



The impact of local social spending on the political discontent of economically deprived people – evidence from multi-level regressions on Dutch communities

Teresa Hummler, University of Duisburg-Essen

Paul Vierus, University of Duisburg-Essen

Conrad Ziller, University of Duisburg-Essen

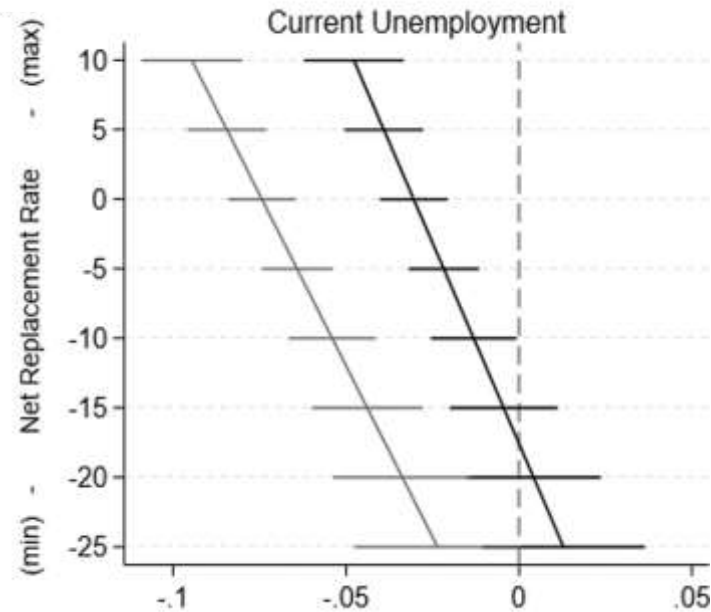
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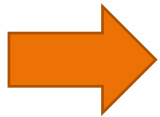
[1] Average Marginal Effects on Trust in National Parliament

National level:

Giustozzi & Gangl (2021) found evidence for welfare paradox
 → Lower Trust in comprehensive welfare states among the unemployed

Local level:

Studies in the face of Brexit showed that local context shapes the political discontent



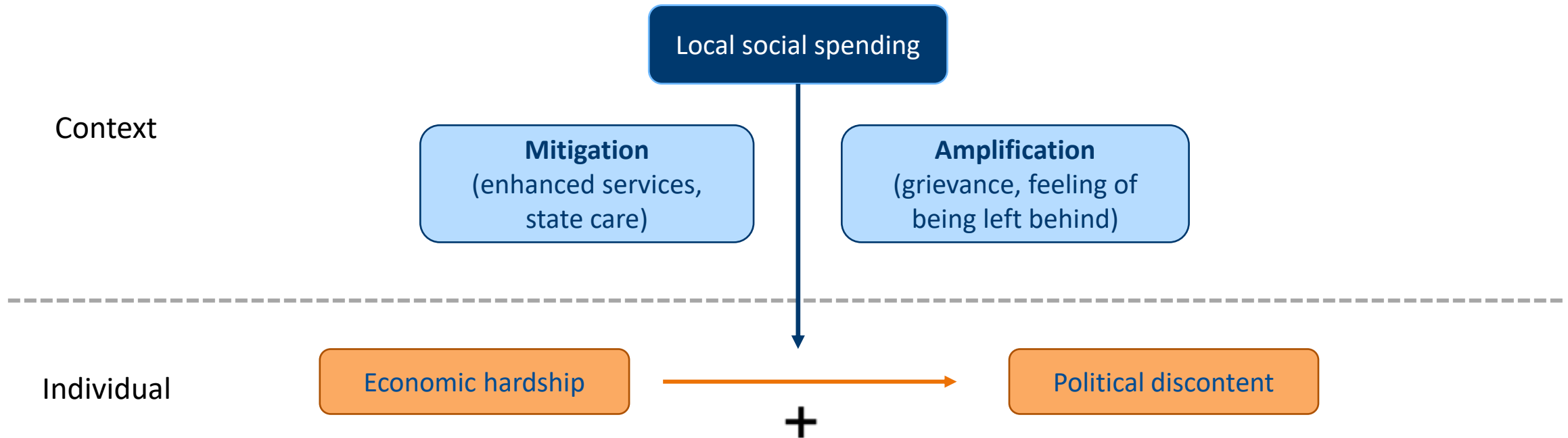
Can local social spending exacerbate the political discontent of economically deprived people, or can it mitigate their discontent?

The individual relationship (Hypothesis 1)



H1: Individuals experiencing situations of economic hardship are more likely to express political discontent.

