

MIT

POLITICAL SCIENCE

---

Massachusetts Institute of Technology

Political Science Department

Working Paper No. 2012-27

Studying Public Opinion on Multidimensional Politics:  
The Case of the Eurozone Bailouts

Michael M. Bechtel, University of St. Gallen

Jens Hainmueller, MIT

Yotam M. Margalit, Columbia University

# Studying Public Opinion on Multidimensional Policies: The Case of the Eurozone Bailouts

Michael M. Bechtel – University of St. Gallen  
Jens Hainmueller – Massachusetts Institute of Technology  
Yotam Margalit – Columbia University

October 2012

## ABSTRACT

Studies of policy preferences typically restrict measurements to a single dimension on which respondents are asked to choose between support and opposition to a policy. However, major policy decisions are often multidimensional as they entail a bundle of policy features. We present a survey approach based on conjoint analysis that allows scholars to unpack this multidimensionality and apply it to study voter preferences regarding Eurozone bailouts, a policy with far-reaching economic and political repercussions. We examine how salient dimensions of the bailouts – burden-sharing, conditionality, and endorsement profile – affect mass support for these financial transfers in the major donor country, Germany. We find that variations on each of these dimensions strongly affect voters' preferences, with burden-sharing aspects being the most influential. Changes in a bailout's policy composition can lead to large shifts in public support and there is a striking consensus among citizens about the relative importance of the different policy dimensions. These results challenge the prevailing view that an ironclad majority of German voters opposes the funding of further bailouts. The findings also highlight promising avenues for research on the multidimensionality of policy preferences.

---

Michael M. Bechtel, Department of Political Science, Rosenbergstrasse 51, CH-9000 St. Gallen, Switzerland, michael.becht@unisg.ch.

Jens Hainmueller, Department of Political Science, 77 Massachusetts Avenue, Cambridge, MA 02139, jhainm@mit.edu.

Yotam Margalit, Department of Political Science, Columbia University, 702 IAB, Mail Code 3320, United States, ym2297@columbia.edu.

We gratefully acknowledge financial support by ETH Zurich's Cooper Fund. The usual disclaimer applies.

## I. INTRODUCTION

With several of its members on the brink of sovereign default, the countries of the Eurozone have banded together to negotiate a series of massive financial bailouts of their ailing members. Yet, while broadly recognized by experts as a necessary course of action, the proposed bailouts have faced popular backlash in donor countries as voters denounced the transfer of billions of taxpayer funds to prop up other countries' economies. Against the backdrop of strong public opposition, negotiations between Eurozone governments regarding the scope and conditions of the bailouts have protracted, casting doubt on the political viability of further financial transfers.

In explaining how public opinion shapes governments' responses to the crisis, pundits have pointed to the fact that a clear majority of voters in donor countries oppose the bailouts. However, a key unanswered question is what this opposition actually entails – whether voters reject the basic notion of funneling any tax-payer funds to neighboring countries in need, or whether their opposition depends on the specific features of the proposed bailout package. For example, would voters' willingness to support a bailout change if the recipient country was Ireland, say, as opposed to Greece? And would more voters be willing to support a bailout if it set stringent demands on the recipient country? Or if their country's financial contribution to it was somewhat smaller?

The answers to these questions speak to the political viability of the bailouts: by insisting that certain conditions or features be included in the bailout package, to what extent can governments assuage the opposition to these costly international transfers? From a theoretical perspective, answers to such questions point to what we contend is a weakness in the conventional conceptualization of the notion of voters' policy preferences. Whereas research on mass attitudes typically examines 'support' or 'opposition' to a policy, we argue that this dichotomy is often misguided since major policy decisions such as the bailouts are typically multidimensional and entail a bundle of various policy features that differentially affect voter support.

Restricting the measurement to a single dimension of more or less of a given policy can lead researchers to overlook the contingent nature of voters' attitudes on many major policy issues and may provide an exaggerated sense of division among the public.

To address these empirical questions and substantiate our theoretical contention, this study uses a novel experimental approach based on conjoint analysis that allows researchers to unpack the multidimensionality of voter preferences in major policy issues. We apply this approach to estimate the sensitivity of voters' preferences toward the international bailouts currently debated in Europe. Our analysis centers on public attitudes in Germany, the country shouldering the largest share of the Eurozone's bailout fund. In particular, we focus on the sensitivity of voters' stance on the bailouts with respect to variation along three dimensions that have been central in the public debate over the issue: the distribution of the bailouts' costs, the conditions imposed on the bailout beneficiaries, and the profile of the bailout's backers.

Our analysis begins by using standard public opinion questions to gauge the 'generic' stance of voters on the bailouts. We then employ an experimental conjoint method to investigate whether and to what extent public support for bailout policies varies as a function of the specific design of the bailout package. We do so by asking individuals to evaluate various bailout packages that differ on a set of policy features (e.g. the amount that Germany contributes to the bailout fund, the country receiving the bailout, the conditions imposed on the receiving country, etc.). By randomly assigning both the values that each feature takes and their order of presentation, this experimental design allows us to estimate the impact of each policy feature on the support for the bailout package as a whole.

We find that while a majority of the German public is apprehensive about the bailouts, this general opposition is far from ironclad. Instead, our experimental evidence shows that the level of public opposition to the bailouts shifts considerably as a function of a bailout package's specific features. This variation in policy features can account for shifts between policies rejected by a large majority of the public to ones supported by a large majority: The

least popular bailout packages face opposition by more than 80% of voters, while the most popular ones are opposed by only 30% of voters.

We also find that the cost and burden-sharing dimension of the bailout package most strongly affects public opposition. Voters do not only respond to the absolute costs their country has to carry, but care almost as strongly about the relative share that Germany contributes to the Eurozone's bailout fund as compared to the other countries: A change in the amount of Germany's contribution from €123bn (the original contribution package) to €418bn (a figure close to the level policymakers have agreed to recently) increases the share of voters opposing the bailout package by 16 percentage points. Similarly, holding constant the absolute German contribution but increasing the country's relative share from 19% to just over half of the Eurozone's bailout fund increases opposition to the bailout package by about 12 percentage points. Attitudes on the bailouts also vary as a function of the specific conditions imposed on the recipient country: while voters more strongly support bailouts that require deep budget cuts in the recipient country, conditionality that requires layoffs of workers in the public sector makes a bailout package less appealing to voters in the donor country. Finally, we find that voters prefer bailouts backed by bodies with more direct economic expertise (e.g. the European Central Bank or the Council of Economic Advisors) than similar packages endorsed by politicians.

Finally, our results document a surprisingly strong consensus among different groups of voters about which bailout policy dimensions are they consider most important. While some sub-groups of the electorate reveal greater sensitivity to specific aspects of the bailouts, the general pattern is persistent and clear: overall, different voters share similar views about which types of bailout packages are preferable.

By studying the multidimensionality of mass support for bailout programs, this study contributes to the emerging literature on the politics of international financial rescues. To date, very few studies have looked at this major issue and extant research has focused primarily on

the correlates of attitudes toward the bailouts (Broz, 2005; Bechtel, Hainmueller and Margalit, 2012; Curtis et al., 2012). These studies treat the bailouts as a policy that individuals can either embrace or reject. Since most voters oppose the bailouts in general, this evidence suggested that policy makers have little room to maneuver when it comes to pursuing such policies. Our study demonstrates that some dimensions of the proposed bailouts can bring about decisive shifts in mass support for a bailout program. Thus, studying the underpinnings of political support for government bailouts requires greater attention to the specific features of the proposed package than previously recognized in the literature. Moreover, these results also contribute to the ongoing policy debate, suggesting that elected officials have more room to maneuver if pursuing bailout programs that can provoke much weaker public opposition.

The study also adds to the broader public opinion literature that has analyzed voter preferences on various policy issues like trade, immigration, taxation, and welfare (Margalit, 2012; Bechtel, Bernauer and Meyer, 2012; Hainmueller and Hiscox, 2007, 2006; Hainmueller and Hopkins, 2012; Alesina and Angeletos, 2005; Scheve and Slaughter, 2001; Gabel, 1998). Our results highlight the potential gains from a new experimental design that enables researchers to unpack the multidimensionality of voter preferences that is masked by traditional measurements that are limited to a single dimension of more or less of a policy. The conjoint approach we use allows researchers to test how the stance of voters on policy issues varies as a function of changes in different features of the policy. It also lends itself well to learn about the trade-offs that voters make between different features and to explore which factors moderate the sensitivity of voters to specific policy characteristics. We elaborate in the conclusion how the methodology can have meaningful applications for studying a broad range of policy domains.

## II. THE MULTIDIMENSIONALITY OF POLICY PREFERENCES

Since public opinion is considered an important factor in the decisions of policymakers, a central concern in research on political behavior is the study of voters' policy preferences. To

identify the public's stance on issues ranging from immigration and welfare to trade policy, gay marriage or gun control, surveys frequently ask individuals to state their level of support or opposition to a certain policy. Based on the answers respondents provide to such polls, media outlets report what the public's supposed stance is on a particular issue and political analysts frequently draw conclusions about policymakers' likely policy responses to shifts in public opinion. Similarly, scholars analyzing survey data typically seek to account for the factors that underlie individuals' preferences on the policy in question. Yet, a key challenge that arises when analyzing polling data is to answer whether the information elicited by standard survey questions that ask about the degree of support or opposition to a policy actually provide a good characterization of voters' position.

Scholars of public opinion have devoted much attention to study how factors such as issue framing, saliency and recency effects, social desirability bias, and a host of related question wording effects influence the way individuals respond to attitudinal measures. It is widely documented that various aspects of survey design such as how the policy in question is described, what details are included in its description, whether the characterization uses positive or negative terms, or where the question is located in the survey, can all have significant effects on the responses that individuals provide to questions about their preferences (Chong and Druckman, 2010; Krosnick, 1999; Rasinski, 1989; Kalton and Schuman, 1982). We focus on another, often overlooked problem with the analysis of voter preferences, namely that the preferences may depend on multiple dimensions of the policy in question. From this perspective, changing specific characteristics of the policy may in some cases have a significant impact on voters' willingness to support it. In such instances, asking respondents to state their level of support or opposition to a certain policy without offering variation on the policy dimensions of importance, runs the risk of producing misleading conclusions about voters' actual stance on the issue.

One might respond to this latter concern that many major policies can be reduced to a

single dominant dimension of interest on which voters state whether they are more “in favor” or more “against” a certain policy. Therefore, focusing on this single dimension and asking voters to state their position on it would, by this view, provide meaningful insight about the public’s preference. This argument, however, rests on the strong and untested empirical claim that a single dimension effectively captures most of the policy’s important issues. While this claim might have merit, even a cursory review of some of the central policy debates of recent years suggests that it deserves greater scrutiny.

Consider, for example, the recent debate over health care reform in the United States. As the debate unfolded, it became apparent that voters were not necessarily “for” or “against” the reform; rather, some dimensions of the policy, such as whether the bill included an “insurance mandate”, whether it included support for abortions, or whether it offered a “public option” were seen as critical features by some, potentially making the difference between whether they supported or opposed the reform. To the extent voters’ preferences over health care actually depend on the specific conditions and characteristics of the policy, generic survey questions such as the one posed by Gallup (“*Do you favor or oppose Congress passing a major healthcare reform bill this year?*”) run the risk of providing very limited insight into voters’ actual stance on the issue.

While multi-dimensional concerns may characterize voter preferences on a range of significant political issues other than health care policy (e.g. immigration, environmental protection or welfare reform), the methodological tools used to study preferences on such issues have been quite limited. To date, work that explored the sensitivity of preferences to policy features has focused primarily on a single dimension of interest and used variation in question wording to explore how preferences change when the policy takes on different values. For example, Malhotra and Margalit (2010) examine the public’s sensitivity to the cost-dimension of the stimulus bill by manipulating the estimated outlay of the program that respondents are prompted with when answering the survey. They find that the cost dimension significantly

affects public support for the stimulus package only around sensitive thresholds (e.g. crossing the \$1 trillion mark). Hainmueller and Hiscox (2010) ask respondents about their preferred level of immigration into the U.S., but randomly assign different descriptions of the skill level of the immigrants. They find that support for immigration crucially depends on the skills of those entering. These studies randomize values only on a single dimension of the policy (cost in the former, skill level in the latter), and can therefore say little about the possible sensitivity of preferences to other dimensions of the policy.<sup>1</sup>

Very few studies have attempted to explore the sensitivity of voters' preferences to more than a single dimension. This work typically uses a vignette-design, that consists of providing respondents with a short text pertaining to a specific policy which is then followed by a question asking for their views on that policy. To learn about the impact of different policy dimensions on voters' policy preferences, researchers randomly manipulate certain parts of the vignette and are thus able to compare how different features of the described policy affect voters' level of support for it. For example, Jasso and Opp (1997) explore individuals' support for public protest. By manipulating certain features of a short vignette preceding the question, they find that individual support for public protests depend on specific features of the protest, such as, its expected size or whether it seeks to express economic or political discontent. Others have used vignette designs to learn about the conditions under which individuals perceive a minimum wage as desirable or various pension systems as fair (Liebig and Mau, 2002; Schrenker, 2009).

