

# **Social Welfare Policy Outputs and Governing Parties' Left-Right Images: Do Voters Respond?**

**Running header title: Welfare Policy and Governing Parties' Images**

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## Abstract

While previous research evaluates how citizens' perceptions of governing parties' ideologies respond to party policy rhetoric and the composition of governing coalitions, no extant study addresses whether citizens cue off of government policy outputs. We calibrate citizens' Left-Right party placements against data on government welfare policies, in analyses of 15 party systems for the period 1973-2010. We identify a welfare generosity effect where governing parties' images shift farther left when welfare policies are more generous; moreover, the public appears to hold the current government accountable for the welfare regime it inherited, in addition to the welfare policy changes to this regime it has enacted since the last election. However we find no evidence that citizens react to governments' manifesto-based policy rhetoric, which suggests that citizens prioritize actual government policies, not words. These findings have implications for parties' election strategies and for mass-elite linkages.

**Keywords:** welfare generosity; party manifestos; public perceptions; ideological placements; party reputation

Supplementary materials are available in an online appendix and all data and materials necessary to replicate analyses in the article are available in the JOP Data Archive on Dataverse

(<http://thedata.harvard.edu/dvn/dv/jop>).

This paper addresses the debate about citizens' reactions to what parties say compared to their reactions to actual government policy outputs. Fernandez-Vazquez (2014) and Adams et al. (2011) find that citizens do not update their perceptions of parties' issue positions in response to party policy rhetoric, whereas Fortunato and Stevenson (2013) show that citizens do respond to parties' concrete actions – namely, their decisions to participate in a governing coalition – by updating their perceptions of governing parties' policy positions. In addition, Wlezien (1995) and Soroka and Wlezien (2010) find that citizens thermostatically adjust their spending preferences in response to governments' budgetary allocations, which implies that citizens, on average, have a sense of the direction and magnitude of welfare spending changes over time. Further, recent evidence shows that Danish voters updated their ideological placements of the governing Social Democratic and Socialist Peoples' parties in response to the pro-austerity policies these parties implemented upon entering government in 2011 – policies that contradicted their anti-austerity rhetoric during the preceding campaign (Seeberg et al. 2017). This research suggests that voters react to governments' deeds, not their words.

We extend these earlier studies to consider whether citizens adjust their perceptions of governing parties' placements in response to governments' social welfare policy outputs, and posit that citizens assign more left-wing ideological positions to governing parties that support more generous social welfare programs.<sup>1</sup> We calibrate survey respondents' Left-Right party placements against data on government welfare policies, in analyses of 15 party sys-

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<sup>1</sup> The terms “left” and “right” encompass additional cleavages, but a key issue dividing left- from right-wing parties pertains to debates over welfare spending, taxes, and income redistribution (see, e.g., chapter 8 in Dalton 2013, and evidence from political experts in Section S2 in the supplementary information memo).

tems between 1973 and 2010.<sup>2</sup> We analyze how governing parties' images shift over time – in a left- or rightward direction – in response to the generosity of welfare policy outputs, and to changes in these generosity levels. We report three findings.

First, and most importantly, we identify a welfare generosity effect where governing parties' images shift farther right under less generous welfare regimes. This implies that citizens take social welfare policy outputs as a cue about the governing parties' orientations, ascribing more right-wing ideological positions to governing parties that support less generous social welfare programs. Moreover, citizens consider the overall level of welfare generosity, not only the changes to these levels the current government has enacted since assuming office. This suggests that, over time, citizens come to hold governing parties accountable for the welfare regimes they inherit and sustain.

Second, we identify a party reputation effect, whereby citizens' perceptions of governing parties' positions tend to be sticky but do decay, or moderate, slowly over time. This is important because it implies that higher levels of welfare generosity are required to shift left-wing governing parties' images farther to the left, compared to right-wing governments.