The role of the context (Hypothesis 2)



H2: The effect of economic hardship on political discontent is moderated by the level of local social spending.

Operationalization

■ Dependent variable on individual level

- Political discontent:
- “Criticizing politics is meaningless because they do not care”
- 1 „strongly disagree“ to 5 „strongly agree“

■ Main independent variable on individual level

- Experiencing economic hardship (1 = Yes), if...
 - Unable to replace broken things
 - Having to borrow money for necessary expenses
 - Lagging behind with rent/mortgage or utilities
 - Creditors/ushers at the door
 - Difficulty to make ends meet
 - Borrowed/received 500€ or more from their mother or father in the last 12 months

■ Main independent variable on contextual level

- Social expenditure per capita on municipality level

Data & Analytical Strategy

■ Individual level

- NELLS - NEtherlands Longitudinal Lifecourse Study
- 2-wave panel; conducted in 2008-2010 and 2014
- Includes respondents of 35 randomly-selected Dutch municipalities
- N = around 1900

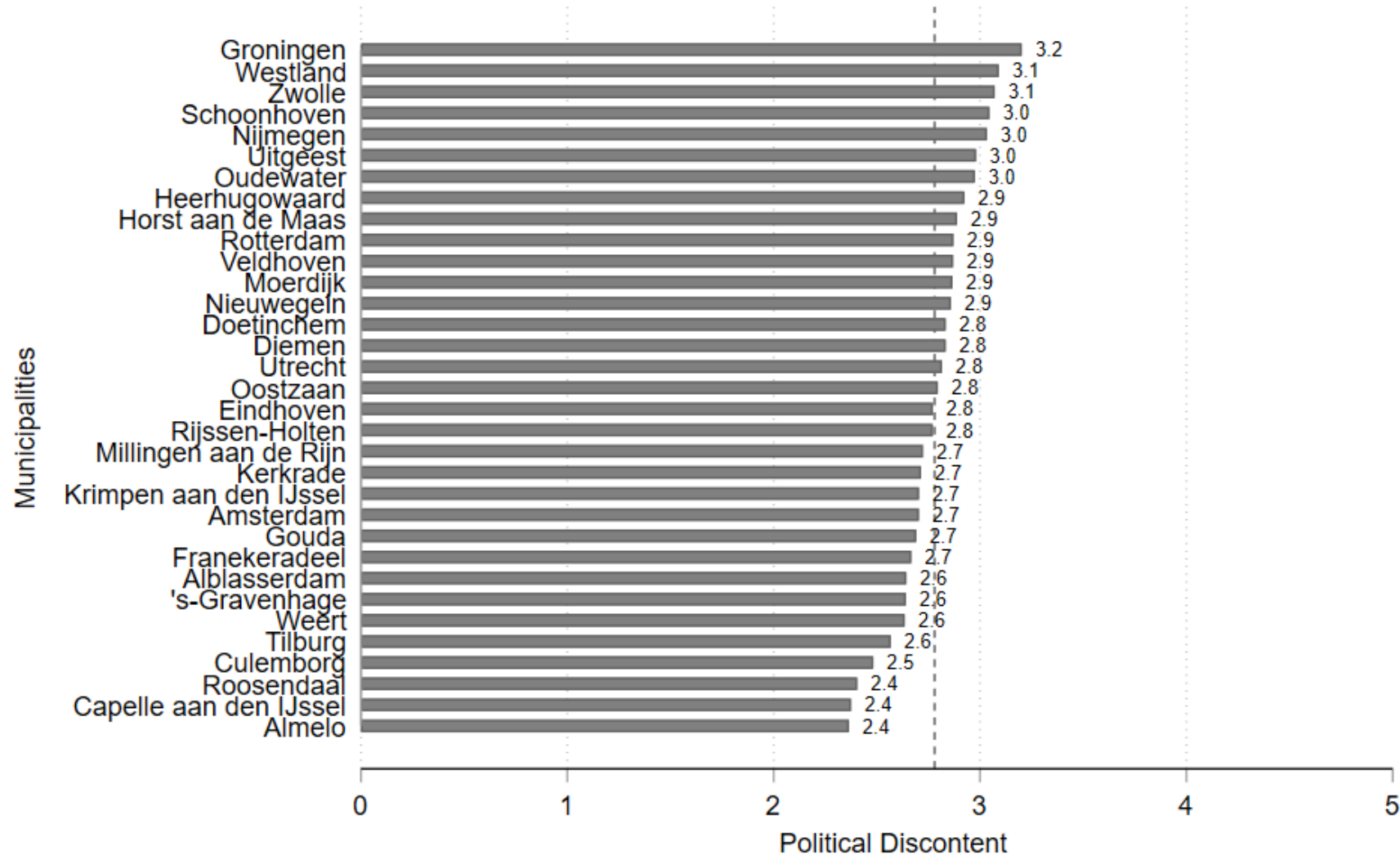
■ Municipality level:

- Overall social expenditure per capita obtained from findo.nl

■ Method:

- Fixed-effects regression (M1, M2, M3)
- Multilevel regression with 2 levels (M4, M5, M6):
 - Respondents nested in municipality-year-combinations (n = 70)
 - Fixed effects on level of municipalities and years

Political discontent across dutch municipalities



Source: NELLS wave 1 and 2. The dashed line indicates the average of all municipalities over the two waves ($m = 2.78$).

Individual and contextual determinants of political discontent

Fixed-effects regressions

	All Municipi- palities	High level of social expenditure/c	Low level of social expenditure/c
	(M1)	(M2)	(M3)
<i>Individual Level</i>			
Economic Hardship (1 = Yes)	0.118* (1.69)	0.147* (2.06)	0.075 (0.83)
Age	0.020 (0.74)	0.008 (0.23)	0.045 (1.00)
Political Interest	-0.093 (-1.90)	-0.102 (-1.71)	-0.082 (-1.03)
Personal Income	-0.008 (-0.58)	-0.003 (-0.16)	-0.018 (-0.81)
Social Life Satisfaction	-0.040* (-2.45)	-0.052* (-2.41)	0.003 (0.07)
Year = 2013	0.019 (0.18)	0.052 (0.34)	-0.055 (-0.29)
Constant	2.935** (3.04)	3.427** (2.87)	1.794 (1.19)
Variance: Municipality-Year			
Variance: Residual			
Individual fixed effects	✓	✓	✓
Municipality fixed effects			
Time fixed effects	✓	✓	✓
Municipalities	35	18	17
Respondents	1584	1006	578
Observations	3168	2012	1156

Note: Unstandardized regression coefficients are shown. T-Values appear in parentheses.
* p < 0.05, ** p < 0.01, *** p < 0.001 (two-sided test)