Although vignettes offer a way to explore the sensitivity of voter preferences to multiple dimensions of a policy, this method also has notable drawbacks. Vignette designs are typically based on a single 'story' that respondents read, a story that by design has a highly rigid structure. The researcher determines the order in which each dimension of the policy appears in the story, thus making the results vulnerable to potent saliency and recency effects, where those dimensions that appear more prominently in the vignette have a greater impact on

---

<sup>1</sup>See Hainmueller and Hopkins (2012) for a conjoint analysis of attitudes towards immigration that includes multiple dimensions.

respondents' reported preferences (Bjork and Whitten, 1974; Glenberg and Swanson, 1986; Hintzman, 2003). Moreover, since vignettes require a logically coherent textual description, they are not easily scalable and thus typically involve only a small number of manipulated dimensions. Moreover, the vignette approach prompts respondents with only a single policy option which they are then asked to assess. Yet in real-world conditions citizens are typically confronted with several options that are debated in a competitive informational environment (Shamir and Shamir, 1995). Put differently, the process of preference formation often resembles a comparative exercise, a feature that is typically absent in vignette-based survey experiments..

In sum, research to date has either largely ignored the multidimensionality of attitudes on policy issues, or used experimental approaches whose ability to explore the sensitivity of respondents' preferences to multiple policy dimensions is quite limited. In this paper, we employ a method designed to address the multidimensionality of public opinion. Our approach is a variant of "conjoint analysis," a method frequently employed in marketing research to estimate consumers' willingness to pay for certain product features.<sup>2</sup> We apply this approach to the issue of the Eurozone bailouts. In particular, we examine the extent to which mass support for international financial bailouts in Europe depends on various features of the bailout package. Although we focus on a specific policy, the method we employ can be used in the study of public opinion on almost any type of issue. In the discussion section we characterize the policy domains in which we believe our approach to be most promising.

### III. NO ROOM TO MANEUVER? THE BAILOUT EFFORT AND PUBLIC OPINION

European countries are struggling to pull their economies out of the most severe financial crisis since World War II, with several of the region's countries on the verge of sovereign default. Facing potential deleterious consequences from such defaults, governments in the Eurozone

---

<sup>2</sup>Green et al. (2001) provides a comprehensive overview of the large number of applications and developments in marketing research. Hainmueller et al. (2012) provide a detailed technical analysis of the conjoint methodology from a causal inference perspective and discuss how the approach is best applied to political science.

have agreed on a coordinated response to the debt crisis in the form of financial bailouts of indebted countries. Yet, implementing such a coordinated rescue effort has proven extremely difficult, in part because the costs associated with the bailouts are not entirely known and the estimates have escalated rapidly. For example, in March 2010, the bailout of Greece was estimated at €22 billion. The following month this figure rose to €30 billion, and three months later the package was revised to €120 billion, representing a sixfold increase within less than half a year.<sup>3</sup> A similar pattern of uncertainty and acceleration of the estimated costs has also characterized the broader debate over the European Financial Stabilization Facility (EFSF) and the European Stability Mechanism (ESM), the funds introduced to deal with the rescue of indebted Eurozone economies.

With a worsening slump in the debtor economies and the bailout costs continuing to mount, media outlets reported that the public in Germany, the country shouldering the largest share of the costs, fundamentally opposes the bailout effort.<sup>4</sup> In face of this skepticism, the German government engaged in arduous negotiations with the other Eurozone members, vigorously debating the different features of the financial rescue package.<sup>5</sup> In particular, the debate over the bailouts centered on three salient dimensions that were widely discussed in the media: how the burden of the bailouts' costs will be shared (including which country should receive financial assistance), the conditions imposed on recipient countries, and which actors would back the bailout package.<sup>6</sup>

---

<sup>3</sup>By June 2012, the costs of the Greek bailout climbed up to €247 billion (*Financial Times*, 06/11/2012).

<sup>4</sup>“Merkel bekommt Vorgaben für die Euro-Rettung; Koalitionsfraktionen im Bundestag wollen bei Verhandlungen in Brüssel mitreden”, *Die Welt*, 02/24/2011; “Mehr Geld für Euro-Rettungsschirm: Auf zur nächsten roten Linie”, *Spiegel Online*, 03/27/2012; “Euro-Rettungsschirm: Am Ende des Tunnels”, 09/25/2011, *Frankfurter Allgemeine Zeitung*.

<sup>5</sup>See, for example, “Mehr Geld für Euro-Rettungsschirm: Auf zur nächsten roten Linie”, *Spiegel Online*, 03/27/2012; “Euro-Finanzminister beraten über Finanzhilfe”, *NZZ online*, 06/19/2011

<sup>6</sup>These three dimensions stood out in a content analysis that we conducted drawing on media reports on the crisis published in major national and international newspapers between March 2011 and 2012. We coded the content of each report to reflect which features of the bailout it discussed. The most prominent issue was the expected cost of the bailouts, discussed in 80% of reports. As a close second, endorsements by political actors and expert bodies were discussed in 77% of the articles. Conditionality was discussed in 47% of reports.

## A. Burden-Sharing

From the very outbreak of the crisis, a major point of contention concerned the way in which Eurozone countries would distribute the bailouts' costs. Whereas the burden of financial assistance to certain countries such as Ireland seemed to meet relatively little resistance by Eurozone members, assistance to other countries provoked much greater opposition. In the case of Greece, some demanded that it should deal with its fiscal problems on its own, even at the price of exiting the euro.<sup>7</sup> Other prominent aspects of the debate over burden-sharing revolve around the size of the bailouts and the overall distribution of their costs across the region's economies.<sup>8</sup> For example, Wolfgang Schäuble, the German Minister of Finance, explicitly called for a fairer distribution of the bailout costs between Germany and other Eurozone countries and repeatedly demanded that the government commit to an "unalterable ceiling" to the country's overall contribution.<sup>9</sup> Some members in the German parliament followed suit and even tried to enact a new law that would put a legislative brake on the burden falling too heavily on German taxpayers.<sup>10</sup> Summarizing the concern among government officials, CDU MP Thomas Silberhorn warned that "If we don't limit the financial assistance, we will run up against the limits of political acceptance."

The negotiations about a coordinated response to the debt crisis involved not only the burden-sharing among countries, but also the distribution of the costs between private investors and the public. To reduce the financial burden that would fall on taxpayers, donor governments required investors holding bonds of over-indebted countries to carry their "fair" share of the costs from restructuring the debt by agreeing to a "haircut."<sup>11</sup> The haircut, which specifies

---

<sup>7</sup>"Das Griechenland-Ultimatum," *Handelsblatt*, 05/09/2012.

<sup>8</sup>"The Fairness Trap," *The New Yorker*, 06/04/2012.

<sup>9</sup>"Mehr Geld für Euro-Rettungsschirm: Auf zur nächsten roten Linie," *Spiegel Online*, 03/27/2012.; "Euro-Finanzminister beraten über Finanzhilfe", *NZZ online*, 06/19/2011; "Merkel verlangt mehr Einsatz von den Deutschen", *Spiegel Online*, 05/22/2011. "More Money for the Euro: Merkel's Government Divided over ESM Demands," *Spiegel Online*, 03/05/2012.

<sup>10</sup>"Merkel bekommt Vorgaben für die Euro-Rettung; Koalitionsfraktionen im Bundestag wollen bei Verhandlungen in Brüssel mitreden," *Die Welt*, 02/24/2011.

<sup>11</sup>"Merkel verlangt mehr Einsatz von den Deutschen", *Spiegel Online*, 05/22/2011; "True Finns threaten EFSF expansion, ESM solution uncertain", *Euro Week*, 03/25/2011.

the proportion of debt private lenders are asked to forgive, became a central issue in the Greek bailout, as policymakers called on private actors to accept a haircut of 21% before the European bailout fund would make any further payments to Greece. This number was later revised to 50% and eventually to over 90%.

### *B. Conditionality*

A second major dimension in the debate over the Eurozone's response to the debt crisis was the conditions imposed on the recipients of the bailouts. From early on in the negotiations with debtor countries, major donors including Germany made it clear that any bailout assistance should only be provided "with strict conditions."<sup>12</sup> Other actors such as the European Central Bank and the European Commission, have joined Germany's stance regarding the importance of imposing strict austerity measures in return for bailout payments.<sup>13</sup> In particular, two conditions were central in the negotiations: the demand for bailout recipients to engage in large spending cuts and the call for layoffs in the public sector.<sup>14</sup> These conditions, now treated as essential austerity policies, were imposed on Greece, coupled with an explicit warning that failure to meet them would result in a freezing of any further financial assistance. Demand for such austerity measures also figures prominently in the ongoing discussions about financial rescues for other indebted Eurozone countries such as Spain and Portugal.

### *C. Endorsement Profile*

A third salient dimension in the policy debate over the bailouts concerns advocacy efforts, i.e., the question of whose proposal should be pursued, and which political actors and experts would publicly back it. Both the German government and the opposition parties made frequent

---

<sup>12</sup>"Germany once more on defensive in Eurozone," *International Herald Tribune*, 05/05/2012

<sup>13</sup>"Das Griechenland-Ultimatum," *Handelsblatt*, 05/09/2012.

<sup>14</sup>"Euro-Rettungsschirm: Am Ende des Tunnels," 09/25/2011, *Frankfurter Allgemeine Zeitung*; "CSU droht mit Ende der Finanzhilfen für Griechenland," 05/14/2012, *Focus*.

public statements about specific bailout proposals they would endorse or reject.<sup>15</sup> Prominent institutions, such as the German Central Bank (*Bundesbank*), the European Central Bank, the International Monetary Fund, or the German Council of Economic Advisors (*Rat der Wirtschaftsweisen*), also made in public statements recommending or opposing various features of the proposed bailout policies.<sup>16</sup> These endorsements have become central in politicians' justification strategies, as evidenced by the fact that German politicians frequently noted that the actions they advocated were recommended by actors such as the IMF and the ECB. Presumably, certain endorsements of the proposals can instill voters with greater confidence about the soundness of the proposal.<sup>17</sup>

Notably, despite the ongoing wrangling over the specific features of the bailouts, local and international media repeatedly portrayed the German public as overwhelmingly opposed to the bailouts.<sup>18</sup> Moreover, reports and polls published in other donor countries, including Austria, Finland, France, and Slovakia, have also described the bailouts as deeply unpopular among those countries' citizens.<sup>19</sup> The broad consensus, it seems, is that donor country governments have limited "room to maneuver" in the face of obstinate public resistance.<sup>20</sup> Yet, given that the bailouts—like many major policy proposals—are not a single, fully-formed policy, but rather a complex package of terms and conditions that can vary on a number of important dimensions, the central question is whether this portrayal of broad public opposition to the bailouts is justified. Is it the case that the different features of the bailouts concern only bureaucrats and

---

<sup>15</sup>"Merkel verlangt mehr Einsatz von den Deutschen", *Spiegel Online*, 05/22/2011

<sup>16</sup>"Griechenland braucht bis zu 135 Milliarden Euro", *Spiegel Online*, 04/28/2010; "Bundesbank warnt Griechen vor Vertragsbruch", 05/30/2012, *Welt online*; "Bundesbankpräsident Weidmann warnt Griechenland vor Vertragsbruch", 05/19/2012, *Süddeutsche Zeitung*; "IMF fordert 'kreative Geldpolitik' der Zentralbank", 06/22/2012, *Neue Zürcher Zeitung*.

<sup>17</sup>"Lagarde urges boost to Eurozone's bailout fund," *The Independent (London)*, 01/24/2012; "IWF knüpft Griechenland-Hilfe an Bedingungen" *Financial Times Deutschland*, 02/21/2012; "Deutsche-Bank-Ökonom erwartet Hilferuf aus Portugal", *Spiegel Online*, 12/26/2010.

<sup>18</sup>"Merkel relieved as coalition MPs vote through euro bailout fund", 09/3/2011, *The Independent*; "Anger builds in Germany over bailouts for big-spending Greeks," 11/12/2011, *USA Today*.

<sup>19</sup>"Griechen raus!? 71 Prozent der Österreicher sind dafür", *Kurier*, 05/19/2012; "French People Oppose Second Greek Bailout, Ifop Poll Shows", *Bloomberg News*, 09/17/2011; "True Finns threaten EFSF expansion, ESM solution uncertain", *EuroWeek*, 03/25/2011; "Slovakia Threatens Euro Rescue Package", *Der Spiegel*, 09/20/2011; "True Finns threaten EFSF expansion, ESM solution uncertain", *EuroWeek*, 03/25/2011.

<sup>20</sup>"Germany Backs Greece Aid, but at a Cost to Merkel", *New York Times*, 02/27/2012.

financiers, or do the specific features of the policy also influence the preferences of the voting public? This question appears particularly pertinent in light of growing skepticism about the political viability of further bailouts aimed at keeping the Eurozone intact. In subsequent sections we empirically explore this question in detail.

