas influence the processing of new, counter-attitudinal information (e.g. Hastie and Park, 1986; Lodge and Taber, 2000, Redlawsk, 2001). As Lord, Ross and Lepper (1979, p. 2098) explain: "people who hold strong opinions on complex

social issues are likely to examine relevant empirical evidence in a biased manner. They are apt to accept 'confirming' evidence at face value while subjecting 'disconfirming' evidence to critical evaluation." In the context of this study, "motivated reasoning" predicts a significant divergence in the way individuals respond to the same economic shock as a function of their previous ideological dispositions: left-leaning individuals that experience an economic setback are likely to incorporate this new information, information which is congruent with their views on social policy, and update their beliefs on welfare spending. In contrast, right-leaning individuals will tend to discard the new information, which is incongruent with their ideological dispositions, and remain as opposed to expanding welfare spending as they were before the revelation of the new information.[3]

To summarize, let us return to the hypothetical case of two otherwise similar individuals, one a Democrat the other a Republican, who suddenly lose their jobs.[4] Table 1 contrasts the predictions of the three approaches regarding the impact this shock is likely to have on the preferences of the two individuals. The approach that emphasizes the influence of self-interested material considerations predicts that those harmed by the job loss will increase their support for spending on assistance to the unemployed and the needy. This shift is perhaps likely to be more notable for the Republican since the Democrat is likely to have less "room" for becoming more pro-welfare. In contrast, the approach emphasizing ideological factors as the source of attitudes on welfare predicts a very different dynamic: if ideological dispositions are unrelated to people's material self-interest, then a change in one's economic standing should have no significant impact on that person's views on welfare policy.[5] In other words, preferences of both the Democrat

[3]In fact, some research finds that being exposed to information not congruent with one's prior beliefs causes some individuals to become even more obstinate in their prior position. This would suggest that right-wing individuals experiencing the adverse economic shock may actually become more opposed to the expansion of welfare spending.

[4]The analysis uses partisan identification as a proxy for ideological dispositions. While the two are not the same, they are highly correlated; in fact, the relationship between self-reported ideology and partisanship has increased substantially in recent decades (see, for example, Abramovitz and Saunders, 2005; Erikson et al., 2006; Knight and Erikson, 1997).

[5]That is unless the economic setback affects the beliefs underlying people's ideological preferences, by which case the predicted effect of the economic shock is indeterminate.

and the Republican will remain largely unaffected by the job loss. Finally, if individuals are "motivated reasoners," the laid off Democrat is predicted to increase her support for government assistance while the preference of the Republican is expected to remain unchanged.

All three approaches offer *a priori* reasonable accounts of human behavior. Which of these approaches best explains actual behavior is ultimately an empirical question on which the subsequent sections will attempt to offer insight.

3 Data and Measurement

The data presented here is based on four surveys administered by YouGov/Polimetrix, of Palo Alto, CA.[6] The first survey was carried out in July 2007 and included a national sample of 3,000 respondents.[7] The sample was constructed using the "closest neighbor" matching methodology described in Rivers (2007).[8] The resulting sample was then ranked by stratum to match the age, gender, race, and education marginals in the 2006 American Community Survey. A key feature of the survey is that data were collected on the employment status and income of both members of married couples, as well as respondents' subjective perceptions of their job security and future job prospects. Crucially, the survey also included items pertaining to respondents' political views and preferences on economic and social policy matters.

[6]The data was collected as part of a larger study headed by Professor Judith Goldstein on public sentiments towards various aspects of globalization.

[7]For purposes of another study, the original survey also included an oversampling of dual earner households, which meant an overall sample size of 6,370 respondents. These additional respondents were not interviewed in the subsequent waves.

[8]Sample matching is a method for constructing samples with minimal bias and improved efficiency. The method leverages the availability of large consumer and voter databases as auxiliary information used to select a target sample with known probabilities of selection. These samples can be balanced quite well on a large set of variables. For each element of the target sample, the closest matching element from the panel is then selected for interviewing. While matching is not perfect and still requires the calculation of sample weights, these weights are significantly smaller than those required when using a quota sample or a random subsample. See Rivers (2007) for a detailed discussion of the closest neighbor matching technique and its main theoretical properties.

In April 2009, May 2010, and March 2011 three additional waves of the survey were fielded, each time inviting the same set of respondents to participate again. Given that the sample of returning individuals in each wave was not representative of the general population on a number of dimensions, as is often the case with re-interviews, the same matching methodology was again used to augment the panel in constructing a broader sample of respondents that matched the marginals of the U.S. population from the Current Population Survey of the corresponding period. In total, the experiences and attitudes of 6,229 respondents are analyzed in this study, 3,051 of whom were interviewed multiple times (1,603 individuals were interviewed twice, 1,045 interviewed in three of the waves and 403 respondents were interviewed in all four waves).

Table A1 compares the characteristics of the weighted samples in each wave with the sample in the American Community Survey along key demographics. The table shows that the characteristics of participants in the panel emulate those of the national population quite well on a broad range of categories. Nonetheless, the panel underrepresents the 18-34 age group and high-school drop outs, and is slightly poorer than the general population average, an imbalance that is more noticeable among female respondents. These differences should serve as a qualification when drawing conclusions about the average impact of the crisis on the broad U.S. public.

A concern associated with panel data of this type is that attrition from the panel is non-random and could thus lead to biased samples: people who agree to be interviewed multiple times may differ in meaningful ways from those who refuse to do so. To examine this possibility, Table A2 compares the characteristics of the respondents as a function of the number of interviews in which they participated. While other characteristics not captured in this comparison may still differentiate the groups classified by the number of successful re-contacts, the table suggests that the groups do not significantly differ in terms of key demographic characteristics, including age distribution, income, educational attainment, employment status, and even degree of interest in the news. This does not

mean that the panel participants are fully representative of the population at large; however it does indicate that the participants in the panel are not a biased sample with respect to their distribution along the main demographics.

The key dependent variable in the subsequent analyses is respondents' answer to the question: "Do you support an increase in the funding of government programs for helping the poor and the unemployed with education, training, employment, and social services, even if this might raise your taxes?" Responses were located on a five-point scale: 1. strongly support; 2. somewhat support; 3. neither support nor oppose; 4. somewhat oppose; 5. strongly oppose. Capturing respondents' preferences on welfare policy is problematic and ideally requires the use of a broad battery of survey items. While this single question has its drawbacks, it nonetheless captures the essence of the politically salient trade-off between greater spending on social programs that assist individuals in need and the potential cost of higher taxes.

Since a key question in this study is the effect of individuals' prior ideological stance, I account for respondents' partisan affiliation in their first wave of interview based on their answer to the question: "Generally speaking, do you think of yourself as a ...?" Possible answers to the question include: 1. Democrat; 2. Republican; 3. Independent; 4. Other; and 5. Not Sure.[9] To avoid losing observations, I code all respondents that selected "other" or "don't know" (11.8% of respondents in the 2007 survey) together with the "independents."[10]

Respondents were asked about their total pre-tax income in the preceding year (and that of their spouse) with answers recorded on a ten-point scale. Each response category represents an income band (e.g. $40,000 - $50,000). To calculate the percentage change in household income over the panel period, I transform these bands into their currency mid-

[9]Individuals who initially described themselves as supporters of neither party were then asked if they "lean" towards Democrats, Republicans, or neither. I code Democratic (/Republican) "leaners" with their respective parties rather than as independents.

[10]None of the substantive results presented below are affected by the inclusion or exclusion of these observations in the analysis as part of the Independent category.

points.[11] Since unemployed respondents were not asked to report their income, I assign them the average 2007 intake of $15,000. Household income is then calculated using the sum of the two main earners reported by the respondent.[12]

The paper examines the impact of three economic "shocks" on respondents' preferences on welfare assistance. The first shock is *Job Loss*. I categorize the variable as '1' for any individual who across two sequential surveys was employed during the first but not during the second. This category thus refers only to newly unemployed individuals; it excludes those who were unemployed in both periods (henceforth *Long-term Unemployed*) as well as individuals who were "not employed" in the previous period (as opposed to unemployed), i.e., students, retirees and homemakers. The analysis also controls for *Job Loss of Spouse*, an indicator variables that denotes instances in which a respondent's spouse was employed during the previous wave of interviews but was unemployed in the subsequent survey.[13]

The second shock variable is *Job Less Secure*, a binary measure that denotes a substantial worsening in respondents' subjective sense of job security. As Anderson and Pontusson (2007) note, concerns about job security vary on two dimensions: the degree to which respondents perceive the possibility of a job loss as likely ("cognitive job insecurity") and the degree to which they actively worry about this possibility ("affective job insecurity"). I focus on the former and compare respondents' answers over subsequent surveys to the question "Looking forward to the next three years, how confident do you feel about being able to keep your current job?" Answers ranged from (1) "very confident" to (4) "not confident." The variable Job Less Secure takes the value '1' if the subjective sense of job security dropped by two levels or more, and '0' otherwise. I choose this more conservative coding scheme to increase the likelihood of identifying individuals that experienced

[11]The upper bound of the top income category (over $150,000) was capped at $160,000. The results are materially unaffected by the censoring of the maximum income category at a higher income.