Third, in contrast to our positive findings on citizens' reactions to government policy outputs, we find no evidence that citizens' perceptions respond to governing parties' policy rhetoric, as conveyed by the Left-Right policy tones of their election manifestos. This finding, in combination with the welfare generosity effect we estimate with respect to policy outputs, implies that citizens react to actual welfare policies, not the governing parties' words. To our knowledge, this is the first cross-national study to document that actual policy outputs shape citizens' perceptions of governing parties' ideologies.

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<sup>2</sup> We analyze Australia, Britain, Canada, Denmark, Finland, France, Germany, Ireland, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, and the United States.

## Data

Our data on citizens' Left-Right party placements are from the Comparative Study of Electoral Systems (CSES) (Giebler et al. 2016), supplemented by earlier surveys from Sweden, Norway, Britain, Germany, and the Netherlands, originally analyzed in Adams et al. (2011). The common module of the CSES surveys (along with the additional surveys we analyze) ask respondents to place themselves and political parties on a 0-10 Left-Right scale, where higher values denote a more right-wing position. Table S1 in the supplementary information (SI) memo reports the countries, parties, and election years included in our data set. We analyze perceived shifts for parties that governed continuously since the previous election. Due to various restrictions (see Section S1 and Table S1 in the SI memo for details), our data set contains citizens' perceptions of 86 Left-Right shifts for governing parties.

Given our interest in how parties' Left-Right images change in response to social welfare policies, our dependent variable is the change in the focal governing party  $j$ 's mean perceived Left-Right position between the current election survey and the previous survey, computed over all respondents who provided valid party placements. Our key independent variables are based on the social welfare generosity index compiled by Scruggs et al. (2014), which measures the generosity of government social insurance benefits including unemployment insurance, sick pay insurance, and public pensions. We analyze two aspects of welfare generosity that may influence voter perceptions. The first is the level of generosity in the current election year; the second is the change in welfare generosity between the current and previous election years, i.e., positive values denote that the government has increased generosity. Table S2 in the SI memo provides descriptive statistics for all of the variables we analyze, while Section S3 in the SI memo outlines the logic of our statistical models.

## Results

Table 1 reports parameter estimates for the set of 86 perceived Left-Right shifts by governing parties in our data set, for a basic model (column 1), and for a party reputation model that additionally controls for citizens' lagged party perceptions (column 2). We estimate the models using OLS with robust standard errors clustered by party, and estimate statistically significant welfare generosity effects. Our estimate on the [*Welfare generosity index* ( $t$ )] variable is negative and significant ( $p < .01$ ) for both models, which implies that higher levels of welfare generosity in the current election year push governing parties' images farther to the left, all else equal. Moreover, the coefficient estimate on this variable, -0.018 in both models, suggests that this effect is meaningful: the estimate implies that a change from one standard deviation below the mean welfare generosity index level in our data set (30.0%) to one standard deviation above the mean (42.4%) shifts governing parties' images over 0.2 units farther left on the 0-10 Left-Right scale, all else equal. Since the standard deviation of parties' perceived Left-Right shifts in our data set is only 0.4 units, this welfare generosity effect is substantial.

By contrast, our estimate on the [*Welfare generosity index change* ( $t$ )] variable, which denotes the change in welfare generosity since the previous election, is small and insignificant. We stress that these estimates do not imply that citizens ignore the welfare policy changes the government has enacted since the last election; instead they denote that in responding to the current welfare generosity level, the public weighs both the welfare regime in place at the previous election, and the subsequent changes the government has enacted.

Turning to the party reputation model (column 2), the estimate on the [*Party  $j$ 's perceived Left-Right position* ( $t - 1$ )] variable, -0.052 ( $p < .05$ ), implies a slight regression to the mean in party policy images, whereby shocks to those images decay gradually, by about 5%,

on average, between elections.<sup>3</sup> In other words, there is a strong, if imperfect, memory to party positions, and the moderation of those positions is important, as we shall see.