## IV. DATA AND MEASUREMENT

### *A. Sample*

To examine how voter support for the bailouts depends on the specific dimensions of the bailout policy, we conducted an original online survey with a sample of 5,000 German voters. The survey was fielded in January 2012 and included a large set of items measuring economic, political, and social factors.<sup>21</sup> Although the focus of our survey experiment is on internal validity, we note that similar to most other surveys based on internet panels, the online sample was somewhat skewed towards younger, more educated, and male voters compared to the total voter population.<sup>22</sup> To address this issue, we use entropy balancing (Hainmueller, 2012) to re-weight the data from the online and phone survey such that it matches the demographic margins from the voter population. Moreover, Bechtel, Hainmueller and Margalit (2012) show that the online sample used in this study showed comparable responses on general attitudes toward financial bailouts in Europe as a phone sample that we fielded at the same time through random digit dialing. The two samples exhibited similar relationships between key covariates and attitudes towards the bailout.

### *B. Conjoint Experiment*

The core of our survey was an experimental conjoint design that examines attitudes towards the bailouts. We first instructed respondents about the conjoint exercise and then exposed

---

<sup>21</sup>The survey was fielded between January 2-5, 2012. Respondents were recruited by Respondi, an international survey firm.

<sup>22</sup>The sample is well balanced geographically.

them to binary comparisons between different bailout proposals that vary along six different dimensions that were prominent in the German media’s coverage of the crisis. Figure 1 provides an example comparison. Above each comparison table respondents were asked: “If you compare these two scenarios, which one do you prefer?” Every respondent rated four such binary comparisons.<sup>23</sup> Each comparison table was displayed on separate screens and we randomly assigned the order of the attributes across respondents to deal with potential primacy and recency effects.<sup>24</sup> The binary choice between each pair of policy packages simplifies the decision task and accommodates the limits of short-term memory (Krosnick, 1999).

Following the structure of the policy debate, our experiment distinguishes three central aspects of bailout policies: burden-sharing, conditionality, and endorsers. Within the burden-sharing category we distinguish the following attributes: Germany’s absolute contribution to the bailout (e.g., €123 billion), Germany’s relative contribution (e.g., 19% share of the bailout), the size of the haircut for private creditors (e.g., 50%), and the country receiving the bailout (e.g., Greece). Within the conditionality category our experiment distinguishes two conditions that have been imposed on the recipient country in exchange for financial transfers. These conditionality dimensions are layoffs in the public sector (e.g., 5% cut) and spending cuts (e.g., 15% cut in public expenditures). For the endorsement category, our experiment informed respondents that the bailout package in question was endorsed by a specific actor (e.g. the German Central Bank). Table 2 provides a list of all policy attributes and the values that each attribute could take. Each policy attribute has between four and six unique values. For example, the recipient country takes on the values “Greece”, “Spain”, “Italy”, or “Ireland” and the amount of Germany’s share of the bailout takes on the values “€123bn”, “€ 189bn”, “€ 211bn”, or “€ 418bn.” For each profile we randomly assign the values of each attribute such

---

<sup>23</sup>We carefully explained the conjoint before respondents entered this part of the survey. We used verbal instructions in combination with graphical information about what exactly respondents will get to see in the conjoint. Figure A.1 shows a screenshot of the graphical instructions in which we explained to respondents what information they would be provided with in the conjoint and what types of choices they were expected to make.

<sup>24</sup>Note however that in order to reduce the complexity of the task, the order of the attributes did not change for each respondent across his or her binary comparisons.

that the two bailout proposals randomly vary both within and across the binary comparisons. Taken together, the six policy attributes describe 2,304 different potential bailout packages.

### *C. Measuring Support for Financial Bailouts*

We collected two types of outcome variables. The first was a ranking of each of the two proposals in the binary contest, where respondents simply had to indicate which of the two bailouts they prefer over the other. After this binary ranking, we also collected individuals' ratings of each proposal. We designed this instrument in the spirit of a referenda vote over each bailout package.<sup>25</sup> The wording for this question was:

*If you could vote over each proposal in a direct-democratic vote, how likely would you vote against or in favor of each of them? Please provide your answer on the following scale ranging from "vote definitely against" to "vote definitely in favor".*

Answers were coded on a scale from 1 ("vote definitely against") to 7 ("vote definitely in favor"). We rely on this second measure for most of the analysis, because we are mainly interested in whether the overall support for a bailout package varies as a function of the specific attributes of the policy. For this analysis we collapse the answers to the seven point rating into a simple binary measure called *Oppose Bailout*, that is coded as 1 for proposals where the respondent said he would vote against them, and 0 otherwise. In the appendix we report the results when using the measure from the binary ranking as well as the full seven point rating, and the results are substantively similar. For the main analysis we also exclude the small number of cases (less than 4%) where the binary rankings were inconsistent with the seven point ratings, but again our results are very similar if these cases are included.

---

<sup>25</sup>Several politicians in Germany have called for a referendum to be held on the bailouts. See for example, "Europa muss auf Deutschland warten," *Spiegel Online*, 07/01/2012; "Was beim ESM-Urteil auf dem Spiel steht," *Spiegel Online*, 09/10/2012.

## V. RESULTS

### A. *Distribution of Outcome Variables*

We begin the empirical analysis with an assessment of broad public attitudes toward the bailout. Table 1 presents the distribution of responses when we asked German citizens about their general support for the bailouts, using a survey item that is similar to those employed in several national polls published in the German media.<sup>26</sup> The appendix provides details on the wording for this question and all other measures used in the analyses. The results reported in the table indicate that a clear majority of respondents (about 60%) oppose financial transfers to struggling Eurozone countries. In contrast, less than 30% of respondents express support for the bailouts. This distribution of responses in our sample is very much comparable with those obtained in the main aforementioned snap polls. But while gauging the overall level of opposition to the bailouts may be informative of the general public sentiment, it still leaves open the question of what the opposition actually entails and the extent to which it depends on the specific details of the proposed bailout package.

### B. *Policy Attributes and Voter Preferences*

Our analysis aims to explore if and how support for a bailout package shifts as a function of changes in the values of our three policy dimensions: cost and burden-sharing, conditionality, and endorsement profile. To assess the impact of each policy feature, we apply the methods developed in Hainmueller et al. (2012) and estimate the so-called average marginal component-specific effects which measure the effect of a change in a policy feature on the probability of opposing the bailout package. Figure 2 presents the marginal effect associated with each attribute on the probability that voters oppose the bailout. These marginal effects and their 95% confidence intervals (represented by the horizontal lines) are estimated in a linear probability

---

<sup>26</sup>See “Mehrheit gegen stärkere Finanzhilfen für verschuldete EU-Staaten”, Politbarometer Dezember II 2010, 12/17/2010, see also the more recent results from another snap survey reported in “Germany Backs Greece Aid, but at a Cost to Merkel”, New York Times, 02/27/2012.

model in which the dependent variable, a binary measure of opposition to the specific bailout (*Oppose Bailout*), is regressed on a set of indicator variables that capture the specific values that the bailout proposal takes on each of the policy attributes. In order to allow for a meaningful comparison, for each policy attribute we omit one of the attribute values as the baseline category. The reference categories are marked in the figure as the values without confidence intervals (e.g. Spain for the receiving country). Throughout the analysis, we cluster the standard errors by the respondent to allow for the potential non-independence of the ratings from the same respondent across his or her five comparisons.

The analysis reveals a set of notable findings. First, as Figure 2 shows, many of the estimated effects are both sizable and statistically significant. Thus, specific features of the policy can have a substantively consequential effect on voters' attitudes towards the proposed bailout. Second, the position individuals take on the bailout is, by far, most sensitive to the burden sharing dimension. Increasing the German contribution to the bailout from €123bn to €418bn causes a 16 percentage point increase in the probability that voters will oppose the proposal. This shift represents a 30% increase relative to the baseline level of opposition to the bailout (the baseline probability of voting against a bailout is .52). Similarly, voters also care strongly about the distribution of the costs as measured by Germany's share of the total overall Eurozone effort. Holding the size of Germany's absolute contribution fixed, an increase in the country's relative share from 21% to 27% increases opposition to a bailout by about 4 percentage points; and expanding it further to just over half the overall transfer (53%) decreases support for the bailouts by an additional 6 percentage points.

Third, we find that voter support for the bailout varies significantly with the recipient country. Bailouts face the strongest opposition when the recipient country is Greece and are most popular when the recipient country is Ireland, with Italy and Spain falling in the middle. Compared to Spain, the probability that voters oppose the bailout increases by about 4 percentage points if the recipient country is Greece and decreases by about 2 percentage

points if the recipient country is Ireland. A bailout of Italy is about as popular as a bailout of Spain.

The results regarding conditionality also reveal that a bailout requiring harsher spending cuts from the recipient country receives greater support among the German public. Interestingly, a bailout package that requires the recipient country to lay off a sizable portion of its public sector workers increases opposition to the proposal. This might be attributable to the fact that cuts in public sector jobs make explicit the social costs of the austerity measures for the people in the recipient country. In contrast, German voters appear to be more willing to support a package with conditionality that stipulates a somewhat more amorphous, abstract form of austerity, in this case a cut in overall spending.

Figure 2 also indicates that when the “haircut” demanded from private investors is higher, voters are less likely to support the bailout. Thus, the German public does not seem particularly inclined to financially punish private investors that lent to the indebted target country. In fact, a bailout package that includes a 75% haircut draws, on average, an opposition that is 4 percentage points greater than a similar package that does not require any haircut from private investors. This result may perhaps be due to a sense among voters that a cut in the profits of those private investors and institutions, such as German banks, will negatively affect the German public more broadly.

Finally, we observe that the profile of the proposal endorser also matters. Compared to a proposal backed by the government or the opposition, endorsement by professional bodies with specific economic expertise, such as, the European Central Bank, the Council of Economic Advisors or the International Monetary Fund, decreases opposition to the bailouts by up to 3 percentage points. It seems that an endorsement of politicians does not inspire the same confidence among voters as does an endorsement from a body with stronger credentials of expertise.

### *C. Comparing Voter Support for Various Bailout Packages*

How substantively significant are these findings? One way to answer this question is to consider whether changes in the features of the proposed bailout can be decisive and turn an unpopular proposal into one that enjoys widespread support? The answer is positive. We find that the combined effect of changes in policy features can be large and politically consequential. We illustrate this by comparing the level of opposition that different bailout proposals obtain among voters. Figure 3 presents the estimated level of voter opposition toward a set of selected bailout packages (with 95% confidence intervals) that differ with respect to various policy attributes and correspond to the 1st, 25th, 75th, and 99th percentile of the distribution of estimated opposition. The figure also includes the estimated level of opposition to the actual Greece bailout (red estimate).

As the figure demonstrates, a particularly costly (€418bn) bailout of Greece in which Germany shoulders more than half of the overall burden, asks private lenders to accept large losses, and is conditional on massive cuts in the Greek public sector faces a practically insurmountable opposition of over 80% of the voting public. In contrast, just over half of the electorate opposes a bailout of Greece that requires a smaller German outlay of €189bn, in which Germany contributes 27% of the overall package, and which requires spending cuts as opposed to layoffs. In other words, this latter bailout package of Greece, perhaps with only minor additional changes, has a much more realistic chance of obtaining sufficient support among a majority of voters. Figure 3 also shows that other bailouts in which the burden sharing is even more tilted in favor of Germany, and in which the funds are directed to countries other than Greece, are much more palatable to voters. In fact, in some case the level of opposition drops to less than one third of the public.

In sum, the analysis suggests that the public stance does not represent a “blanket” opposition to the notion of bailouts. In fact, the spectrum of opposition is fairly wide. Although the general sentiment toward such financial transfers tends to be negative, these results imply

that opposition to the bailouts varies strongly as a function of their specific features. This not only highlights the conditional nature of mass attitudes on a multidimensional policy such as the bailouts, but also suggests that policymakers have greater room to maneuver in terms of being able to sanction further bailouts without facing the wrath of a majority of the public.

*D. What Explains Individuals' Sensitivities to Different Bailout Features?*

So far our results suggest that voters strongly respond to changes in policy characteristics and that these changes can bring about decisive shifts in public opposition. However, we have not yet explored potential mechanisms that may account for voters' sensitivities to specific characteristics of the bailouts. An important benefit of the multi-factorial randomization method that we employ is that it also allows one to explore differences in attitudes across sub-sets of the population. Such a comparison can be used to examine the empirical validity of various mechanisms that possibly underlie the observed sensitivity to specific features of the policy in question.

INCOME

A key finding in the analysis presented above is the extent to which the stance of voters on the bailout is sensitive to the features of the burden-sharing dimension. What accounts for this sensitivity? One possibility, consistent with much of the extant scholarship on voter preferences, is that it reflects self-interested concerns of voters regarding how a larger, more costly rescue package would ultimately affect their own standing. In the context of the Eurozone bailouts, one hypothesis consistent with the self-interest argument would be that high-income individuals would be those most sensitive to the size of Germany's contribution to the bailouts. The logic is straightforward: since the higher earners pay more taxes in Germany's progressive system, they might expect to shoulder the bulk of any future taxes if those are needed to fund the bailouts. The self-interest explanation also suggests that high-income individuals would

also be more sensitive to the size of the “haircut” demanded from private investors, since they typically invest a larger share of their wealth in financial assets.