[12]The results are materially unaffected if one assigns the unemployed an annual intake of either $10,000 or $20,000 instead.

[13]See Appendix for details on the exact question wording used for coding the various variables.

a substantial decline in job security rather than a general trend of growing pessimism. Among individuals who transitioned from having full, or part-time employment in the previous wave of the survey to being unemployed in the next wave (and were thus not asked the job security question in the latter wave), the *Job Less Secure* variable was coded as '1' only if they reported in the previous wave that they were at least "somewhat confident" of being able to keep their current job over the next 3 years.

The third and final shock I examine is *Income Drop*, a binary variable that takes the value '1' if the household income decreased by at least 25% in the period between the two surveys and coded as '0' otherwise. The reason for choosing the 25% threshold, rather than simply any income decrease, is twofold: first, there is likely to be some degree of measurement error associated with the fact that income is recorded in ranges rather than by the exact dollar figure. If one were to use any income decrease as the threshold (e.g. of one percent or greater), the measurement error problem is likely to be more severe. Second, I am interested in examining whether individuals that confront a significant decline in well-being change their policy preferences. While still arbitrary, a drop in income of twenty-five percent or more is likely to represent such a significant shift.

Table 2 presents the key statistics pertaining to changes in respondents' economic standing during the four waves of the study with respect to the three shocks. As the table shows, the rate of unemployment among working-age respondents increased between the first two waves of the survey from 6.1% to 8.7% percent, a shift that was slightly smaller than the actual rate in the U.S. population (4.6% to 8.9%).[14] This increased rate remained almost unchanged in the 2010 study and decreased somewhat by early 2011. Furthermore, among the individuals that were employed during the first wave of the survey, 16.8% reported two years later that they were either unemployed, not employed, or employed in a lower capacity than in the preceding period (e.g. shifted from full time

[14]Some of the difference may be attributed to the way the denominator in the unemployment rate is calculated in the two figures. In the official Bureau of Labor Statistics (BLS) figure, the denominator is "eligible workforce," which excludes for example individuals with either physical or mental disabilities. In my calculation, all respondents in working age are considered "eligible" and included in the calculation.

to part-time work). In addition, many of the individuals who were unemployed at the time of the first wave (in 2007) continued to suffer from the adverse labor market conditions. In fact, only one in four found any employment (even part-time) by the time of the 2009 survey. This phenomenon of long-term unemployment is one of the widely discussed features of the Great Recession.[15]

The middle panel of Table 2 compares respondents' sense of job security over the four waves. Particularly notable is the fact that between the first two waves - i.e. the one before and the one shortly after the eruption of the crisis - there was a sharp decline of about 16 percentage points in the share of individuals that felt "very confident" in being able to keep their job over the next three years (from 51.7% to 35.3%). At the same time, the share of respondents insecure about their labor market prospects almost doubled, rising to just over 33% in July 2009. Notably, in the surveys carried out in 2010 and in early 2011, levels of job insecurity remained similarly low.

Finally, the table shows that a non-trivial portion of the sample experienced a squeeze in their household income: whether as a result of a family member losing a job, due to salary cutbacks in the workplace or because of lower profits earned by self-employed business owners, respondents' household income registered a drop of 4% in the immediate aftermath of the crisis. However, this figure masks substantial divergence: whereas the household income of over 80% of the sample remained intact or even grew somewhat, about 9% of the sample experienced a drop of 25% or greater.[16]

The sheer magnitude of the Great Recession means that the affected segment in the sample population is quite sizable, allowing a meaningful assessment of the impact that personal economic shocks have on people's political attitudes. Table A3 in the Appendix presents the numerical counts of respondents in each category of labor market experiences.

[15]See, for example, "Millions of Unemployed Face Years without Jobs", New York Times, February 21, 2010.

[16]This figure pertains to the respondents for whom the complete income of household members was reported for both the present and the previous period.

4 Results

4.1 Attitudes on Welfare Policy: Before and After

I begin by examining the "baseline" rate of support for greater welfare spending in 2007. Figure 1 presents the distribution of policy preferences among the full sample and among the two main groups of partisans. The distribution of responses in the full sample shows an overall, albeit slight, majority of respondents in support of an increase in welfare provision (55%). Yet the graph also highlights the extent to which welfare spending is a partisan issue in the U.S.: whereas over 82% of Democrats were supportive of greater welfare spending, the corresponding figure among Republicans was 23%. In fact, 62% percent of Republicans opposed such an increase, a figure that is about nine times greater than the rate of opposition among Democrats. Predictably, the preferences of Independents were located within the range of the two partisan camps, with just under half (49%) supportive of welfare spending expansion (not shown in the graph).

How have these attitudes changed in response to the Great Recession? Table 3 analyzes the shift in the public's attitude on welfare spending between the period shortly before the crisis (July 2007) and the first survey taken after the eruption of the crisis (April 2009). The results indicate that among those who before the crisis opposed the expansion of welfare spending, one in four grew more favorable of such a policy: by 2009, about 13% reported being neutral ("neither support nor oppose") while another 12% became supportive of increased welfare spending. However, the reverse process was just as pronounced: among those who initially supported an expansion of welfare spending, 14% described their view in the latter survey as neutral, and another 11% became opposed. Finally, among individuals who were neutral on the issue prior to the crisis, about 24% have grown more opposed while 38% have become more supportive of the expansion of welfare spending.

When accounting for the initial distribution of respondents across the different cells in

the table, one finds that public opinion after the eruption of the crisis was overall slightly less supportive of increasing welfare spending than in the pre-crisis period.[17] In fact, the overall trend among the entire sample was a drop in support for welfare expansion by more than 8 percentage points (from 55% to 47%).[18] As Figure 2 shows, this decline in support occurred among partisans of all ideological persuasions, though the patterns of the shifts differed: among Republicans the decline was consistent and greatest in relative terms (47%), while among Democrats support dropped shortly after the crisis but bounced back by mid-2010.

The general drop in support for expanded welfare assistance at a time of a painful recession might seem surprising. One explanation might be that voters became increasingly concerned about the specter of growing budget deficits and the consequent possibility of future tax hikes. Such concerns may have brought about a general shift against government spending of any type, including on welfare programs. Yet does this downward shift mean that the economic hardships experienced by many had no effect on increasing support for welfare assistance? In the next section I explore this question in some detail.

4.2 Personal Economic Circumstances and Support for Welfare Policy

To estimate whether economic circumstances affect individuals' preferences on social spending, I examine the preferences of respondents as a function of their personal exposure to a economic hardship. Figure 3 presents an unconditional comparison of those who did and those who did not experience the shocks. As the graph shows, individuals whose job has become significantly less secure are somewhat more supportive of welfare assistance than individuals whose job has remained about as secure (50% versus 47%). A

[17] This is consistent with what past research describes as the "thermostat" pattern, whereby the public sentiment often shifts contra to the policy identified with the incumbent government, expressing unease with a perceived government overreach (e.g. Erikson et al., 2006; Soroka and Wlezien, 2010, chapter 2). See Shapiro and Costas (forthcoming) for a longer discussion of this phenomenon.

[18] The results are almost identical whether one compares the changes among the entire sample in each wave or among the subset of respondents that participated in all four waves.

similar gap also differentiates those whose household income dropped significantly and those whose incomes did not (51% versus 48%). In contrast, the graph indicates that the loss of a job was associated with a sizable increase in support for welfare assistance: individuals who lost their job were significantly more likely to support the expansion of welfare spending than individuals who remained employed (59% versus 47%, p=.006). Strikingly, the graph also shows that the rate of support for welfare expansion is about as low among individuals who remained employed as it is among the newly employed, i.e. those who were without a job in the previous wave and have since found new employment (48%). This graph thus suggests that the boost in support for welfare assistance among job losers may be quite short-lived, dissipating soon after individuals find new employment.

As noted, this comparison does not take into account any individual-level characteristics that may distinguish between the harmed individuals and the other respondents. To address this issue, the next analysis introduces controls for a range of potentially relevant individual-level characteristics. For ease of interpretation, I estimate an OLS regression in which the dependent variable $Welfare_{i,t}$ is a transformed five-point scale that takes the maximum value '1' if respondent i strongly supports expanding welfare provision in time t and '0' if she strongly opposes it.[19] (As Table A6 shows, the results are materially and statistically similar if estimating an ordered probit model). The model controls for key demographic variables age, gender, marital status, income and education and takes the following form:

$$Welfare_{i,t} = \alpha + \beta_1 Welfare_{i,t-1} + \beta_2 Shock_i + \gamma Demographics_{i,t} + \phi SurveyWave + \epsilon_i$$

Several features of this specification should be noted. Given that our primary interest is in understanding how the experience of a significant economic setback alters people's

[19]The intervals between responses are 0.25 and the scale is thus: (1) strongly support; (0.75) somewhat support (0.5) neither support nor oppose; (0.25) somewhat oppose; (0) strongly oppose.

welfare policy preferences, the estimated model examines change in people's support for expanding welfare spending rather than their absolute level of support. The model specification does so by controlling for $Welfare_{i,t-1}$, a measure that denotes respondent i's level of support for welfare expansion in the previous period $(t-1)$.[20] The baseline category in each specification is an individual who was employed both at the time of the previous survey and during the period of the next survey. In each model, the effect of one of the three shocks is estimated (Job Loss, Drop in Income, Job Less Secure). The model also includes Demographics, a vector of individual-level characteristics (income, education, gender, and marital status) as well as a set of indicator variables denoting respondents' employment status: Long-Term Unemployed is an binary variable that takes the value '1' if the individual was unemployed in both the previous period and the next period of the study, and '0' otherwise; similarly, Newly Employed denotes individuals who were unemployed in the previous period and have found employment by the time of the next survey. In all estimations, standard errors are clustered by respondent.