[TABLE 1 ABOUT HERE]

Figure 1 illustrates the patterns, by displaying the predicted effects of current welfare generosity (the horizontal axis) on perceptions of governing parties' Left-Right shifts (the vertical axis), for the parameter estimates reported in column 2 of Table 1. (The dotted lines denote 90% confidence intervals.) Predictions are estimated setting the [*Party j's perceived Left-Right position (t - 1)*] variable at three different values: Panel 1 displays predictions for a left-wing governing party with a lagged perceived position of 3.07 on the 0-10 Left-Right scale (this is 2.5 units below the mean perceived position in our data set); panel 2 displays predictions for a centrist party with a lagged perceived position of 5.57 (the mean value in our data set); panel 3 displays predictions for a right-wing party with a lagged perceived position of 8.07 (2.5 units above the mean). Consistent with the welfare generosity effect, governing parties' images are predicted to shift more to the right for lower welfare generosity levels, regardless of the party's lagged perceived position. But, consistent with the party rep-

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<sup>3</sup> This implies that, based on the equation in column 2 of Table 1, we can rewrite the current party position as 0.95 times the lagged party position, a very high level of persistence. Some readers might worry that our effect is an artifact of ceiling and floor effects in respondents' party placements. In this regard, we note that the minimum and maximum values for the [*Party j's perceived Left-Right position (t - 1)*] variable are 2.50 and 8.99, and the kurtosis is around 1.8, which implies a fairly uniform distribution. There also is only minor skew of -0.03. This suggests that ceiling and floor effects are not major issues.

utation effect, for a given level of welfare generosity the left-wing parties' perceived positions are predicted to shift more to the right than are centrist and right-wing parties' positions.

Consider the predictions associated with a welfare generosity level of 36.2%, the mean value in our data set. The left-wing party's perceived position (in panel 1) is predicted to shift 0.21 units to the right at the current election compared to the previous election ( $p < .05$ ).<sup>4</sup> By contrast, the right-wing party's position (in panel 3) is predicted to shift 0.05 units to the left, though the estimate is not significant. This difference reflects the fact that governing parties' predicted perceived shifts are an additive function of the social welfare generosity effect and the party's lagged perceived position, as well as the intercept. For each level of welfare generosity, the predictions for different types of parties across panels 1-3 differ entirely because of the decay in the party's lagged position. In effect, a low level of welfare generosity conflicts with a left-wing party's reputation, inducing adjustment, whereas it tends to reaffirm a right-wing party's position. Our parameter estimates imply that it requires a very high welfare generosity level of about 47% – at the upper limit of the observed values in our data set – for the left-wing party in panel 1 to maintain its perceived position at 3.07.<sup>5</sup> By contrast, the right-wing party in panel 3 is predicted to maintain its mean perceived position at 8.07 for a welfare generosity level of about 34%, which is below the mean in our data set.

[FIGURE 1 ABOUT HERE]

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<sup>4</sup> Based on the parameter estimates reported in column 2 of Table 1, the predicted shift (+0.21) equals the sum of the lagged party placement (3.07) times its coefficient (-0.052), mean welfare generosity (36.2) times its coefficient (-0.018), and the intercept (1.02).

<sup>5</sup> The equilibrium level of welfare generosity is:  $(-0.052 \text{ Position}_{t-1} + 1.02)/0.018$ .



Columns 3-4 in Table 1 report estimates for models that are identical to those in columns 1-2 except that they control for governing parties' policy rhetoric, via the Comparative Manifesto Project (CMP) codings of the Left-Right tones of parties' election manifestos (Volkens et al. 2018). Specifically, these models include the Left-Right tone of the party's current election manifesto and the change in the party's manifesto tone between the current and the previous election. The coefficients on these variables are small and insignificant, providing no evidence that citizens respond to the rhetoric in governing parties' manifestos. Moreover, our estimates continue to substantiate the impact of social welfare policy outputs.