To empirically explore these predictions, Figure 4 shows the marginal effect associated with each attribute on the probability that voters oppose the bailout together with 95% confidence intervals by income groups.<sup>27</sup> Contra to the prediction laid out above, we do not find that high-income individuals exhibit greater sensitivity to the bailout’s costs. Instead, the results indicate that bailouts that require a higher German contribution face almost identical increases in opposition across all income groups. In addition, we find that both high and low income groups respond similarly to changes in the haircut associated with a bailout package: larger haircuts make a bailout less popular among the respondents irrespective of their incomes. These patterns suggest that self-interested considerations stemming from individuals’ own economic standing do not account for the observed impact of the burden-sharing features on voters’ support for a bailout package.

The fact that the policy preferences of high and low income earners respond similarly to variation on other dimensions of the bailouts (e.g. conditions on the recipient country, the profile of the endorsers), further undermines the notion that voters’ own economic standing underlies their attitudes toward the bailouts. Instead, these findings appear to be most consistent with a view by which the preferences of voters on a given proposal reflect sociotropic concerns, i.e. voters’ attitudes are based on their assessment of how a bailout would affect the country’s interests rather than their own personal standing.

## EDUCATION

The literature also points to the possible role of education in accounting for variation in the sensitivity of voters to specific features of the proposed bailouts. For one, individuals with different levels of education may have divergent views regarding the importance of preserving

---

<sup>27</sup>We split the sample on the median household income, such that household that report a monthly income of less (more) than €2,500 are coded as low (high) income.

the European integration project. Economic theory predicts that in industrialized countries such as Germany, highly-skilled individuals are those who benefit most from international market integration (Broz, 2005; Scheve and Slaughter, 2001). Thus, if the bailouts are seen primarily as a vehicle aimed at preserving international economic commerce, the expectation is that higher-skilled workers – who also tend to be the more educated - would exhibit lower sensitivity to the costs of bailing out other countries.

A second path by which education may account for variation in voters’ sensitivity to features of the bailouts is by affecting (or perhaps proxying for) individuals’ degree of ethnocentrism and cosmopolitanism (Bobo and Licari, 1989; Chandler and Tsai, 2001; Hainmueller and Hiscox, 2006). Since prior work finds that individuals who are more cosmopolitan are more likely to support international engagement (Hainmueller and Hiscox, 2007; Bechtel, Bernauer and Meyer, 2012; Margalit, 2012), the pattern predicted with respect to the self-interest story is further reinforced by this potential mechanism: higher educated individuals, who tend to be more cosmopolitan and less ethnocentric should be not only more supportive of the bailouts overall, but also less sensitive to their cost aspects.

Finally, education may also proxy for individuals’ level of political sophistication. If less educated individuals have less information on the crisis and the merits of the proposed policies, we would expect them to exhibit greater sensitivity to the profile of the endorser of the policy in question since such endorsements can serve as informational shortcuts (Zaller, 1992; Lupia, 1994; Druckman, 2001).

To test these ideas, we break down the analysis by respondents’ level of education. We split the sample at the median education level, such that respondents with low and medium-tier high school are coded as “low education” and respondents with the highest high school tier or a college degree are coded as “high education”.<sup>28</sup> Figure 5 presents the results. As the graph indicates, the marginal effects of Germany’s absolute contribution are virtually identical

---

<sup>28</sup>Results are substantively similar if those with the highest high-school tier are included in the low education category.

among respondents with high and low levels of education. The results are similar also with respect to Germany's relative contribution to the fund. This pattern goes against the idea that education, whether as a proxy for economic interests or as a source of ideational differences, helps explain voters' sensitivity to the features of the bailouts.

We do however find that less educated respondents are somewhat more sensitive to the endorsement profile. If the backer of the proposal is an institution that possesses issue-specific expertise such as the European Central Bank (ECB), the Council of Economic Advisors, or the International Monetary Fund (IMF), less educated individuals are more willing to support the policy. In contrast, we do not find such an endorsement effect among the more highly educated respondents.

## IDEOLOGY

So far we have focused primarily on the link between economic self-interest and preference sensitivity to specific policy features. Yet citizens' preferences are surely also affected by their ideological inclinations. Individuals located on the left of the ideological spectrum tend to favor more interventionist economic policies (e.g. higher levels of social expenditure, more encompassing public health services, etc) (Wright Jr. et al., 1987; Fellowes and Rowe, 2004; Jacoby, 2006; Malhotra and Margalit, 2010). Moreover, some have argued that left-leaning citizens tend to hold more internationalist views versus what is often described as nationalist, more insular sentiments among voters on the right (Noël and Thérien, 2008; Quinn and Toyoda, 2007; Wright Jr. et al., 1987). We therefore might expect several differences in how individuals on the different sides of the ideological spectrum would respond to specific features of the proposed bailout.

First, voters on the right are likely be less apprehensive about bailouts that require the receiving country to engage in public spending cuts and public lay-offs. Second, if indeed voters on the left hold more "internationalist" and multilateralist sentiments, they might exhibit

greater willingness to carry the costs arising from the financial rescues of neighboring countries and thus be less sensitive to the cost-dimension. Third, support for multilateralism may also lead voters on the left to respond more favorably to information about the bailouts being endorsed by international institutions such as the IMF or the ECB.

To explore whether voters' ideological persuasions indeed moderate their sensitivity to the bailout's features, Figure 6 shows the results from our conjoint analysis for voters that self-identified as being ideologically on the left and the right respectively.<sup>29</sup> We find some significant differences in how voters judge conditionality issues. Although voters on both sides of the ideological spectrum prefer bailouts that demand spending cuts by the recipient country, a bailout that requires layoffs in the public sector leads to lower support for the policy only among individuals on the left but not among voters on the right. The results indicate that the public layoffs in the order of 5% or 15% reduce support among left-wing voters for a bailout by 3 percentage points if compared to a spending cut of 5%; Large-scale public layoffs (35%) increase opposition to a bailout proposal by about 6 percentage points. In contrast, we see that voters on the right are not sensitive to conditionality that requires the recipient country to engage in layoffs in the public sector.

Figure 6 also shows that among voters on both left and right, the degree of opposition to the bailouts is highly and similarly sensitive to the burden-sharing dimension: increases in either the absolute costs or relative costs are associated with significantly and substantively greater opposition to the proposal. We do not find notable differences in sensitivities between the ideological camps. This suggests that voters of different ideological persuasions generally agree that the burden-sharing aspects of the bailout are important and assess this importance in a similar fashion.

Consistent with expectations, we do find differences in the effects of a bailout's endorsement profile: citizens on the left are more in favor of a proposal that is endorsed by institutions with

---

<sup>29</sup>The left and right distinction is based on a question where we asked to voters to place them on ideology scale from 0 (left) to 10 (right). Responses between 0-4 are coded as left, and between 6-10 are coded as right.

expert knowledge, for example, the European Central Bank, the International Monetary Fund, or the Council of Economic Advisors, as compared to a proposal endorsed by the government (reference group). Also, endorsement by the opposition, which mainly consists of left-leaning parties, is associated with increased opposition to a bailout among voters on the right.

Finally, we observe some difference in attitudes toward the potential recipient country: voters on the left are more antithetical to transfers to Italy than are voters on the right. Our data cannot account for why that is case, but one possible explanation for this difference might be that at the time in which the survey was conducted, Italy was governed by Silvio Berlusconi and his right-of-center coalition.

Perhaps the most striking pattern to arise from these analyses is the relatively small difference in the sensitivity of voters across different sub-sets to the various policy dimensions, in particular, a bailout's burden-sharing features, which are found to be significant across a broad set of theoretically meaningful subsets. In fact, there are hardly any notable differences when comparing high and low income citizens, when separating individuals with higher or lower levels of education, or when comparing voters on the left versus voters on the right. In all comparisons, we find a fairly consistent picture whereby the views of voters on the bailout appear to be affected by the same set of features and in a roughly similar fashion. The results presented in Figure 2 can therefore be seen as a fairly representative summary of the overall sensitivity that the German public displays toward the specific features of the bailout effort currently under debate. Underlying the vigorous policy debates there appears to exist a fairly strong consensus among German voters about the types out of bailouts that are preferable.

## VI. ROBUSTNESS

The robustness of the main findings is underscored by the fact that they are observed not only among the full set of respondents but also when examined separately among several theoretically-relevant sub-groups. In an online appendix we present additional checks that fur-

ther speak to the robustness of the results. Figure B.1 shows the component-specific marginal effects when we replicate the benchmark model with the seven point scale of opposition against the bailout as the outcome variable. The results look very similar to the ones from the binary coding we use in the main analysis. Figure B.2 presents the results from replicating the model with the forced-choice design where respondents rank which of the two bailout packages in each contest they prefer (following Hainmueller et al. (2012) we use a conditional logit model that accommodates the forced-choice design). The effects of the features are very similar and, if anything, are slightly stronger once respondents are forced to make tradeoffs. In Figure B.3 we replicate the benchmark model using our main outcome measure, but estimate the effects separately for each of the four contests evaluated by each respondent. We find that the results are consistent across contests. This result speaks to the external validity of our findings since respondents do not change their response patterns as they learn about the conjoint task.

We also explored interactions in the effects of the different policy features. Investigation of these interactions is straightforward given our conjoint design where we can either include interaction terms into the model or look at subsets of the contests that are constant on one of the feature attributes (see Hainmueller et al. (2012) for details on estimating interaction effects in this setting). Overall, we find that there are very few systematic interactions in the data. This indicates that the effects of each feature are similar, regardless what values the other policy features take. Figure B.4 illustrates this finding where we compute the benchmark model for each of the four receiving countries separately. We find that the effects of the other policy features are very similar across the four countries. For example, a change in Germany's contribution from €123bn to €418bn increases the probability of voting against the bailout by between 13 to 17 percentage points depending on whether the receiving country is Spain, Ireland, Italy, or Greece respectively. Similarly, changing Germany's relative contribution from 19% to 53% increases the probability of voters opposing the bailouts by between 10 and 12 percentage points across all four receiving countries. Consistent with this, Wald tests reveal

that the full set of interaction terms between the target country and all other feature attributes are jointly insignificant when included in the benchmark model ( $p \approx .31$ ). Looking beyond the target country, we find that similar Wald tests reveal jointly insignificant interactions (at the .05 level) for each of the other features as well.<sup>30</sup> Taken together these checks corroborate the robustness of the main findings.

## VII. DISCUSSION

The ongoing debt crisis in Europe has led to renewed talks about the need for additional fiscal transfers to the region's strangled economies. Some emphasize that such transfers are necessary and constitute the next step towards a more integrated European Union with a common economic and social policy. Skeptics, however, contend that the electorates in the Eurozone's donor countries remain so antithetical to the bailouts that any survival-seeking government will shy away from pursuing this course of action. This contention, which seems to gain traction in the public debate, may become self-fulfilling: as the actions needed to save the Eurozone intact appear more doubtful, investors will flee from the bonds of indebted countries and render sovereign defaults all the more likely. Put simply, whether the publics of the donor countries share the will to support further bailouts will likely have a major impact on the survival of the Eurozone, with far reaching repercussions for the global economy.

The results of our study indicate that the conventional view of the German public being overwhelmingly opposed to additional international bailouts requires an important qualification. Although we observe that the mean level of support for financial assistance to neighboring economies is modest, we find that voters' position on this issue crucially depends on the specific features of the rescue package in question. In particular, support for the bailouts is highly sensitive to the burden-sharing dimension: Germans are far more supportive of bailouts that require their country to contribute a smaller share of the overall deal and are also less hostile

---

<sup>30</sup>The p-values for the joint tests are .21 for the conditions, .53 for Germany's relative share, .65 for Germany's total contribution, .06 for the haircut, and .32 for the endorsement profile.

to the policy when the absolute cost of the package is more modest. To a lesser degree, we find that the identity of the recipient country, the specific conditions imposed on the recipient, who endorses the proposal, as well as the size of the “haircut” demanded from private investors also affect voters’ willingness to support the bailout. These findings indicate that voters’ willingness to back further bailouts is far more contingent on the specific features of the package than recognized in the ongoing public debate.

These findings have substantial policy and theoretical implications. Most directly, the results suggest that governments of donor countries have greater room to maneuver in terms of public opinion than one would expect given the discussions in the popular media. Rather than fundamentally opposing any new financial assistance to the regions’ indebted neighbors, voters appear willing to support financial rescues under certain conditions; given the right composition, a bailout package may well receive a majority of public backing. This suggests that Chancellor Merkel, and perhaps also leaders of other donor countries, enjoy greater than they seem to publicly acknowledge.

The analysis of the preferences of different sub-sets of the population reveals a striking degree of consensus regarding the desired features of the bailout. While we find some instances whereby certain groups assign a higher “premium” for certain features, the overall pattern remains remarkably consistent across all different sub-groups, whereby citizens prioritize the same set of features and overall appear to assign them similar weights. This is consistent with the notion that voters assess the bailout in sociotropic terms, i.e. evaluate its merits in the context of the expected effect on Germany as whole, rather than through the narrower lens of how the policy would affect their own personal circumstances.