Table 4 presents the results of this estimation. The first column estimates the impact of a loss of a job on the probability of support for increased welfare assistance. It indicates that an individual who recently lost a job is expected to experience, on average, about a 9% shift from their prior stance along the five-point scale in the direction of greater support for welfare spending. This change differs quite significantly from the effect associated with being Long-Term Unemployed, for which we find only a small, negative and statistically insignificant change in support for welfare assistance. Also notable is the pattern seen in Figure 4, whereby the Newly Employed (i.e. individuals who were unemployed at the time of the previous survey but have since found new employment) were even less likely to support increased welfare assistance than individuals who remained employed in both periods. The effect is quite sizable and negative across the different specifications, albeit imprecisely estimated. I return to discuss this finding in greater de-

[20] In cases where the respondent was not interviewed in the previous wave of the survey, then I used the respondent's answer to the welfare policy question in the most recent wave prior to the survey in time t.

tail below.

The results also indicate that Democrats were significantly more likely, and Republicans significantly less likely, than Independents to increase their support for welfare expansion. In addition, individuals with higher levels of educational attainment were also more likely to shift their views in support of greater welfare spending.

Column (2) indicates that a major drop in household income does not correspond with a large increase in support for welfare spending. The effect associated with the shock is small and the standard errors are a good deal larger ($\beta_{income\ drop} = .006, \sigma = .016$). Further, column (3) indicates that a significant decrease in a respondent's sense of job security is associated with increased support for welfare spending, though the effect is smaller than that associated with the loss of a job (substantively, about a 4% change). However, when all three shocks are included in the model (column (4)), the effect of job loss is the only one that remains narrowly estimated ($p < 0.01$) while the effect associated with job insecurity drops below statistical significance.

Is the effect of the shock driven solely by concerns about one's own experiences, or do changes in the labor market standing of the other household members also matter? Column (5) provides a partial answer to this question, showing that the layoff of a spouse is also associated with an increase in support for welfare assistance. The magnitude, almost a 5.5 percentage point increase in probability of support for welfare expansion ($p = 0.06$) is sizable, though notably smaller than the effect associated with the loss of one's own job.

Yet while these results indicate that changes in people's economic circumstances can have a significant impact on their support for welfare assistance, the effect we observe may also be a reflection of the fact that those individuals who experienced the shocks are residing in areas more severely hurt by the crisis. If that is the case, the effect we observe may at least partially represent a sociotropic concern about the impact of the crisis on the broader public rather than a response to the personal experience of the setback. To

address this possibility, I re-estimate the same model but add fixed effects for state of residence and time (state×time), in order to account for some of the temporal variation in local circumstances. Column (6) presents the results and shows that the estimates are not sensitive to the inclusion of state and time fixed effects. The evidence thus suggests that the observed increase in support for welfare spending occurs primarily in response to the change in respondents' own circumstances (including those of their own family members), rather than in response to a general worsening of the economic situation in one's area of residence.

4.3 Does an economic shock cause a switching of views on welfare?

The specification in equation (1) estimated the likelihood of an increase (or decrease) in support for welfare spending along a five-point scale. The specification did not distinguish between a shift within a policy stance (e.g. of someone changing their preference from being "strongly opposed" to "somewhat opposed" to the expansion of welfare spending), and an actual switch across stances (e.g. from being opposed to becoming supportive). To estimate whether the economic shocks of interest had the effect of bringing about an actual switch in policy position, I estimate a probit model that takes the form:

$$\Pr(\textit{ProWelfare}_{i,t} = 1) = \beta_1 \textit{Welfare}_{i,t-1} + \beta_2 \textit{Shock}_i + \gamma \textit{Demographics}_i + \phi \textit{SurveyWave} + \epsilon_i$$

The dependent variable $\textit{ProWelf}_{i,t}$ is a binary measure that takes the value '1' if respondent i supports expanding welfare provision in time t and '0' otherwise. This specification is thus more demanding - and arguably, more politically meaningful - in that only an actual shift in preferences from non-support to support (and vice versa) is estimated.

Table 5 presents the results and reveals empirical patterns that are similar to those obtained from the previous estimation. Most notably, the loss of a job is again associated with a sizable and statistically significant effect: an increase of 23.8 percentage points in

the likelihood of becoming a supporter of greater welfare spending.[21] Also striking is the fact that the newly employed are less likely to support increased welfare assistance than individuals who remained employed throughout. The estimated effect is sizable and narrowly specified (-9.0%, $p < .01$), suggesting that an economic shock such as a job loss may have a large impact on people's political preferences but the effect may be quite short-lived, evaporating as people's economic standing improves. The data cannot tell us why this drop is occurring; one possible explanation might be that individuals who successfully managed to regain employment perceive the individuals who remained unemployed as more responsible for their circumstances and thus less deserving of government assistance than they did before.

The findings regarding the other two shocks are also similar to those observed earlier: a drop in job security is again associated with a notable increase in support for welfare spending (11.2%, $p < .01$), while the effect associated with a drop in household income is small and statistically indistinguishable from zero. The effects associated with both a job loss and a drop in job security remain significant when controlling for all three shocks in the same estimation (columns (4)-(6)), and the loss of the spouse's job is also shown to be associated with a sizable effect on people's attitudes (columns (5)-(6)). Again, the estimated effect of a spouse losing a job is about 30-40% smaller than the effect associated with the loss of one's own job.

4.4 Robustness: Placebo Specifications and Reverse Causality

Is the adverse change in individuals' economic standing the cause of the shift in their welfare preferences? The use of panel data tracking individuals over time, rather than reliance on cross-sectional data, means that concerns about unobservable variables accounting for the changes in preferences are significantly diminished. To further increase

[21] This classification includes respondents who were either "somewhat" or "strongly" in favor of greater welfare spending.

confidence in the identification strategy, this section subjects the main result to two additional tests. In the first, I examine whether job loss is associated with a shift in voters' preferences on other policy issues; the expectation is that in areas unrelated to economic policy, the trend of change in the preferences of the harmed individuals would not deviate significantly from those who were unharmed. To examine whether this was the case, I exploit the fact that respondents were asked in subsequent survey waves a set of questions on other policy domains. I then estimate the same specification as in (2) but with a different dependent variable: instead of analyzing the change in respondents' attitudes on welfare policy, I estimate respondents' attitudes on far-removed topics: global warming, cultural values and border security (see Appendix for exact wording of questions). As before, all estimations also include as a regressor the respondent's answer to the same question in the previous wave.

Table 7 reports the coefficients pertaining to the parameters of interest. Entries in the top row denote the marginal effect of a job loss on respondents' policy stance. In the first column the dependent variable is the same as in column (1) of Table 6, namely support for expansion of welfare spending. As we have seen before, job loss is associated with almost a 24 percentage point increase in the likelihood of having a pro-welfare stance, an effect that is highly significant in statistical terms. In contrast, columns (2) and (3) show that job loss is not associated with any meaningful change in views on the importance of dealing with global warming or with protecting American values from foreign cultural influences, as the standard errors are much larger than the (substantively small) estimated effects of job loss. Finally, column (4) indicates that job loss is associated with a decrease in the perceived importance of border protection from security threats, but the effect is substantively very small (1.4%, $p < 0.05$).[22] In sum, this analysis indicates that job loss is associated with a major change in respondents' preferences only in a policy do-

[22]It would not be entirely surprising if we found that individuals who recently became unemployed came to view policy issues other than border protection as a higher priority for government action. However, the observed effect is, in fact, quite minimal.

main directly related to the economic setback experienced by the individual but not with corresponding changes in any of the other policy areas.

A second informative robustness test examines the possibility of a reverse causal relationship, namely that people's prior welfare preferences reflect the expectation of confronting in the future a serious economic setback. To test for this possibility, the dependent variable in columns (5)-(7) is the experience of the shock (coded as a '1' if experienced the shock and '0' otherwise). The results indicate that respondents' views on welfare assistance in the preceding period were not associated with the experience of any of the shocks in the subsequent period, largely ruling out the concern that welfare preferences are entirely endogenous to the experience of the economic shock.

5 Prior Ideology and Responses to an Economic Shock

Having demonstrated that a change in people's economic circumstances brings about a subsequent change in their attitudes on welfare assistance, the remainder of the analysis explores the degree to which voters' response to the experience of a personal economic shock varies as a function of their prior ideological dispositions. To do so, I estimate a similar model as in equation (2), yet this time the experience of the shock is interacted with the original political affiliation respondents reported in their first wave of interviews (i.e., prior to experiencing the shock).