Source: NELLS waves 1 and 2; contextual data obtained from Findo.NL

Individual and contextual determinants of political discontent

Multilevel regressions

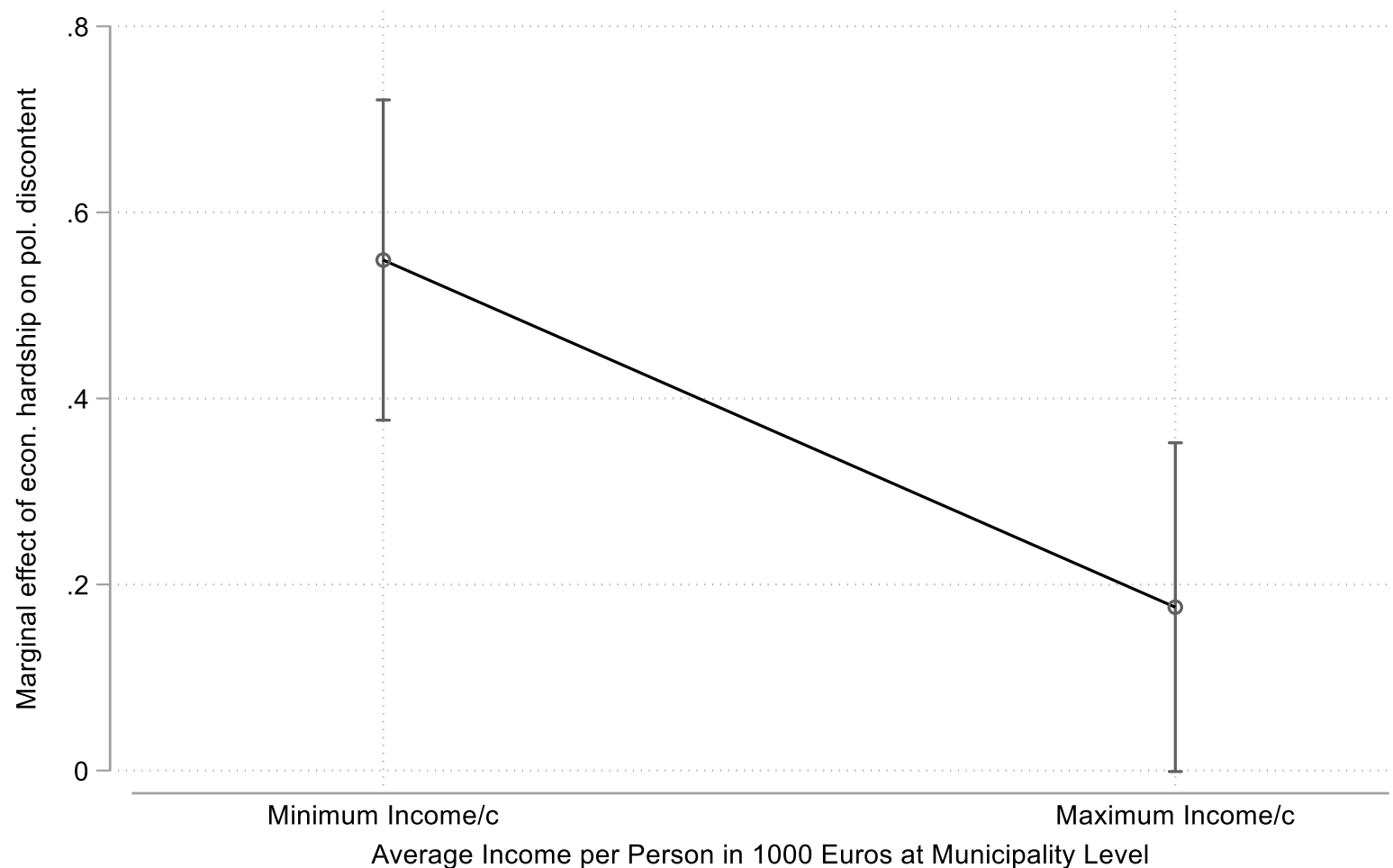
All Municipalities

	(M4)	(M5)	(M6)
<i>Individual Level</i>			
Economic Hardship (1 = Yes)	0.365*** (8.52)	0.432*** (5.04)	1.619** (3.09)
<i>Municipality Level</i>			
Local Share of Non-Western origin Individuals	-0.011 (-0.37)	-0.001 (-0.01)	0.001 (0.02)
Average Income on Municipality Level	-0.068 (-0.43)	-0.053 (-0.34)	-0.041 (-0.27)
Social Expenditure/c	0.001 (0.02)	-0.005 (-0.18)	-0.011 (-0.36)
<i>Cross-Level-Interactions</i>			
Economic Hardship X Local Social Expenditure		-0.015 (-0.90)	
Economic Hardship X Local Income			-0.059* (-2.40)
Year = 2013	0.138 (0.81)	0.125 (0.74)	0.139 (0.84)
Constant	5.637 (1.31)	5.348 (1.25)	5.013 (1.18)
Variance: Municipality-Year	0.000 (-0.07)	0.000 (-0.07)	0.000*** (-3.54)
Variance: Residual	1.155*** (5.73)	1.153*** (5.68)	1.152*** (5.62)
<i>Individual fixed effects</i>			
Municipality fixed effects	✓	✓	✓
Time fixed effects	✓	✓	✓
Municipalities	35	35	35
Respondents	1584	1584	1584
Observations	3168	3168	3168

Note: Unstandardized regression coefficients are shown. T-Values appear in parentheses.
* p < 0.05, ** p < 0.01, *** p < 0.001 (two-sided test)

Source: NELLS waves 1 and 2; contextual data obtained from Findo.NL

Marginal effects of economic hardship on political discontent



Source: NELLS Wave 1 and 2. Based on Model M5

Conclusion

- Individual level:
 - Individuals experiencing economic hardship **show substantially higher levels** of political discontent (H1).
- Effect is also shaped by local context (according to H2).
 - Individual relationship is **amplified** by level of local social spending.
 - Further analyses: Individual relationship is **mitigated** by local average income (e.g., in deprived communities).

→ Stronger attribution of personal economic experience to political elites **in deprived contexts**.

- Results are analogous to the **welfare paradox** but caused by a different mechanism.

→ We assume left-behind feelings as drivers, not status-deprivation feelings.



Thank you!

Teresa Hummler, teresa.hummler@uni-due.de;  @HummlerTeresa

Paul Vierus, paul.vierus@uni-due.de;  @PVierus

Conrad Ziller, conrad.ziller@uni-due.de;  @ConradZiller

Working Group Empirical Political Science  @Emp_Politikwiss

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