A possible critique of our finding that voters are willing to support some bailout proposals that meet certain criteria might be that these “acceptable” packages are irrelevant in a practical sense, for example, because their size remains too small to provide effective financial assistance or because the bailout is targeted at the “wrong” country. Yet, a careful review of the results

does not support this contention. Rather, the results indicate that the size of packages that voters find more acceptable are by all accounts still economically significant and that the identity of the recipient country appears in fact to be only marginally far less important. In other words, voters seem willing to back bailouts that are structured such that they can have important economic impacts. Having said that, we interpret our results primarily as underscoring the fact that individual attitudes toward bailouts are not simply a reflection of opposition to *any* costly engagement with the Eurozone that requires redistribution of German funds. Instead, voters oppose some bailouts and support others, and this choice most strongly reflects concerns about specific features of the package.

More generally, these results highlight the importance of considering the multidimensional nature of voter preferences over certain policies. Rather than reducing the discussion over a given policy to a simple support-oppose dichotomy, understanding where the public stands on a policy issue in some cases requires a more comprehensive examination of the way voters' stance varies as a function of the policy's specific features. The conjoint method we employ here can help map out such multidimensional preferences in a way that allows deeper insight on the question of where the public stands on a given issue.

Does this mean that researchers should abandon traditional survey questions and instead employ conjoint-based methods to the study of all policy questions? The answer is no. Conjoint-like analyses necessitate larger samples and computer-based interviews. While new technologies make these requirements more feasible than in the past, this method still requires a more substantial up-front investment. The first consideration researchers should take account of is the tradeoff between the somewhat higher set-up costs versus the type of inferences they will be able to draw from the analysis. The greater the number of dimensions prominent in the public debate over the policy in question, the more likely it is that the preferences individuals hold are more sensitive to the policy's specific features. In such cases, the tradeoff may lean towards employing the conjoint method.

The second factor scholars should consider is the extent to which public opinion seems to matter in their domain of study. An investment into exploring the intricacies and dependencies in voter attitudes appears worthwhile primarily in areas where the public's stance has greater influence on the policy outcome. This is obviously the case in policies that are put up to direct vote (e.g. referendum) or which play a particularly prominent role in looming elections. In contrast, issues that either have low salience in the public debate or that largely revolve around a single dimension are probably less suitable for an experimental conjoint study and can be explored as effectively and more cost-efficiently using traditional survey methods.

A final consideration for scholars contemplating the use of the conjoint method is the issue of preference-inseparability. If the preferences of voters on a certain dimension of the policy (e.g., cost) strongly depend on the value that the policy takes on another dimension (e.g., the distribution of policy benefits), then conclusions about voter preferences on the former dimension will be misleading as long as their dependence on the value the policy takes on the second dimension is ignored. In more technical language, this would mean that there exist interactions between policy dimensions that significantly affect individuals' policy preferences. While the study we present here ultimately does not find meaningful interaction terms between policy features, the method we employ is well-suited to illuminating those cases where policy dimensions exhibit inseparability of preferences. Detecting the interactions between policy dimensions is another benefit of the method we employ and which scholars can gainfully exploit in future studies.

## REFERENCES

- Alesina, A. and Angeletos, G. (2005). Fairness and redistribution, *American Economic Review* **95**(4): 960–980.
- Bechtel, M. M., Bernauer, T. and Meyer, R. (2012). The Green Side of Protectionism: Environmental Concerns and Three Facets of Trade Policy Preferences, *Review of International Political Economy* **forthcoming**.
- Bechtel, M. M., Hainmueller, J. and Margalit, Y. (2012). Sharing the Pain: What Explains Public Opinion Towards International Financial Bailouts? MIT Political Science Department Research Paper No. 2012-5, available at <http://ssrn.com/abstract=2032147>.
- Bjork, R. A. and Whitten, W. B. (1974). Recency-sensitive retrieval processes in long-term free recall, *Cognitive Psychology* **6**(2): 173–189.
- Bobo, L. and Licari, F. C. (1989). Education and political tolerance: testing the effects of cognitive sophistication and target group affect, *Public Opinion Quarterly* **53**(3): 285–308.
- Broz, J. L. (2005). Congressional Politics of International Financial Rescues, *American Journal of Political Science* **49**(3): 479–496.
- Chandler, C. R. and Tsai, Y.-M. T. (2001). Social factors influencing immigration attitudes: An analysis of data from the general social survey, *Social Science Journal* **38**(2): 177–88.
- Chong, D. and Druckman, J. N. (2010). Dynamic Public Opinion: Communication Effects over Time, *American Political Science Review* **104**(4): 663–680.
- Curtis, K. A., Jupille, J. and Leblang, D. (2012). I Save for Icesave: Self-Interest and Sovereign Debt Resettlement. SSRN working paper.
- Druckman, J. N. (2001). On the limits of framing effects: Who can frame?, *Journal of Politics* **63**(4): 1041–1066.
- Fellowes, M. C. and Rowe, G. (2004). Politics and the New American Welfare States, *American Journal of Political Science* **48**(2): 362–373.
- Gabel, M. J. (1998). Economic Integration and Mass Politics: Market Liberalization and Public Attitudes in the European Union, *American Journal of Political Science* **42**(3): 936–953.
- Glenberg, A. M. and Swanson, N. G. (1986). A temporal distinctiveness theory of recency and modality effects, *Journal of Experimental Psychology: Learning, Memory, and Cognition* **21**(1): 3–15.
- Green, P. E., Krieger, A. M. and Wind, Y. (2001). Thirty years of conjoint analysis: Reflections and prospects, *Interfaces* **31**(3): 56–73.
- Hainmueller, J. (2012). Entropy balancing for causal effects: A multivariate reweighting method to produce balanced samples in observational studies, *Political Analysis* **20**(1): 25–46.
- Hainmueller, J. and Hiscox, M. J. (2006). Learning to Love Globalization: Education and Individual Attitudes toward International Trade, *International Organization* **60**(2): 469–498.

- Hainmueller, J. and Hiscox, M. J. (2007). Educated Preferences: Explaining Attitude Toward Immigration in Europe, *International Organization* **61**(2): 399–442.
- Hainmueller, J. and Hiscox, M. J. (2010). Attitudes toward Highly Skilled and Low-skilled Immigration: Evidence from a Survey Experiment, *American Political Science Review* **104**(1): 1–24.
- Hainmueller, J. and Hopkins, D. (2012). The hidden american immigration consensus: A conjoint analysis of attitudes toward immigrants, *APSA 2012 Annual Meeting Paper* .
- Hainmueller, J., Hopkins, D. and Yamamoto, T. (2012). Causal inference in conjoint analysis: Understanding multi-dimensional choices via stated preference experiments.
- Hintzman, D. L. (2003). Judgements of recency and their relation to recognition memory, *Memory and Cognition* **31**(1): 26–34.
- Jacoby, W. G. (2006). Value Choices and American Public Opinion, *American Journal of Political Science* **50**(3): 706–723.
- Jasso, G. and Opp, K.-D. (1997). Probing the Character of Norms: A Factorial Survey Analysis of the Norms of Political Action, *American Sociological Review* **62**(6): 947–964.
- Kalton, G. and Schuman, H. (1982). The effect of the question on survey responses: A review, *Journal of the Royal Statistical Society. Series A (General)* pp. 42–73.
- Krosnick, J. (1999). Survey research, *Annual review of psychology* **50**(1): 537–567.
- Liebig, S. and Mau, S. (2002). Einstellungen zur sozialen Mindestsicherung, *Kölner Zeitschrift für Soziologie und Sozialpsychologie* **54**(1): 109–134.
- Lupia, A. (1994). Shortcuts versus encyclopedias: Information and voting behavior in california insurance reform elections, *American Political Science Review* **88**(1): 63–76.
- Malhotra, N. and Margalit, Y. (2010). Short-Term Communication Effects of Longstanding Dispositions? The Public’s Response to the Financial Crisis of 2008, *Journal of Politics* **72**(3): 852–867.
- Margalit, Y. (2012). Lost in Globalization: Economic Integration and the Politics of Discontent, *International Studies Quarterly* **forthcoming**.
- Noël, A. and Thérien, J.-P. (2008). *Left and Right in Global Politics*, Cambridge University Press, Cambridge.
- Quinn, D. P. and Toyoda, A. M. (2007). Ideology and Voter Preferences As Determinants Of Financial Globalization, *American Journal of Political Science* **51**(2): 344–363.
- Rasinski, K. (1989). The effect of question wording on public support for government spending, *Public Opinion Quarterly* **53**(3): 388–394.
- Scheve, K. F. and Slaughter, M. J. (2001). Labor market competition and individual preferences over immigration policy, *Review of Economics and Statistics* **83**(1): 133–145.

- Schrenker, M. (2009). Warum fast alle das deutsche rentensystem ungerecht finden, aber trotzdem nichts daran ändern möchten. die wahrnehmung gerechter renten und die akzeptanz von rentenreformen, *Kölner Zeitschrift für Soziologie und Sozialpsychologie* **61**(1): 1–24.
- Shamir, M. and Shamir, J. (1995). Competing values in public opinion: A conjoint analysis, *Political Behavior* **1**(107-133).
- Wright Jr., G. C., Erikson, R. S. and McIver, J. P. (1987). Public Opinion and Policy Liberalism in the American States, *American Journal of Political Science* **31**(4): 980–1001.
- Zaller, J. (1992). *The Nature and Origins of Mass Opinion.*, Cambridge University Press, New York.

## TABLES

Table 1: Attitudes Towards Financial Bailouts

---

---

How much are you in favor or against bailout payments for over-indebted EU countries?	
strongly in favor	3.0%
somewhat in favor	24.5%
neither in favor nor against	10.2%
somewhat against	40.1%
strongly against	20.9%
don't know	1.5%

---

---

N=4,499. Results are weighted by the sample adjustment weights so that the education, age, and gender margins match the total voter population (see text for details).

Table 2: Policy Dimensions and Values for the Bailout Conjoint Experiment

<i>Dimension</i>	<i>Values</i>
<i>Burden-Sharing</i>	
Germany's Contribution to Bailout	€123 bn €189bn €211bn €418bn
Germany's Share of Bailout	19% 21% 27% 53%
Country Receiving Bailout	Italy Ireland Spain Greece
<i>Conditionality</i>	
Spending cuts	5% 15% 35%
Public jobs cut	5% 15% 35%
<i>Endorsements</i>	
<i>Endorser</i>	Government Opposition German Central Bank European Central Bank Council of Economic Advisors International Monetary Fund

*Note:* The table shows the policy dimensions and corresponding values used in the conjoint experiment.

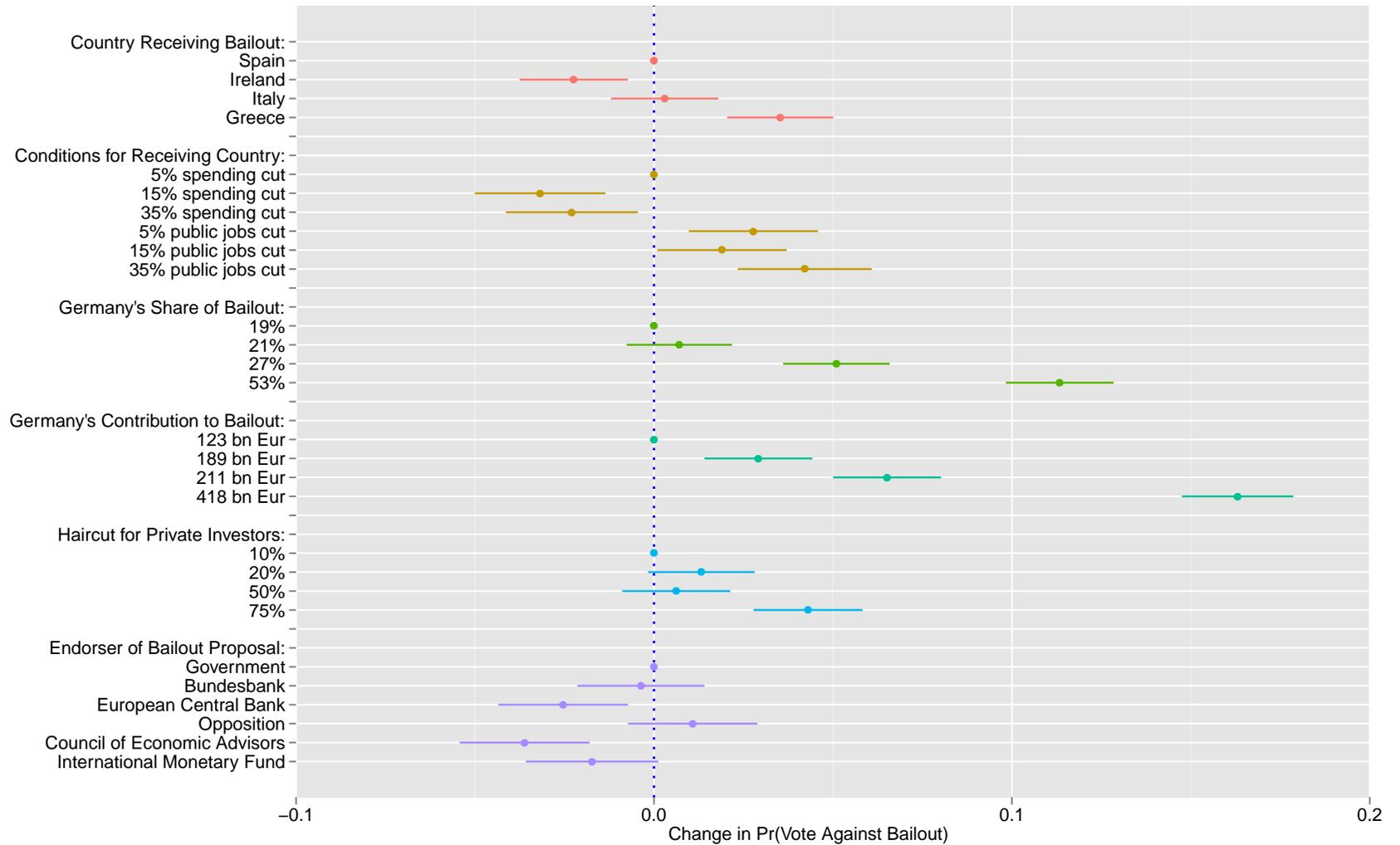
## FIGURES

Figure 1: Conjoint Experimental Design

	Scenario 1	Scenario 2
Receiving country	Greece	Ireland
Conditions for receiving country	5% cut in public expenditures	15% cuts of public sector jobs
Germany's contribution to the bailout	123 bn €	221 bn €
Germany's share of the bailout	19%	27%
Haircut for private investors	50%	30%
Bailout endorsed by	Bundesbank	European Central Bank
	○	○