The estimated marginal effects presented in Table 7 reveal several findings: first, we see that the impact on welfare preferences associated with job loss is appreciably smaller among Democrats than among Republicans and Independents (the omitted category). Whereas Job Loss is associated with a 33 percentage point increase in the probability of support of welfare expansion among Republicans, the effect is about 26 percentage points smaller among Democrats. A second notable finding is that a drop in household income is associated with a very heterogeneous effect on different partisans. Whereas

the previous analysis found no significant effect of an income drop on the preferences of the population as whole, column (2) shows that among Republicans it is associated with a sizable increase in support for welfare spending of close to twenty percentage points, while among Democrats the effect is very small and negative. Finally, we see that growing job insecurity is associated with a larger positive impact on Independents and Republicans than on Democrats (14.4%, 17.7% and 3.7%, respectively). This gap between Democrats and Republicans is also highly significant in statistical terms.[23]

The stronger impact of economic shocks on the preferences of right-of-center voters may appear somewhat puzzling. One possible explanation might be that Republicans and Democrats differ in terms of other personal characteristics, which can account for the different responses to economic setbacks. To assess the merits of this explanation, I re-estimate equation (2) separately for voters of each party. This is akin to interacting party identification with each individual characteristic in the model. The results of this estimation are presented graphically in Figure 4, which shows the probability of a shift in support for greater welfare assistance as a function of respondents' partisan affiliation prior to the financial crisis.[24] The horizontal axis in each of the charts denotes the level of support for welfare expansion that respondents reported in the previous survey; the vertical axis presents the probability of support for welfare expansion in the subsequent survey. The continuous lines refer to individuals who experienced an economic shock during the time between the surveys and the dashed lines refer to individuals who did not.

[23]These partisan differences in the impact of the shocks can be seen in the unconditional comparison of the welfare preferences of those respondents who were harmed with those who were not among each group of partisans. For example, support among Republican job losers is 19 percentage points higher than among the Republicans who remained employed, while the same gap among Democrats is only 4 percentage points. A similar trend of stronger effects of the shocks on the preferences of right-of-center voters, albeit smaller in magnitude, is seen also with respect to drop in income and increased job insecurity (see Table A6 for complete results).

[24]The model generating the results reported in Table 7 and Figure 2 is: $\Pr(ProWelfare_{i,t} = 1) = \beta_1 Welfare_{i,t-1} + \beta_2 Shock_i + \gamma Demographics_i + \epsilon_i$. Note that estimating the model with a continuous measure for prior welfare preferences or using dummy variables for each category of welfare support produces almost identical results in both substantive and statistical terms.

The main pattern that the graph illustrates is that the welfare preferences of Republicans harmed by the shocks diverged more strongly from the preferences of their unaffected Republican counterparts than was the case among Democrats. Among the latter, the policy preferences of the individuals who experienced the shock remained very similar to those who did not. In other words, controlling for differences in the individual characteristics of Democrats and Republicans does not account for the divergence in how partisans' preferences shift in response to a shock.

A second explanation for the variation in partisan responses might be that the harmed Republicans and Democrats - rather than Republicans and Democrats in general - differ in terms of key characteristics which in turn account for the different attitudinal responses to the experience of the shock. Figure 5 compares the characteristics of the different partisans that lost their job during the period when the four surveys were conducted. The graphs show quite clearly that while the job losers were similar across partisan groups in terms of age and confidence in their labor market prospects, Democrats who lost their job tended to be slightly poorer and less educated than their Republican counterparts. Do these differences account for the different shifts in welfare attitudes among the job losers in the two partisan camps?

To assess this possibility, I use propensity score matching to estimate the responses of the different partisans that lost their job. The matching exercise seeks to identify the closest replicate among the control group units of each "treated" unit. For example, I compare the welfare policy views of a job loser to the preferences of those individuals who were most similar on a host of other relevant dimensions, but who remained employed throughout the period.[25] By comparing the average difference in the welfare preferences of the treated and the matched group, I obtain an unbiased estimate of the average effect of the treatment.[26]

[25]The propensity scores are generated by matching the treatment and control groups along demographic characteristics as well as by respondents' welfare preferences and self-reported job security in the previous period.

[26]This method also has the advantage of relaxing the strong functional form assumptions associated with

The left panel of Table 8 reports the results of this comparison. Columns (1)-(3) present the net change associated with each economic shock, by respondents' partisan affiliation in the first wave. While the magnitudes of the estimates shift somewhat, the same pattern emerges as in the previous analyses: Republicans and Independents were much more likely to increase their support for welfare assistance in response to experiencing an economic shock than their partisan counterparts who did not. In contrast, the differences among Democrats are small in magnitude and statistically insignificant. This indicates that the differences in the partisan responses to the experience of a major economic setback are not simply a reflection of the individual characteristics of the harmed Republicans, Independents and Democrats. A final explanation for the difference in partisan responses is the presence of a "ceiling effect": since most Democrats were in favor of welfare expansion even prior the crisis while Republicans were not (83% versus 23%), the latter had more "room" to move in the direction of greater support for welfare assistance. To explore this possibility, I carry out a second matching exercise in which the dependent variable is an increase in support for welfare expansion ('1') versus no increase ('0'). However, in this analysis I limit the sample to those individuals who did not "strongly support" welfare expansion in the previous period, i.e., the sample includes only those respondents who could potentially increase their stated support for welfare expansion.[27] Indeed, the results of this analysis reported in columns (4)-(6) provide some support for this explanation, indicating that the probability of increased support for welfare expansion was less divergent across partisan lines once accounting for the ceiling effect. In fact, comparing the estimates in the two panels, the effect associated with job loss among Democrats jumps from about one tenth of the effect associated with Republicans to almost one half of the effect. This suggests that while the response of partisans to the experience

the probit regressions presented earlier. This advantage, however, comes at the cost of lower efficiency of the estimates.

[27]The analysis thus excluded 46% of Democrats who kept their job and 47% of the Democrats who lost their job in the subsequent period. The corresponding figure among Republicans is 4% among both job keepers and job losers.

of a personal economic set-back does differ, it is appreciably smaller when one accounts for a possible ceiling effect.

6 Discussion

A frequent assumption in the literature holds that conditions that increase voters' economic insecurity subsequently increase demand for greater social protection (e.g. Burgoon 2001; Cameron 1978). This increased demand is then argued to shape the social policy that governments pursue (e.g. Brooks and Manza 2007, 2008; Lupo and Pontussen 2011; Rodrik 1998). Notably, evidence to date on the link between economic circumstances and the public's social policy preferences is fairly limited, reliant almost exclusively on correlations in cross-sectional data. Utilizing a unique new dataset which tracks a national sample of Americans over several years, a key contribution of this study is to provide what is arguably the most authoritative evidence to date of the strong impact of personal economic circumstances on voters' preferences on welfare spending. Beyond documenting and quantifying this important causal effect, a second contribution of this study is to offer insight on the interaction between two key sources of political preferences, namely individuals' longstanding ideological beliefs and their economic self-interest.

In the wake of the meltdown of the financial system, some may have expected the hardships experienced by millions to bring about a broad shift in public sentiment in favor of a more expansive social safety net. While it may still be too early to tell, the Great Recession does not appear to have brought about such a shift. Instead, this study shows that the crisis produced a bifurcation in sentiment between those who personally experienced a major economic set-back and those who did not; support for greater government funding of welfare assistance increased among the former, but decreased among the rest of the population.

This result suggests that a prevalent assumption in the political economy literature, namely that economic downturns bring about greater public support for social spending, requires an important modification. In modeling the link between economic decline and support for government protection, scholars should not focus solely on the shift in the preferences of those harmed by the decline and assume that the preferences of the other voters remain unchanged. Such an approach will grossly overestimate the impact an economic decline is likely to exert on aggregate support for welfare spending. Rather, if one views self-interested considerations as an important source of preferences on social policy, such considerations should be taken into account also with respect to analyzing the preferences of the unharmed voters, many of whom might have to foot the higher tax bill necessary for funding greater social spending.

Given the unique magnitude of the Great Recession, it is possible that the results reported here represent an upper-bound in terms of how change in personal economic circumstances affects political preferences. Personal economic set-backs experienced during more stable market conditions may have a smaller effect on people's political views. On the other hand, the fact that the U.S. public is traditionally considered more skeptical of the welfare state might mean that Americans in economic distress might be less inclined to support expanded government assistance than similarly distressed individuals in other more traditionally pro-welfare countries. Future research that examines shifts in political attitudes in other countries will hopefully shed more light on the extent to which the magnitude of the estimated effects reported here is representative of other political contexts.

Returning to the question posed in the beginning of the paper, do the results of this study mean that preferences on social policy are simply a function of individuals' own chancing economic circumstances? Indeed, the evidence shows that changes in people's personal standing, particularly the loss of a job, do bring about corresponding shifts in their views on welfare policy. Among Republicans, most of whom were strongly op-

posed to welfare expansion prior to the crisis, the newly unemployed are found to have grown over 2.5 times more likely to support welfare increases than the Republicans who remained employed (33% versus 13%). This, without doubt, is a very large shift in substantive terms. Yet despite these large shifts, one must also keep sight of the fact that a clear majority of the population nonetheless maintained their prior views on welfare policy, a majority that also holds among those who personally experienced the economic shocks. Even among the newly unemployed, it is still the case that approximately two thirds of the Republicans who lost their job continued to oppose expanded spending on welfare assistance. It would therefore be a mistake to overlook the fact that even in the wake of the most severe financial crisis in almost eighty years, people's longstanding political views did not at once become immaterial. Furthermore, the analysis also shows the spike in support for welfare spending among job losers dissipated significantly once they regained employment. So while changes in material circumstances are found to bring about a sizable change in individuals' policy preferences, prior ideological dispositions remain a weighty factor when accounting for people's long-run policy stance.