In the SI memo we report additional robustness checks including analyses of mainstream versus niche parties; of party systems for which parties' Left-Right positions were most strongly connected to their positions on social welfare spending versus taxes; of governing parties in their first parliamentary terms versus other governing parties; of PM parties versus junior coalition partners; of currently governing parties that spent some time in opposition since the previous election; and controlling for conflicting shifts in welfare generosity and party rhetoric. All of these analyses continue to support our substantive conclusions.

## **Discussion**

Our finding that citizens update their perceptions in response to governing parties' actual policy outputs, not their words, has positive implications for representative democracy: it suggests that citizens hold governments accountable for their concrete policy actions, and that governments cannot use rhetorical "cheap talk" to counteract the effects of their actual policies. Moreover, we find that citizens update in response to the overall level of welfare generosity, which is a function of both the welfare policy changes the government has enacted and the policies that were in place at the time of the previous election – even if the currently governing parties were in opposition at this earlier time. This suggests that governments that do

not substantially change the welfare regimes they inherit eventually “own” them, in the minds of voters. Given the incremental, path-dependent nature of welfare policy changes in Western democracies (e.g., Pierson 2004), one might argue that citizens should privilege the welfare policy changes the government has enacted over the policies it inherited. Be that as it may, we conclude that citizens hold governments accountable for both.

Our findings illuminate an interesting phenomenon pertaining to how governing coalition partners’ policy images evolve over time. Previous studies document a parallel shifts pattern whereby voters’ mean placements of coalition partners’ positions shift in the same direction over time (Adams, Ezrow and Wlezien 2016). The welfare generosity effect we identify reaffirms and sheds light on this pattern: our finding that the welfare generosity effect is virtually the same for the Prime Ministerial parties and their junior partners, though more reliable for the former (see the SI memo), implies that a coalition government’s welfare policies tend to exert similar effects on coalition partners’ perceived Left-Right shifts, so that their Left-Right images will tend to shift in the same direction over time.

Our study highlights issues for future research. First, while we have analyzed the statistical relationship between welfare generosity and governing parties’ Left-Right images, we have not parsed out the causal mechanisms underpinning this relationship. For instance, we do not know exactly how citizens acquire information about government policy, but presumably the mass media play an important role. Second, we might evaluate whether citizens’ reactions to welfare policy outputs are stronger among subgroups such as the politically-engaged and welfare benefit recipients. Finally, while our study focuses on governing parties, it is not clear how welfare generosity affects voters’ perceptions of opposition parties.