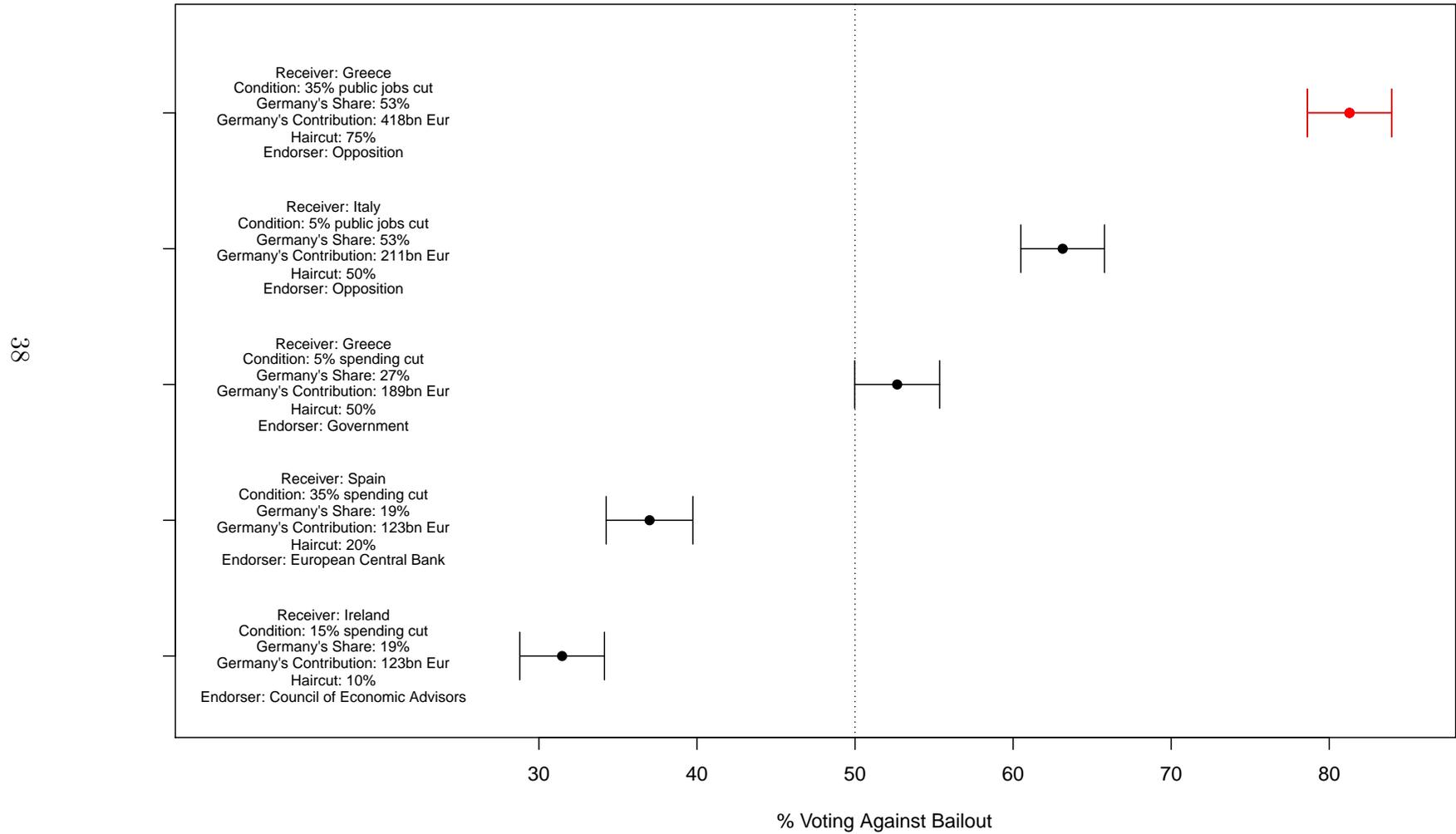
*Note:* Figure illustrates experimental design for the conjoint analysis.

Figure 2: The Effect of Bailout Policy Features on Voter Support for Bailout



Note: Effects of bailout policy features on the probability of voting against the bailout package. Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The baseline probability of voting against is: .52.  $N = 34,594$  policy ratings from conjoint experiment.

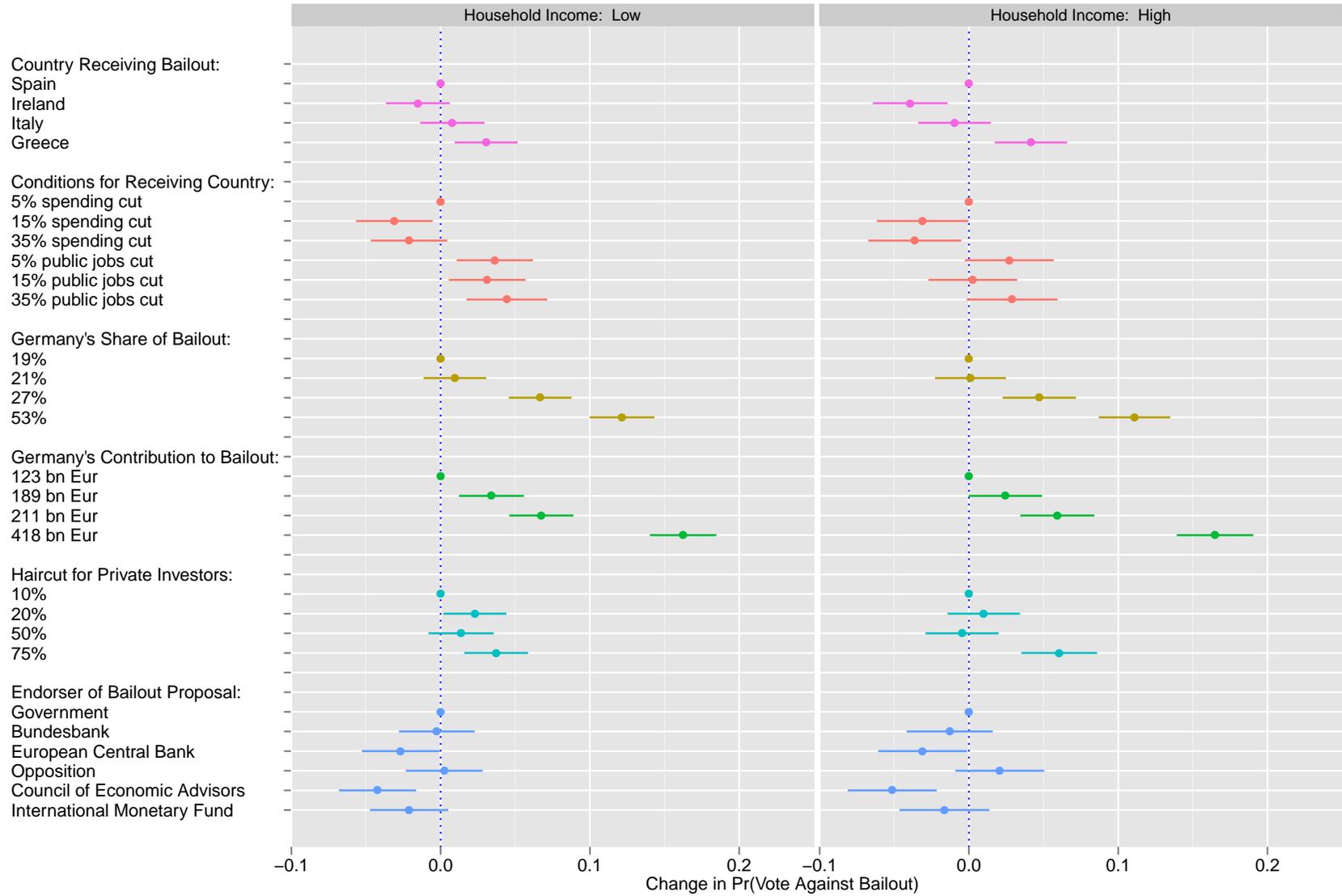
Figure 3: Voter Support for Various Bailout Packages



*Note:* Share of German voters that oppose bailout estimated for various bailout packages (based on conjoint experiment). Horizontal lines indicate 95% robust confidence intervals. The black estimates refer to the bailout packages at the 1st, 25th, 75th, and 99th percentile of opposition. The red estimate refers to the bailout package that corresponds most closely to the actual policy of the Greece bailout.

Figure 4: Effect of Bailout Policy Features on Voter Support for Bailout by Income Groups

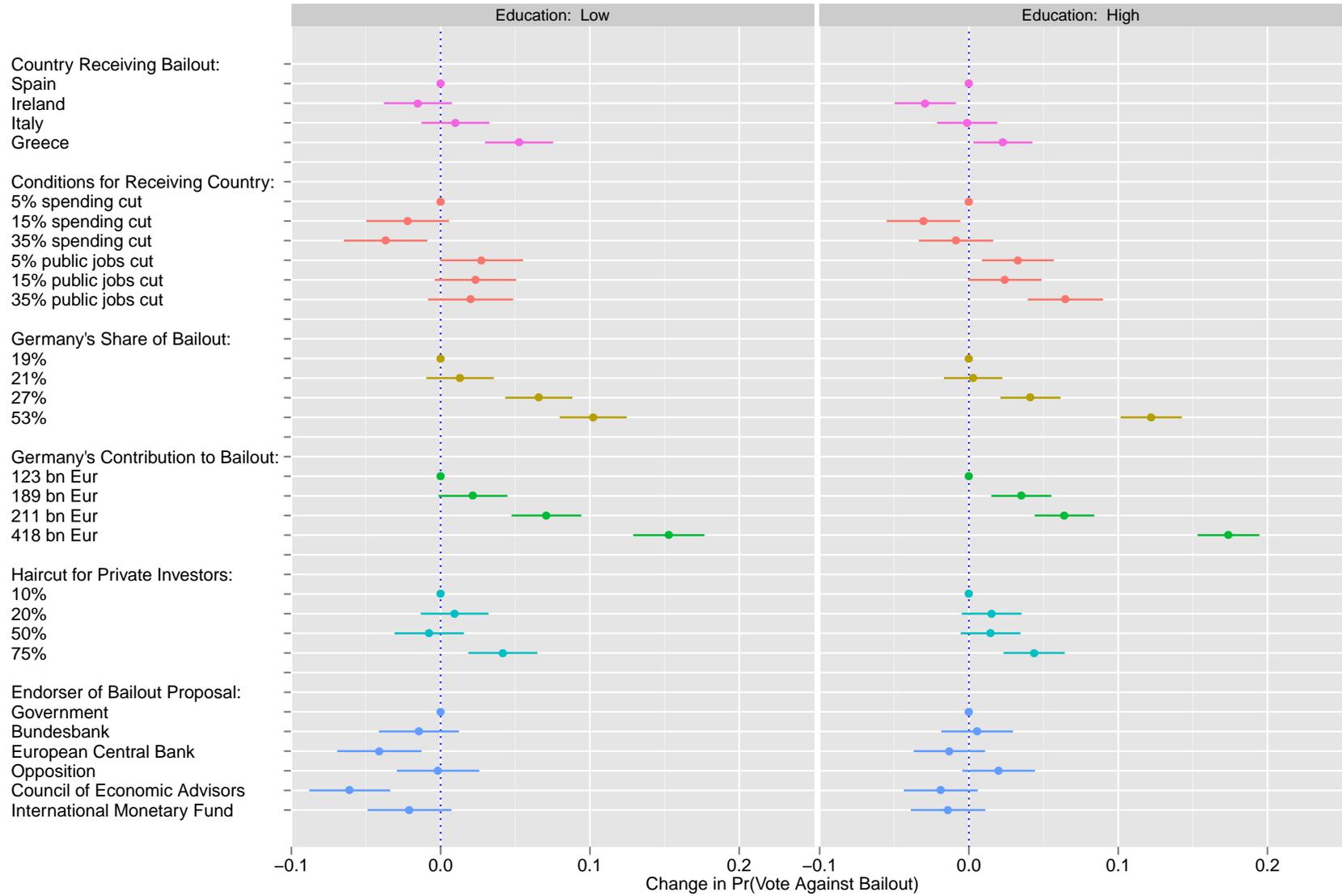
39



Note: Effects of bailout policy features on the probability of voting against the bailout package. Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The baseline probability of voting against is: .52.  $N = 34,594$  policy ratings from conjoint experiment.