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A Survey Items Used in the Analysis

Welfare policy preferences: Do you support an increase in the funding of government programs for helping the poor and the unemployed with education, training, employment, and social services, even if this would raise your taxes?

1. Strongly oppose
2. Somewhat oppose
3. Neither support nor oppose
4. Somewhat support
5. Strongly support

How important should it be for the government to do each of the following things:

Global Warming: Protect the environment from global warming.
National Security: Protect its borders from security threats.
American Values: Protect American values from foreign cultural influences.

1. Very important
2. Somewhat important
3. Neither important nor unimportant
4. Somewhat unimportant
5. Completely unimportant

Employment Status: Are you currently employed?

- Full-time employee
- Part time employee
- Self-employed
- Unemployed
- Retired
- Student
- Homemaker

Household Income: The variable was coded based on the following question: Can you give us an estimate of your salary in 2008 before taxes?

- Below $30,000
- $30,000 - $40,000
- $40,000 - 50,000
- $50,000 - $60,000
- $60,000 - $75,000
- $75,000 - $90,000
- $90,000 - $110,000
- $110,000 - $130,000
- $130,000 - $150,000
- Over $150,000

Note that the question was asked separately for the respondents income and for that of their spouse. The top category was capped at $160,000. The results were converted into U.S. dollar figures, taking the mid-point of each band, and summed up for both self and spouse.

Job Security: Looking forward to the next three years, how confident do you feel about being able to keep your current job?

1. Very confident
2. Confident
3. Slightly confident
4. Not at all confident

Education: What is the highest level of education you have completed?

- Did not graduate from high school
- High school graduate
- Some college, but no degree (yet)
- 2-year college degree
- 4-year college degree
- Postgraduate degree (MA, MBA, MD, JD, PhD, etc.)

Party Identification: Generally speaking, do you think of yourself as a...?

- Democrat
- Republican
- Independent
- Other
- Not sure

Table 1. Predicted Impact of Economic Shock on Partisans' Welfare Preferences, by Theoretical Approach

Approach Centered on:	Republicans	Democrats
Material self interest	↑↑	↑
Ideological commitments	=	=
Motivated reasoning	=	↑

Note: ↑ indicates an increase in support for expanding welfare spending; = denotes no change in preference.

Table 2. Economic Standing of Sample Respondents, by Wave

Employment Status	Wave 1	Wave 2	Wave 3	Wave 4
Unemployed (among working age)	6.1%	8.7%	8.5%	7.5%
Lost job (among previously employed)	--	6.2%	4.6%	3.0%
Confidence in Keeping Job				
Very confident	51.7%	35.3%	31.5%	32.7%
Confident	31.4%	31.4%	36.3%	34.5%
Slightly/Not Confident	16.9%	33.3%	32.2%	32.9%
Income				
Major drop in HH income (>25%)	--	10.3%	10.2%	7.6%
Mean Income	40,602	38,981	38,915	38,678

Note: Cell entries correspond to the distribution of respondents across categories in each survey wave.

Table 3. Change in Welfare Spending Preferences: Before and After the Eruption of the Crisis

Position in July 2007	Position in April 2009		
	Oppose	Neutral	Support
Oppose	75%	13%	12%
	(201)	(34)	(33)
Neutral	24%	38%	38%
	(25)	(40)	(40)
Support	11%	14%	75%
	(51)	(62)	(346)

Note: Percentages are calculated by row. Numbers in parentheses are cell counts.

Table 4. Personal Economic Shocks and Change in Support for Welfare Assistance (OLS)

	(1)	(2)	(3)	(4)	(5)	(6)
Lost Job	0.095**			0.083*	0.083*	0.081*
	(.021)			(.023)	(.022)	(.021)
Drop in Household Income		0.006		-0.009	-0.009	-0.01
		(.016)		(.016)	(.016)	(.015)
Job Less Secure			0.043+	0.021	0.021	0.028
			(.018)	(.021)	(.021)	(.019)
Spouse Lost Job					0.055+	0.05
					(.026)	(.027)
Prev. Attitudes on Welfare	0.593**	0.590**	0.589**	0.592**	0.592**	0.592**
	(.021)	(.02)	(.019)	(.02)	(.021)	(.019)
Democrats	0.127**	0.125**	0.126**	0.127**	0.127**	0.125**
	(.026)	(.026)	(.026)	(.026)	(.025)	(.024)
Republicans	-0.098**	-0.101**	-0.101**	-0.098**	-0.098**	-0.099**
	(.008)	(.008)	(.008)	(.008)	(.008)	(.008)
Still Unemployed	0.009	-0.003	0.005	0.01	0.008	0.004
	(.013)	(.011)	(.016)	(.014)	(.014)	(.013)
Newly employed	-0.013	-0.02	-0.013	-0.012	-0.014	-0.019
(prev. unemployed)	(.016)	(.016)	(.016)	(.016)	(.016)	(.018)
Not in Labor Market	0.009	-0.007	0.003	0.01	0.01	0.01
	(.026)	(.024)	(.03)	(.027)	(.027)	(.027)
Income (log)	0.003	-0.002	0.000	0.003	0.003	0.002
	(.007)	(.007)	(.008)	(.007)	(.007)	(.007)
Education	0.006*	0.006*	0.007*	0.007*	0.007*	0.007+
	(.002)	(.003)	(.002)	(.002)	(.002)	(.003)
Age	0.0002	0.0003	0.0003	0.0002	0.0002	0.0001
	(.0003)	(.0003)	(.0003)	(.0003)	(.0003)	(.0004)
Female	0.004	0.002	0.002	0.004	0.003	0.002
	(.005)	(.004)	(.004)	(.005)	(.005)	(.003)
Constant	0.114**	0.142**	0.130**	0.114**	0.114**	0.459**
	(.02)	(.022)	(.026)	(.019)	(.02)	(.026)
Fixed Effects	Time	Time	Time	Time	Time	State*Time
Observations	4584	4619	4619	4584	4584	4584
Pseudo R^2	0.646	0.643	0.644	0.646	0.646	0.659

Note: All regressions include controls for respondents' marital status, race, and income, and indicator variables for survey wave. + significant at 10%; * significant at 5%; ** significant at 1%

Table 5. Economic Shocks and Transition in Support of Welfare Assistance

	(1)	(2)	(3)	(4)	(5)	(6)
Lost Job	0.238**			0.206**	0.207**	0.221**
	(.047)			(.054)	(.055)	(.068)
Drop in Household Income		0.016		-0.019	-0.02	-0.021
		(.076)		(.082)	(.082)	(.081)
Job Less Secure			0.112**	0.057*	0.055*	0.073**
			(.02)	(.023)	(.024)	(.02)
Spouse Lost Job					0.142**	0.135**
					(.049)	(.046)
Prev. Attitudes on Welfare	0.958**	0.952**	0.952**	0.957**	0.958**	1.005**
	(.07)	(.068)	(.068)	(.07)	(.069)	(.068)
Democrats	0.251**	0.248**	0.250**	0.251**	0.251**	0.250**
	(.05)	(.053)	(.052)	(.05)	(.05)	(.04)
Republicans	-0.140**	-0.142**	-0.144**	-0.141**	-0.141**	-0.158**
	(.021)	(.023)	(.022)	(.022)	(.022)	(.014)
Still Unemployed	0.011	-0.019	0.003	0.014	0.009	0.008
	(.042)	(.032)	(.044)	(.032)	(.033)	(.026)
Newly employed	-0.090**	-0.105**	-0.090**	-0.085**	-0.090**	-0.087*
(prev. unemployed)	(.021)	(.024)	(.02)	(.023)	(.022)	(.039)
Not in Labor Market	0.032	-0.01	0.018	0.037	0.037	0.043
	(.077)	(.068)	(.081)	(.068)	(.069)	(.067)
Income (log)	0.014	0.000	0.006	0.013	0.013	0.012
	(.023)	(.02)	(.024)	(.02)	(.019)	(.02)
Education	0.030**	0.029**	0.030**	0.030**	0.030**	0.032**
	(.009)	(.009)	(.009)	(.009)	(.01)	(.011)
Age	0.001+	0.001+	0.001+	0.001+	0.001+	0.001+
	(.001)	(.001)	(.001)	(.001)	(.001)	(.001)
Female	-0.035*	-0.038**	-0.037**	-0.036*	-0.037*	-0.048**
	(.015)	(.013)	(.014)	(.015)	(.014)	(.014)
Fixed Effects	Time	Time	Time	Time	Time	State*Time
Observations	4584	4619	4619	4584	4584	4584
Pseudo R^2	0.456	0.453	0.454	0.456	0.457	0.483