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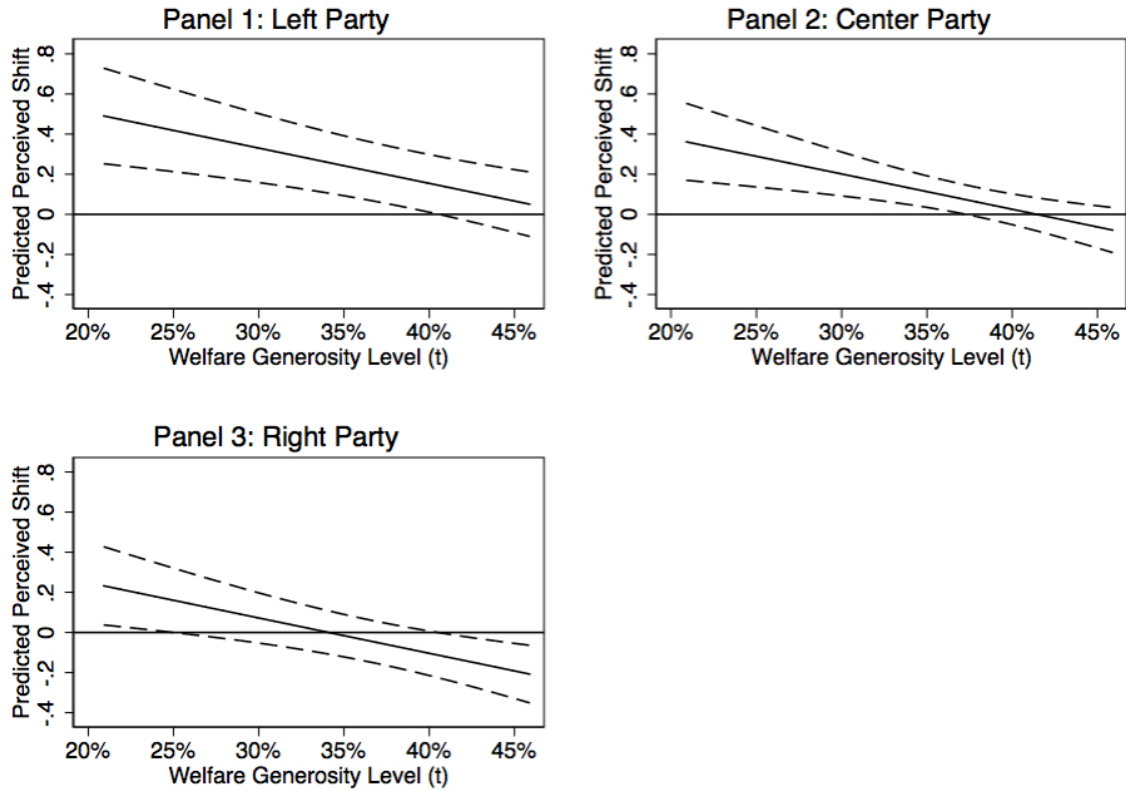
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**Figure 1. Effects of the Current Level of Welfare Generosity Index on Voters' Perceptions of Parties' Left-Right Shifts**



Notes. The figure displays the predicted effect of the [*Welfare generosity index (t)*] variable on the [*Party j's mean perceived Left-Right shift (t)*] variable, computed for the coefficient estimates reported in column 2 of Table 1 for a left-wing governing party with a lagged perceived position of 3.07 on the 0-10 Left-Right scale, a centrist party with a lagged perceived position of 5.57, and a right-wing party with a lagged perceived position of 8.07. The dashed lines denote 90% confidence intervals.

**Table 1. Analyses of Governing Parties' Perceived Left-Right Shifts**

Manifesto Codings Models

<b>INDEPENDENT VARS.</b>	<b>Basic Model (1)</b>	<b>Lagged Perceived Position Model (2)</b>	<b>Basic Model (3)</b>	<b>Lagged Perceived Position Model (4)</b>
<i>Party j's mean perceived Left-Right position (t - 1)</i>		-.052* (.025)		-.077 <sup>†</sup> (.041)
<i>Welfare generosity index (t)</i>	-.018** (.006)	-.018** (.006)	-.022** (.006)	-.018** (.007)
<i>Welfare generosity index change (t)</i>	.004 (.021)	-.002 (.023)	.005 (.022)	.015 (.022)
<i>CMP Left-Right (t)</i>			-.002 (.002)	.003 (.004)
<i>CMP Left-Right change (t)</i>			-.000 (.003)	-.004 (.003)
<i>Intercept</i>	0.74** (0.25)	1.02** (0.30)	0.88** (0.25)	1.18** (0.29)
N	86	86	85	85
Adjusted R <sup>2</sup>	.02	.04	.00	.04

\*\*  $p \leq .01$  ; \*  $p \leq .05$  , <sup>†</sup>  $p \leq .10$  , two-tailed tests.

Notes. The dependent variable in these analyses was [*Party j's mean perceived Left-Right shift (t)*], defined as the change in the party's mean perceived Left-Right position at the current election survey compared to the previous election survey, computed over all respondents who provided a valid party placement along the 0-10 Left-Right scale. The top number in each cell is the unstandardized coefficient, and the number in parentheses below that is the standard error on this estimate. The independent variables are defined in the text. The models were estimated with standard errors clustered on parties.