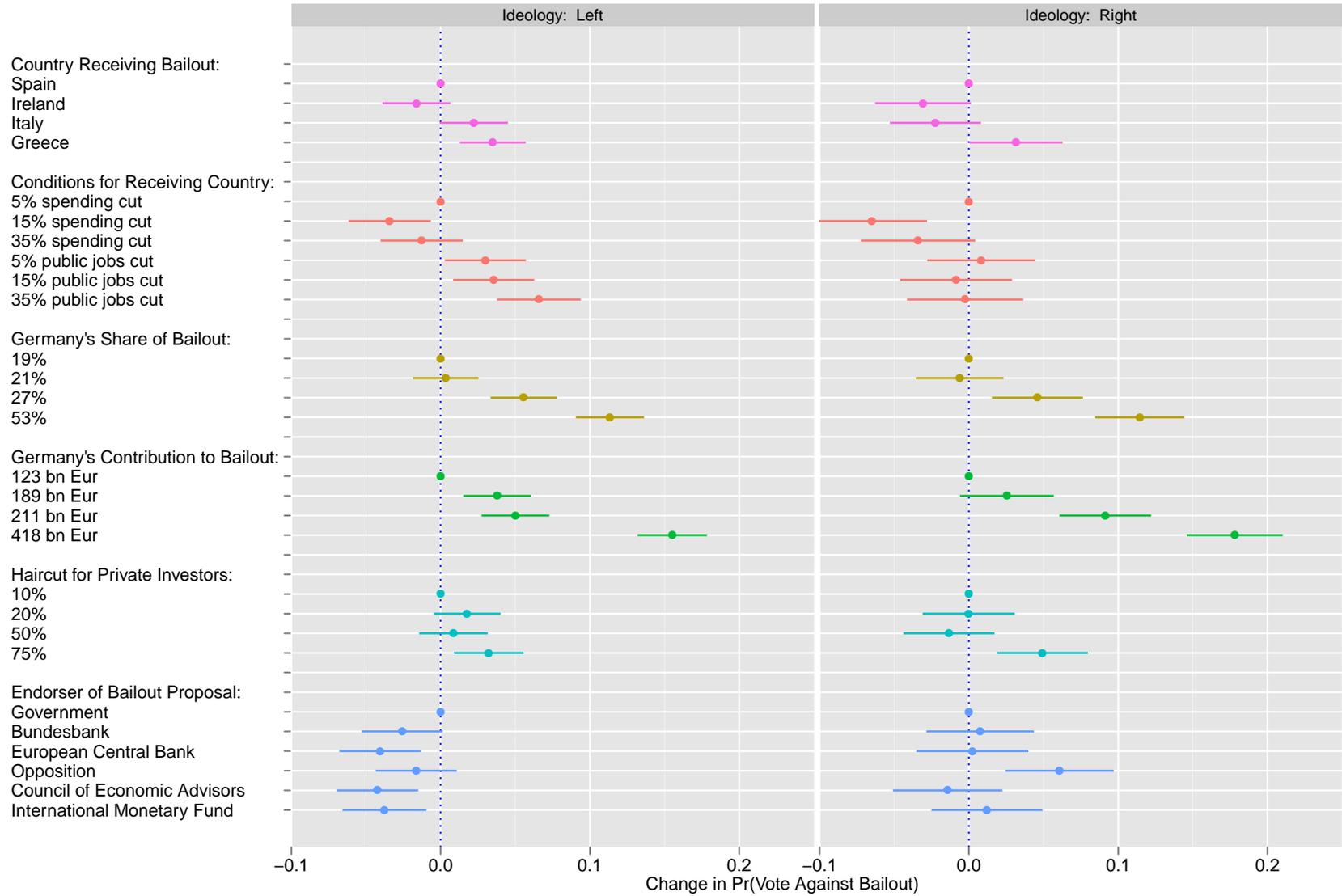
Figure 5: Effect of Bailout Policy Features on Voter Support for Bailout by Education

40



Note: Effects of bailout policy features on the probability of voting against the bailout package. Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The baseline probability of voting against is: .52.  $N = 34,594$  policy ratings from conjoint experiment.

Figure 6: Effect of Bailout Policy Features on Voter Support for Bailout by Ideology



Note: Effects of bailout policy features on the probability of voting against the bailout package. Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The baseline probability of voting against is: .52.  $N = 34,594$  policy ratings from conjoint experiment.

## APPENDIX A

### Screenshot of Conjoint Instructions

Figure A.1: Screenshot of Conjoint Instructions for Respondents

**Wenn Sie diese beiden Szenarien vergleichen, welches befürworten Sie mehr?**

	Szenario 1	Szenario 2
<b>Deutschlands Beitrag zur Finanzhilfe</b>	<i>Hier steht, wie viel Geld Deutschland für die Finanzhilfe bezahlt</i>	
<b>Bedingungen für Empfängerland</b>	<i>Hier steht, welche Bedingungen das Empfängerland erfüllen muss, damit es die Finanzhilfe erhält</i>	
<b>Empfängerland</b>	<i>Hier steht, welches Land Finanzhilfe erhält</i>	
<b>Schuldenschnitt für private Gläubiger</b>	<i>Hier steht, wie viel Prozent der Schulden private Investoren dem Empfängerland erlassen</i>	
<b>Deutschlands Anteil an der Finanzhilfe</b>	<i>Hier steht, wie hoch der prozentuale Anteil Deutschlands an der Finanzhilfe im Vergleich zu anderen EU-Ländern ist</i>	
<b>Die Finanzhilfe wird empfohlen von</b>	<i>Hier steht, wer die Finanzhilfe empfiehlt</i>	
	<input type="radio"/>	<input type="radio"/>

**Wenn Sie direkt über jedes einzelne Szenario abstimmen könnten, würden Sie dann eher für oder eher gegen die beschriebene Finanzhilfe stimmen? Bitte geben sie Ihre Antwort auf der folgenden Skala von "stimme sicher dagegen" bis "stimme sicher dafür".**

	stimme sicher dagegen	stimme sehr wahrscheinlich dagegen	stimme eher dagegen	weder dafür noch dagegen	stimme eher dafür	stimme sehr wahrscheinlich dafür	stimme sicher dafür
Szenario 1	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Szenario 2	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Verschiedene Merkmale der Finanzhilfe-Szenarien (Reihenfolge kann abweichen)**

**Ihre Wahl**

**Ihre Bewertung der beiden Szenarien**

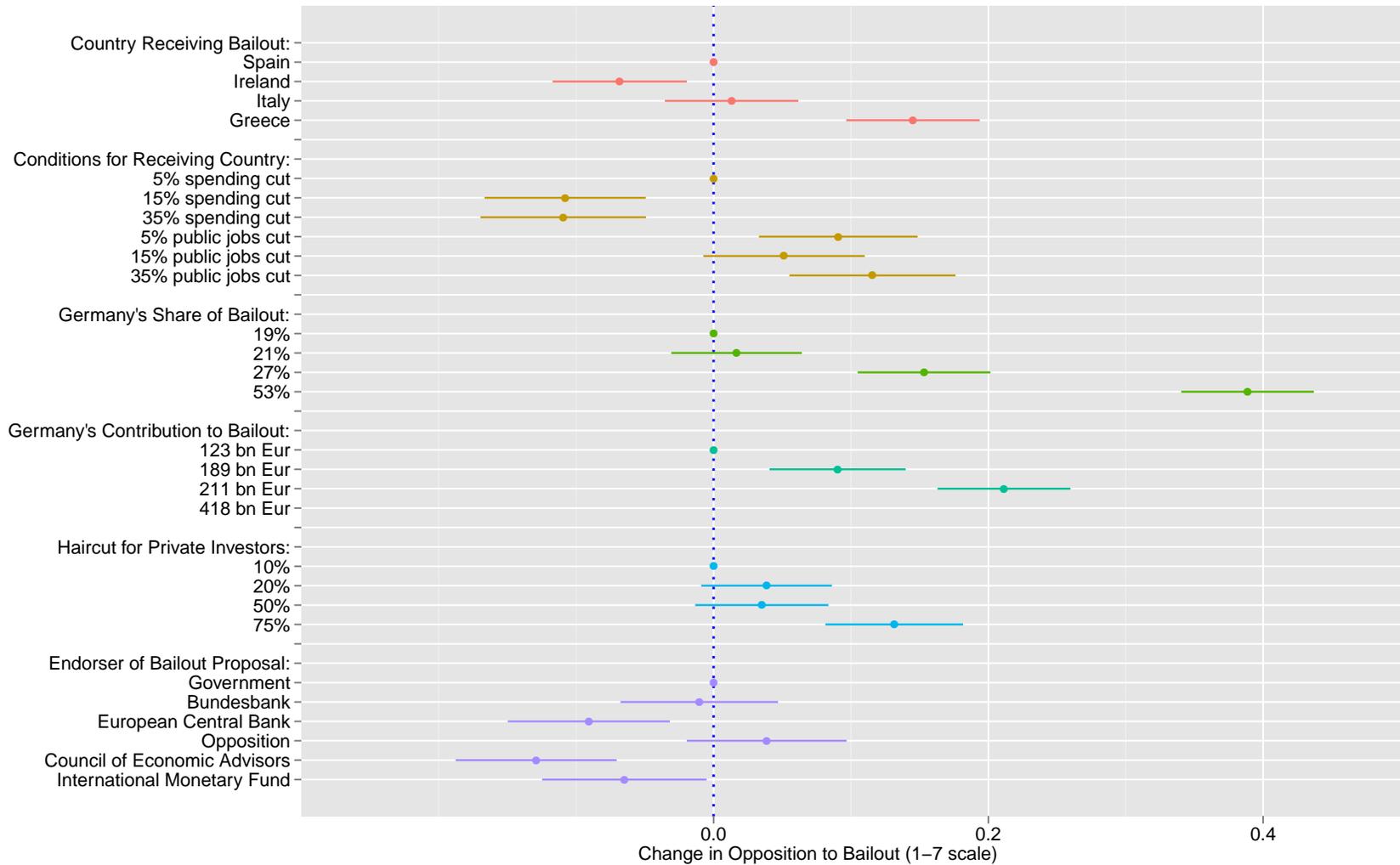
*Note:* The figure shows a screenshot of the graphical conjoint instructions for the respondents. The text boxes to the left describe the three core elements of the conjoint: The different bailout features (“Verschiedene Merkmale der Finanzhilfe“), respondents’ binary choice between the two proposals (“Ihre Wahl“), and respondents’ rating of each of the proposals as measure by their willingness to vote in favor or against them in a direct-democratic vote (“Ihre Bewertung der beiden Szenarien“). The first column of the table lists the features of the bailout scenario. Columns 2 and 3 (labeled “Szenario 1“ and “Szenario 2“) provide simple explanations of these features. Respondents were asked to indicate which of the bailout scenarios they would prefer in the last row of the table. The bottom part of the screen was used to collect respondents’ ratings of each of the two proposals by asking whether they would be more likely to vote against or in favor of each proposal in a direct-democratic vote. Answer categories are: “vote definitely against“, “very likely vote against“, “more likely to vote against“, “neither/nor“, “more likely to vote in favor“, “very likely vote in favor“, “vote definitely in favor“.

## Variable Definitions

- Generic measure of opposition:
- *Against Bailouts*: Measures opposition to/support for bailout payments for over-indebted EU countries. Question wording: “Generally speaking, how strongly do you approve or disapprove of financial bailouts for over-indebted EU countries;” Answer categories: 1=“very much in favor“, 2=“somewhat in favor“, 3=“neither/nor“, 4=“somewhat against“, 5=“very much against“.
- Outcome measure for conjoint experiment:
- *Prefer bailout*: Ranking of bailout packages. Question wording: “When comparing these two scenarios, which one do you prefer?” Answer categories: Respondents choose their preferred bailout among the two bailouts presented in the comparison.
- *Vote against bailout*: Opposition to bailout package. Question wording: “If you could vote over each proposal in a direct-democratic vote, how likely would you vote against or in favor of each of them? Please provide your answer on the following scale ranging from “vote definitely against” to “vote definitely in favor.” Answer categories: 1=“vote definitely against“, 2=“very likely to vote against“, 3=“more likely to vote against“, 4=“neither/nor“, 5=“more likely to vote in favor“, 6=“very likely to vote in favor“, 7=“vote definitely in favor.“
- Covariates:
  - *HH Income*: Self-reported monthly household income. Answer categories: < 500 EUR; 500-1,000 Euro; 1,000-1,500 Euro; 1,500-2,000 Euro, etc., > 4,500 Euro.
  - *Education*: Measures respondent’s highest level of completed education. Answer categories: high school lowest tier, high school medium tier, high school highest tier, and university/college.
  - *Ideology*: Self-reported placement on left-right ideology scale. Question wording: “In politics people often talk of ‘left’ and ‘right’. If you use a scale from 0 to 10, where would you classify your own political views on this scale from left (0) to right (10)?”