Note: The coefficients of the probit analysis are estimated marginal effects (∂F/∂xk); that is, the marginal effect on Pr(y=1) given a unit increase in the value of the relevant (continuous) regressor (xk), holding all other regressors at their respective sample means. All regressions include controls for respondents' marital status, race, and income, and indicator variables for survey wave. + significant at 10%; * significant at 5%; ** significant at 1%

Table 6. Placebo Specifications and Tests for Reverse Causality

	Dependent Variable						
	Welfare	Global Warming	American Values	National Security	Job Loss	Drop in Income	Job Less Secure
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Lost Job	0.238**	-0.019	-0.043	-0.014*			
	(.047)	(.08)	(.075)	(.007)			
Pro Welfare (t-1)	0.958**				-0.003	-0.004	0.000
	(.07)				(.009)	(.026)	(.012)
Environmental Protection (t-1)		-0.322**					
		(.01)					
American Values (t-1)			-0.243**				
			(.009)				
National Security (t-1)				-0.026**			
				(.004)			
Observations	4584	4521	4508	4573	4814	4855	4852
Pseudo R^2	0.456	0.595	0.381	0.289	0.08	0.016	0.075

Note: The coefficients of the probit analysis are estimated marginal effects (∂F/∂xk). All regressions include all controls for respondents' marital status, race, education level, and income, and fixed effects for survey wave (coefficients not reported). Columns (1)-(4) also control for respondents' employment status.
+ significant at 10%; * significant at 5%; ** significant at 1%

Table 7. The Impact of Economic Shocks on the Welfare Policy Preferences of Different Partisans

	(1)	(2)	(3)	(4)	(5)
Democrat	0.256**	0.256**	0.258**	0.264**	0.262**
	(.05)	(.051)	(.053)	(.052)	(.043)
Republican	-0.144**	-0.148**	-0.147**	-0.151**	-0.171**
	(.02)	(.015)	(.026)	(.022)	(.017)
Lost Job	0.297**			0.263+	0.401**
	(.115)			(.146)	(.099)
Lost Job X Democrat	-0.239**			-0.173	-0.278**
	(.087)			(.12)	(.079)
Lost Job X Republican	0.098			0.021	-0.185*
	(.08)			(.1)	(.076)
Drop in Income		0.058		0.028	-0.005
		(.072)		(.062)	(.043)
Drop in Income X Democrat		-0.172**		-0.151**	-0.140**
		(.051)		(.046)	(.031)
Drop in Income X Republican		0.141		0.106	0.182
		(.166)		(.152)	(.15)
Job Less Secure			0.144*	0.042	0.024
			(.056)	(.063)	(.088)
Job Less Secure X Democrat			-0.107	-0.029	0.02
			(.067)	(.089)	(.103)
Job Less Secure X Republican			0.033	0.051	0.096
			(.077)	(.107)	(.155)
Fixed Effects	Time	Time	Time	Time	State*Time
Observations	4584	4619	4619	4584	4584
Pseudo R^2	0.458	0.455	0.455	0.46	0.486

Note: Dependent variable is level of support for expanding welfare assistance to the needy and the unemployed. Baseline (omitted) category is Republicans that did not experience the shock. All models include the full set of control variables used in Table 6 (not reported). + significant at 10%; * significant at 5%; ** significant at 1%

Table 8. Economic Shocks and Support for Welfare Expansion Using Propensity Score Matching

	Difference in Support for Expansion			*Difference in Probability of Increased Support for Expansion*		
Party ID (2007)	Job Loss	Income Decline	Job Less Secure	Job Loss	Income Decline	Job Less Secure
Democrats	2.8%	-7.1%	3.0%	14.0%	-15.5%	17.6%
Republicans	22.4%**	8.6%	7.9%*	30.5%**	11.4%	1.4%
Independents	24.6%†	7.8%	15.9%*	42.9%**	-10.3%	19.2%
All Partisans	18.1%**	1.4%	6.6%†	19.9%**	-1.4%	4.8%

Note: Entries are based on comparisons using propensity score matching. Matching was done on respondents' previous preferences on welfare, highest educational attainment, gender, age, marital status and race. In the left-hand panel (columns 1-3) entries denote the difference in the *probability of support* for welfare expansions between partisans that experienced the economic shocks and their counterparts who did not. In the panel on the right (columns 4-6) the dependent variable is a binary indicator denoting whether the individual became *more in favor* of expanded welfare spending or not. Entries denote the difference in the probability of increased support among partisans that experienced the shock and their counterparts who did not. Figures in the right-hand panel are based on matched comparisons only among individuals who did not "strongly support" welfare expansion in the previous period. Calculations estimated separately by partisan affiliation.

† significant at 10%; * significant at 5%; ** significant at 1%.

Table A 1. Comparison of the American Community Survey Sample (2007) and the Four Survey Samples

	ACS	Wave 1	Wave 2	Wave 3	Wave 4
Age					
18-34 years	30.8%	25.6%	26.1%	21.2%	16.1%
35 to 44 years	19.1	17.9	20.0	18.1	17.6
45 to 54 years	19.4	21.2	21.4	22.5	23.6
55 to 64 years	14.5	15.5	15.3	19.4	20.9
65 and over	16.6	19.9	17.1	18.7	21.8
Gender (>18)					
Male	48.6%	51.9%	51.9%	51.8%	52.8%
Female	51.4	48.1	48.1	48.2	47.2
Education (population >25)					
Less than high school diploma	15.5%	9.8%	9.9%	7.1%	4.9%
High school graduate (includes equivalency)	30.1	30.8	33.8	34.7	33.2
Some college or associate's degree	26.9	30.4	28.4	27.5	27.0
Bachelor's degree	17.4	18.4	17.9	19.2	20.4
Graduate or professional degree	10.1	10.6	9.9	11.4	14.6
Employment					
Employed	60.3%	56.3%	58.2%	56.0%	55.5%
Unemployed	4.1	6.7	10.3	9.4	7.8
Not in labor force	35.2	37.0	31.5	34.6	36.7
Income					
Mean household income (dollars)	69,972	63,443	54,147	54,795	56,853
Male (dollars)	44,255	49,613	43,712	42,742	45,432
Female (dollars)	34,278	30,511	26,226	25,167	25,987

Table A 2. Respondent Characteristics, by Number of Successful Contacts

	Interviews:			
Variable	One	Two	Three	Four
Income (USD, '000)	37.9	40.3	41.8	38.5
% Female	1.53	1.46	1.49	1.51
% Less Than High-School	0.04	0.01	0.02	0.02
% High School	0.25	0.18	0.26	0.27
% Some College	0.27	0.26	0.26	0.28
% 2-Year College	0.09	0.07	0.09	0.11
% College Degree	0.22	0.26	0.22	0.24
% Post-graduate	0.14	0.23	0.15	0.09
% Married	0.56	0.72	0.60	0.49
% Divorced/ Separated	0.14	0.10	0.13	0.16
% Widowed	0.05	0.04	0.05	0.03
% Single	0.19	0.12	0.18	0.28
% Domestic Partnership	0.06	0.03	0.05	0.03
PID (7-point scale)	3.83	3.85	3.93	3.86
Confidence in Keep Job				
Very Confident	0.40	0.38	0.38	0.48
Confident	0.30	0.32	0.29	0.28
Slightly Confident	0.13	0.16	0.17	0.09
Not Confident	0.08	0.06	0.07	0.05
Finding an Equivalent Job				
% Very Easy	0.15	0.10	0.12	0.18
% Somewhat Easy	0.22	0.20	0.20	0.27
% Neither	0.20	0.18	0.19	0.22
% Somewhat Difficult	0.22	0.25	0.24	0.19
% Very Difficult	0.19	0.25	0.22	0.11
Age	50.1	55.5	52.7	50.3
% Full-Time Emp.	0.43	0.41	0.45	0.49
% Part-time Emp.	0.08	0.07	0.08	0.05
% Self-Employed	0.10	0.11	0.11	0.10
% Unemployed	0.06	0.05	0.05	0.05
% Retired	0.19	0.27	0.21	0.18
% Student	0.04	0.02	0.02	0.03
% Homemaker	0.09	0.07	0.07	0.09
Interest in news				
% Most of the time	0.62	0.74	0.70	0.72
% Some of the time	0.23	0.18	0.20	0.22
% Only now and then	0.09	0.06	0.06	0.03
% Hardly at all	0.05	0.02	0.02	0.01
Total Respondents	3,051	1,603	1,045	403

Table A 3. Numerical counts of employment status changes, by survey wave

	Wave 2	Wave 3	Wave 4	Total
New Unemployed	43	69	50	162
Lost Job	35	53	39	127
Long-Term Unemployed	15	67	78	160
Job Less Secure	151	161	105	417
Newly Employed	14	35	38	87
Lower Employment Capacity	60	105	89	254