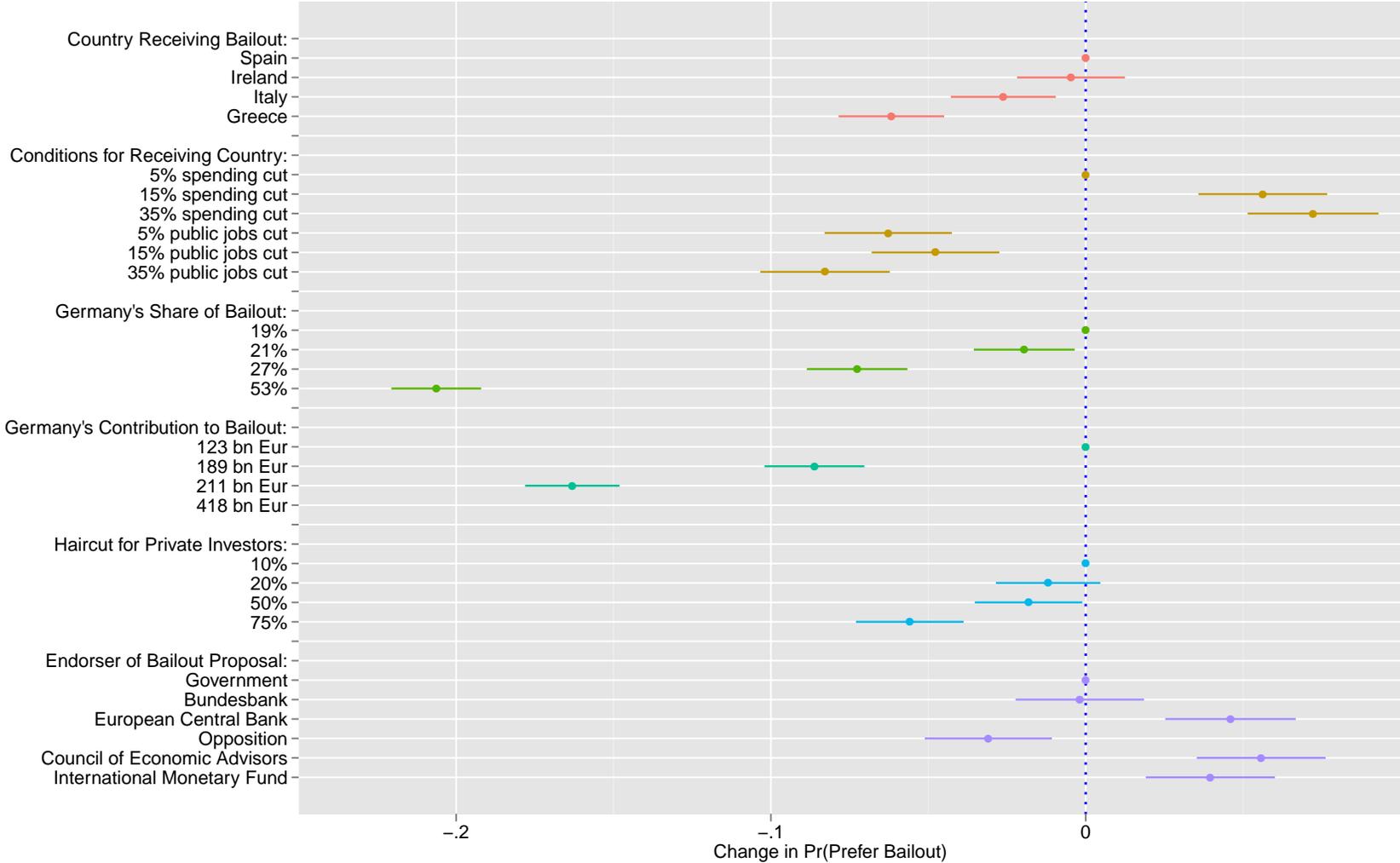
APPENDIX B NOT INTENDED FOR PUBLICATION

Figure B.1: The Effect of Bailout Policy Features on Voter Support for Bailout (6 point scale)



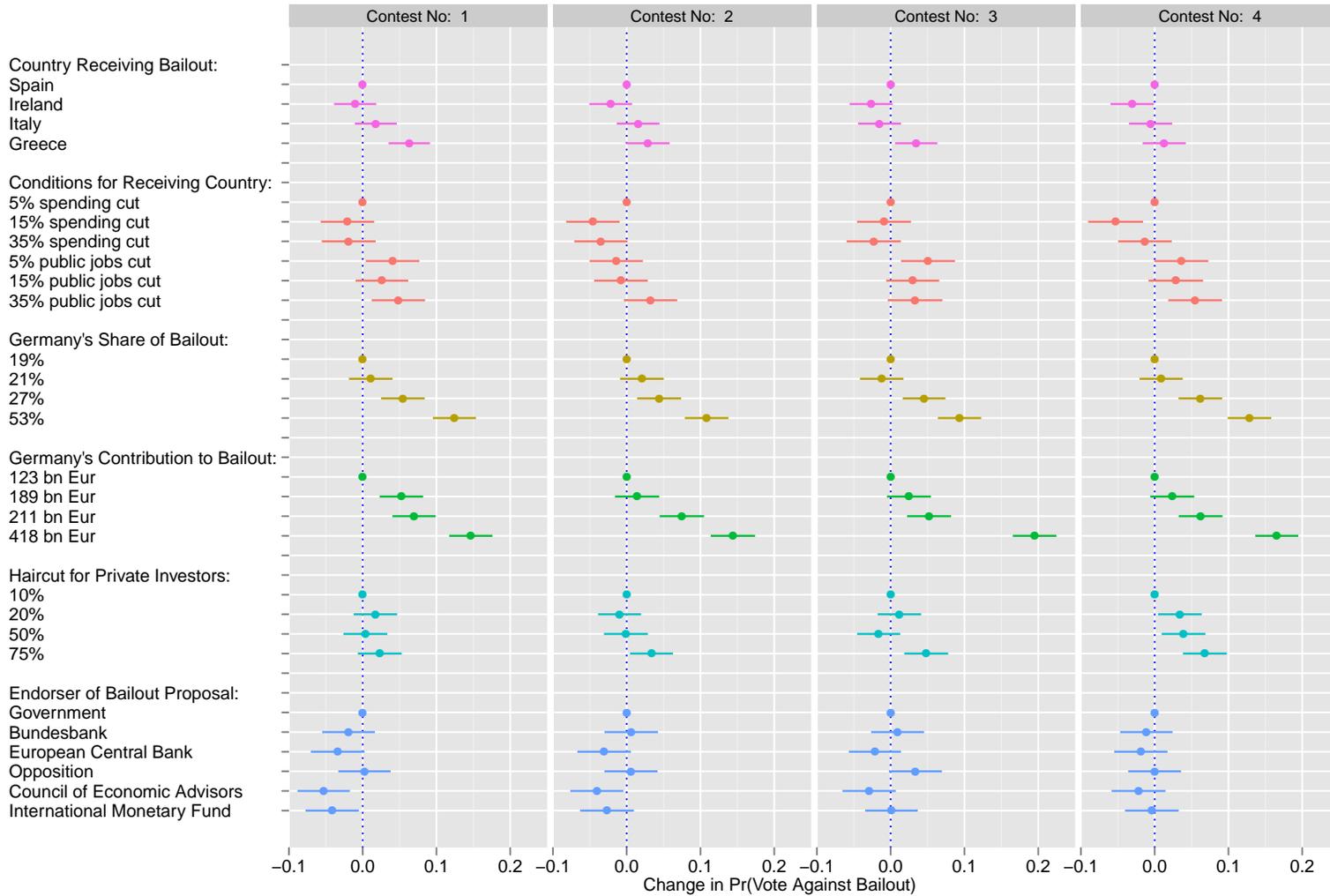
Note: Effects of bailout policy features on the opposition against the bailout package (scale ranging from 1 “vote definitely in favour” to 7 “vote definitely against”). Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The baseline level of opposition is 4.6  $N = 34,594$  policy ratings from conjoint experiment.

Figure B.2: The Effect of Bailout Policy Features on Voter Support for Bailout (forced choice)



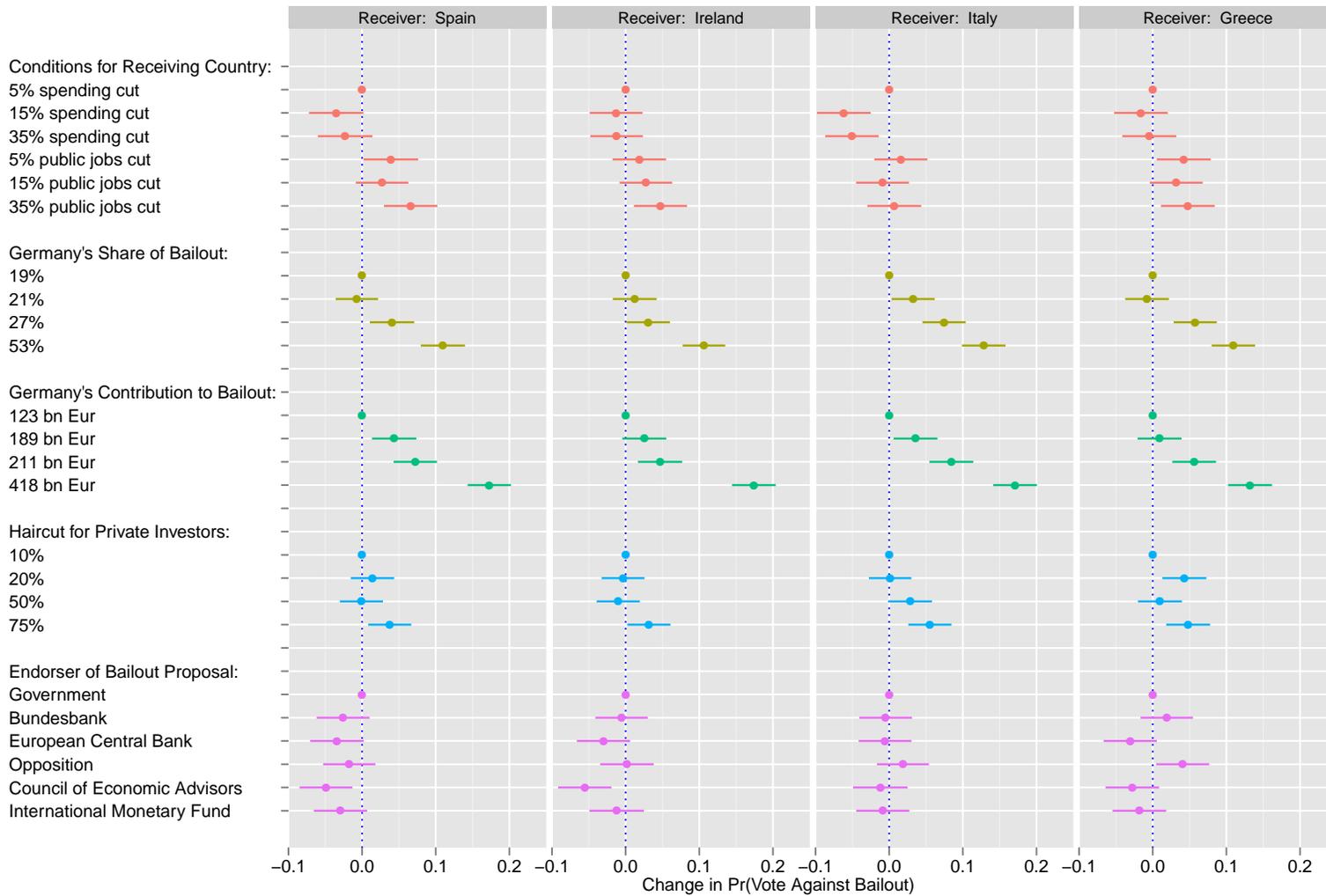
Note: Effects of bailout policy features on the probability that the bailout package is preferred by the respondent in the binary forced choice comparison. Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The baseline probability is .5 by design.  $N = 34,594$  policy rankings from conjoint experiment.

Figure B.3: Effect of Bailout Policy Features on Voter Support for Bailout by Contest



Note: Effects of bailout policy features on the probability of voting against the bailout package shown for each five contests rated by the respondent. Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The overall baseline probability of voting against is: .52.

Figure B.4: Effect of Bailout Policy Features on Voter Support for Bailout by Receiving Country



Note: Effects of bailout policy features on the probability of voting against the bailout package shown for each of the five receiving countries. Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The overall baseline probability of voting against is: .52.