Table A 4. Summary Statistics

Variable	*N*	Mean	Std. Dev	Min	Max
Welfare	10,401	0.538	0.381	0	1
Previous Welfare	4,870	0.529	0.380	0	1
ProWelfare	10,401	0.496	0.500	0	1
Previous ProWelfare	10,401	0.496	0.500	0	1
Democrat (Wave 1)	28,950	0.477	0.499	0	1
Republican (Wave 1)	28,950	0.401	0.490	0	1
Independent (Wave 1)	28,950	0.123	0.328	0	1
Age	11,931	50.2	14.401	18	97
Female	11,935	1.497	0.500	1	2
Income (log)	11,393	3.120	1.285	0	5.075
Education	11,935	3.742	1.496	1	6
Lost Job	11,456	0.011	0.105	0	1
Drop in HH Income	31,140	0.007	0.083	0	1
Job Less Secure	4,893	0.085	0.279	0	1
Long-Term Unemployed	4,883	0.033	0.178	0	1
Newly Employed	4,883	0.018	0.132	0	1
Not in Labor Force	11,914	0.328	0.469	0	1
Ease of Finding New Job	7065	3.397	1.313	1	5
Job Security	7984	2.262	1.268	1	5

Table A 5. Economic shocks and difference in support for welfare spending, by party ID

	Economic Shock		
Party ID (in t=1)	Loss of Job	Income Decline	Job Less Secure
Democrats	4%	-5%	3%
Republicans	19%	7%	7%
Independents	23%	11%	6%
Affected Individuals	(127)	(218)	(295)

Note: Entries denote the unconditional differencing of change in support for expanding welfare spending, comparing the policy preferences of those personally affected and those unaffected by the economic shock. To make the comparison meaningful, in the first two columns the sample is restricted only to individuals that were employed in the previous period.
*Figures in parentheses denote the number of individuals affected by each shock.

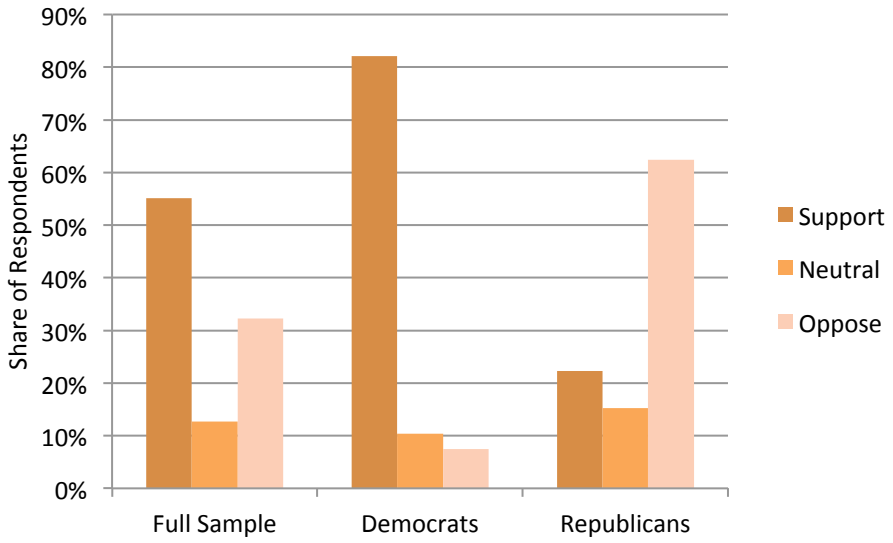
Table A 6. Personal Economic Shocks and Change in Support for Welfare Assistance (ordered probit)

	(1)	(2)	(3)	(4)	(5)	(6)
Lost Job	0.472**			0.435**	0.437**	0.437**
	(.096)			(.113)	(.112)	(.09)
Drop in Household Income		0.005		-0.071	-0.073	-0.079
		(.067)		(.072)	(.071)	(.055)
Job Less Secure			0.203*	0.086	0.084	0.117
			(.092)	(.108)	(.108)	(.098)
Spouse Lost Job					0.260+	0.252+
					(.139)	(.14)
Prev. Attitudes on Welfare	2.647**	2.628**	2.627**	2.646**	2.647**	2.706**
	(.173)	(.169)	(.169)	(.172)	(.172)	(.171)
Democrats	0.518**	0.508**	0.514**	0.519**	0.519**	0.520**
	(.112)	(.115)	(.113)	(.111)	(.111)	(.1)
Republicans	-0.413**	-0.423**	-0.427**	-0.415**	-0.414**	-0.425**
	(.027)	(.027)	(.029)	(.03)	(.028)	(.026)
Long-term Unemployed	-0.007	-0.068	-0.025	-0.008	-0.017	-0.032
	(.055)	(.046)	(.067)	(.058)	(.059)	(.054)
Newly employed	-0.043	-0.076	-0.043	-0.04	-0.049	-0.064
(prev. unemployed)	(.055)	(.055)	(.056)	(.056)	(.056)	(.066)
Not in Labor Market	0.059	-0.023	0.031	0.061	0.06	0.063
	(.112)	(.103)	(.131)	(.116)	(.117)	(.114)
Income (log)	0.019	-0.009	0.002	0.016	0.016	0.01
	(.031)	(.029)	(.035)	(.029)	(.029)	(.029)
Education	0.041**	0.041*	0.042*	0.042**	0.042**	0.047**
	(.016)	(.016)	(.016)	(.016)	(.016)	(.018)
Age	0.002	0.002	0.002	0.002	0.002	0.002
	(.001)	(.002)	(.002)	(.001)	(.001)	(.002)
Female	0.016	0.004	0.004	0.014	0.012	0.004
	(.027)	(.027)	(.027)	(.029)	(.028)	(.023)
Fixed Effects	Wave	Wave	Wave	Wave	Wave	State* Wave
Observations	4584	4619	4619	4584	4584	4584
Pseudo R^2	0.292	0.289	0.291	0.292	0.292	0.304

Note: Entries are coefficients from an ordered probit estimation. Standard errors clustered by respondent are reported in parentheses. All estimations include controls for marital status and an indicator variable denoting whether household income is missing (coefficients not reported).

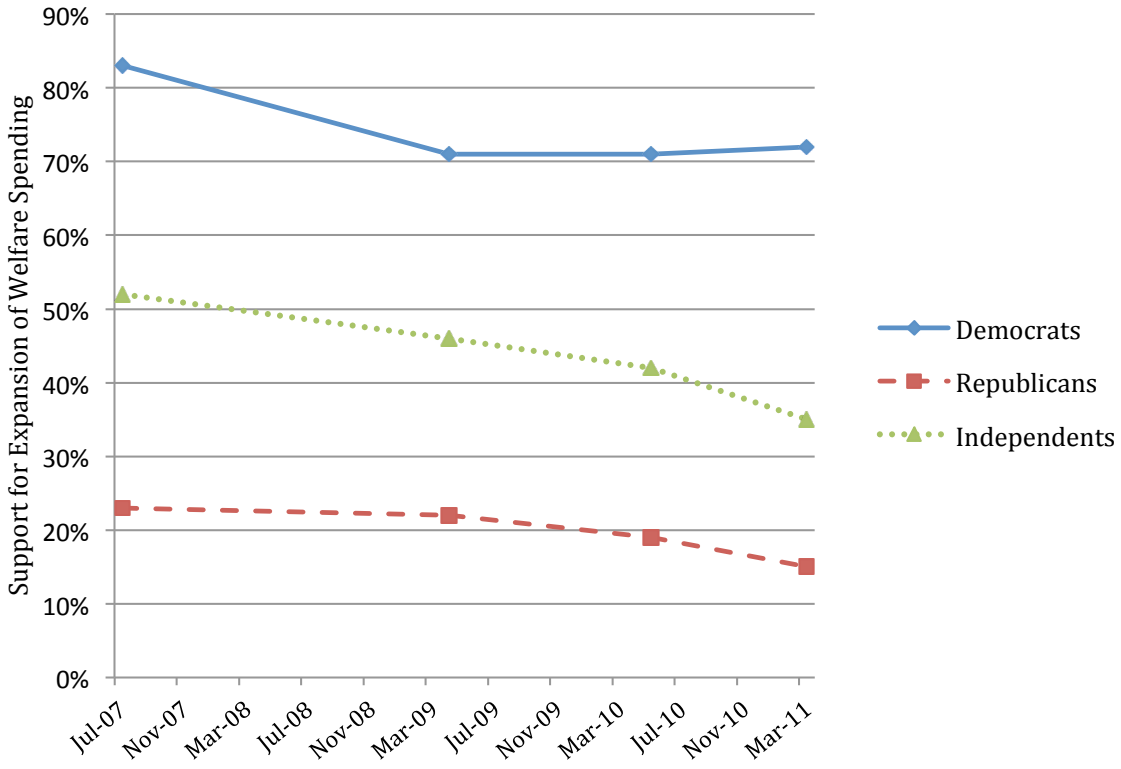
+ significant at 10%; * significant at 5%; ** significant at 1%

Figure 1. Attitudes on Welfare Spending in 2007, by Party Identification



Note: The vertical axes denotes the share of respondents that answered the question: "Do you support an increase in the funding of government programs for helping the poor and the unemployed with education, training, employment, and social services, even if this would raise your taxes?" The national survey was fielded by Polimterix/YouGov in July 2007.

Figure 2. Support for Expansion of Welfare Spending, by Original Party Identification



Note: The vertical axis denote that share of respondents that either "somewhat" or "strongly" support an increase in welfare spending.

Figure 3. Support for expansion of welfare spending as a function of personal labor market position and experiences

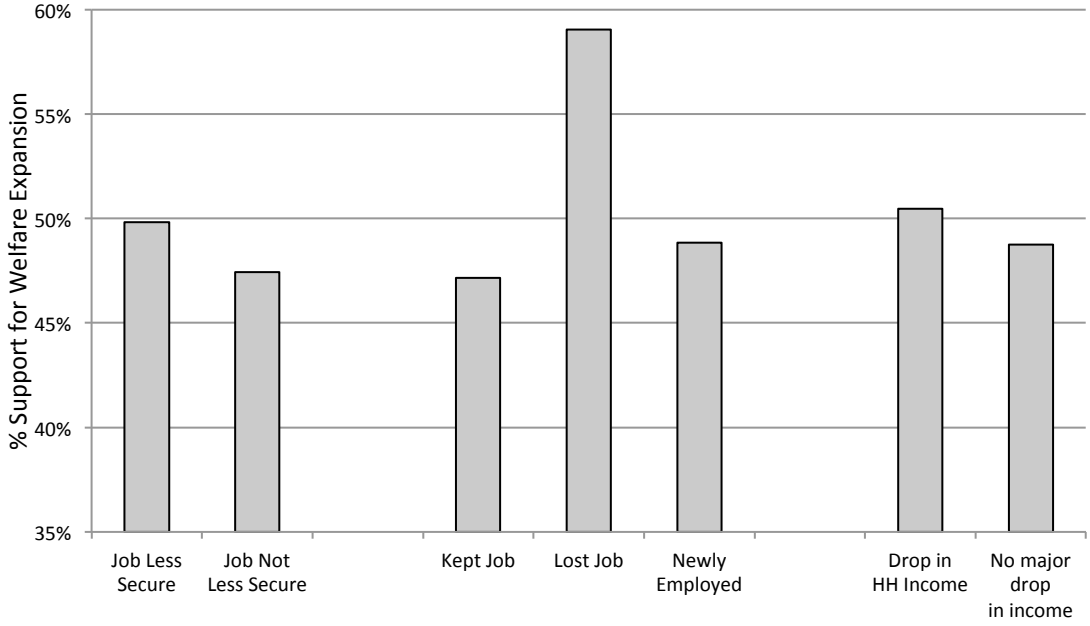
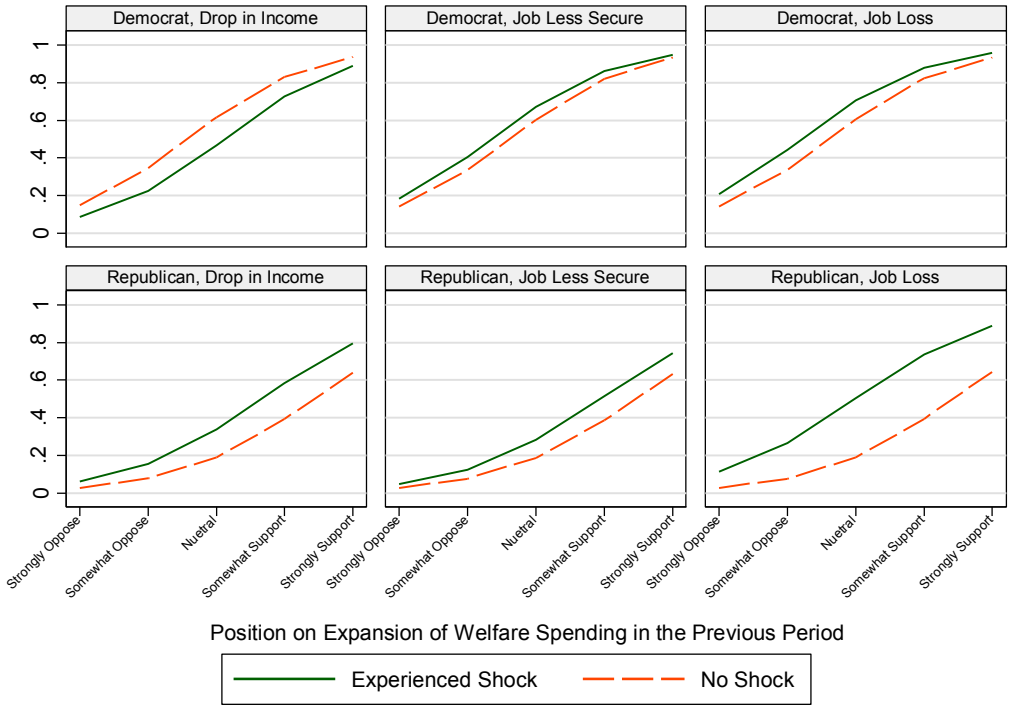
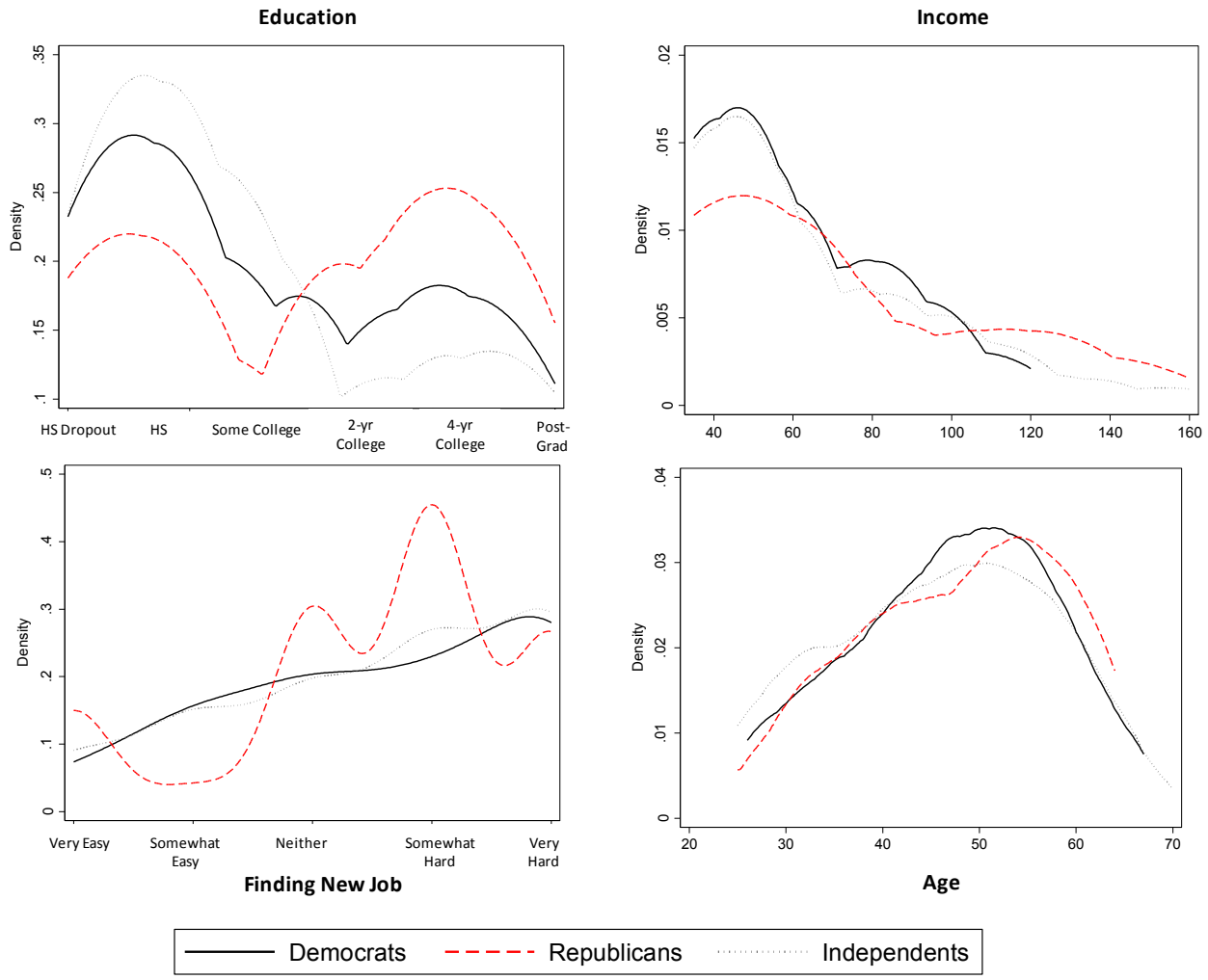


Figure 4. Probability of support for expansion of welfare spending as a function of experiencing an economic shock, by partisan affiliation in the first period.



Note: The graphs report the probability of support for welfare expansion (on the Y-axis) as a function of the individual's level of support for the policy in the previous period (measured on the X-axis along a five-point scale). Each graph corresponds to a different type of economic shock. Results are reported separately for Democrats and Republicans.

Figure 5. Characteristics of the Job Losers, by Original Party ID



Note: These kernel density graphs compare the distribution of the job losers along various characteristics. Job losers are individuals who were employed at the time of the previous survey but had lost their job by the time of the next survey.