Policy Design and Domestic Support for International Bailouts

Michael M. Bechtel – University of St.Gallen
Jens Hainmueller – Stanford University
Yotam Margalit – Tel Aviv University

December 2015

ABSTRACT

Financial bailouts for ailing Eurozone countries face deep and widespread opposition among voters in donor countries, casting major doubts over the political feasibility of further assistance efforts. What is the nature of the opposition and under what conditions can governments obtain broader political support for funding such large-scale, international transfers? Addressing this question, we distinguish theoretically between 'fundamental' versus 'contingent' attitudes. Whereas the former entail complete rejection or embrace of a policy, contingent attitudes depend on the specific features of the policy and could shift if those features are altered. Combining unique data from an original survey in Germany, the largest donor country, together with an experiment that varies salient policy dimensions, our analysis indicates that less than a quarter of the public exhibits fundamental opposition to the bailouts. Testing a set of theories on contingent attitudes, we find particular sensitivity to the burden-sharing and cost dimensions of the bailouts. Our results imply that the choice of specific policy features has important consequences for building domestic support for contributions to international assistance efforts.

I. Introduction

The Eurozone economies are still struggling to recover from their most severe crisis since World War II. The crisis, which brought several member countries to the verge of sovereign default, subsequently led to a series of financial bailouts of unprecedented scale.[1] While broadly recognized by experts as a necessary course of action, the bailouts have faced significant 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 rescue packages have been protracted and repeatedly stalled, casting doubt on the political viability of any future financial bailouts.

Yet the ongoing difficulties that Eurozone governments face in coordinating their fiscal policies in response to the crisis suggest that international bailouts are likely to remain necessary policy levers in the foreseeable future. Thus, with rescue transfers of this form becoming not only an important policy tool but also the object of much public derision, key questions arise with respect to the mass politics of international bailouts: Do voters categorically reject the basic notion of funneling any taxpayer funds to struggling neighboring countries or does the opposition depend on the specific features of the proposed policy package? Under what conditions might governments be able to garner broader public support for this new form of international redistribution?

To date, the literature has primarily explored public opinion on other forms of international economic interactions such as trade, immigration and foreign aid, as well as on redistributive policies in the domestic context. Studies examining the politics of international bailouts are sparse. Broz (2005) has analyzed which factors explain legislators' support for providing finan-

---

[1]For example, according to the calculations by the German economist Hans-Werner Sinn, the paid-out bailout measures total 843 billion Euros, with Germany's losses in the case of a collapse of the Euro amounting to 372 billion Euros (or about 13 percent of its GDP). Greece alone "has received a staggering 115 Marshall plans, 29 from Germany alone." See "The Exposure Level - Bailout measures for the Eurozone countries and Germany's exposure," Ifo Institute at the University of Munich (numbers last revised on 09/15/2014), and "Why Berlin Is Balking on a Bailout," *New York Times*, 12/6/2012.

cial rescues to emerging economies in crisis, and more recently, Bechtel et al. (2014) have explored the economic, political, and social correlates of voter support for international bailouts. However, these studies consider bailout packages as a policy with a fixed, pre-defined set of features that individuals – legislators or voters – can either embrace or reject. This leaves open two important questions regarding (i) the nature of opposition to financial bailouts; and (ii) the extent to which opposition may depend on theoretically meaningful features of the proposed rescue package.

In addressing these questions, we propose a distinction between fundamental and contingent attitudes. Whereas fundamental attitudes imply a basic rejection (or embrace) of a given policy, contingent attitudes imply that one's stance could shift (and even reverse) as a function of the specific features of the policy in question. The distinction between fundamental and contingent attitudes is not merely theoretical, but also has significant substantive implications. If attitudes are contingent on policy design features, policymakers may be able to create a broad coalition in support of a carefully crafted rescue package. Yet if public opposition is fundamental, elected officials may have little room to maneuver in advancing new financial bailouts, irrespective of how they design those rescue programs, suggesting that the prospects for further international assistance efforts are quite dim.

We argue that a large share of individuals exhibit contingent opposition to the bailouts and develop theoretical expectations regarding the dimensions that should affect individuals' willingness to support financial rescues for the Eurozone's ailing economies. Building on earlier findings in the literature, we focus on three dimensions of the policy: *costs*, *burden-sharing*, and *conditionality*. The cost dimension relates to the magnitude of the financial transfers required from one's country. The burden-sharing dimension relates to the relative distribution of costs between donor countries. Finally, conditionality refers to the specific austerity policies required from the receiving country in exchange for financial assistance.

To shed light on the two questions we pose and assess the empirical validity of our theoretical

2

conjectures, we conducted a large-scale survey in Germany, the country shouldering the largest share of the Eurozone's bailout fund. The survey was carried out at the height of the bailout debate in early 2012 and thus provides a rare glimpse into the structure of voter sentiment on this issue when it was highly salient. To investigate whether, and to what extent, public support for a bailout is contingent on the specific composition of the package, we designed a conjoint experiment that asked respondents to evaluate various bailout proposals that differ on a set of policy features that correspond to the dimensions of theoretical interest (e.g. the amount that Germany contributes to the bailout fund, the conditions imposed on the receiving country, etc.). By randomly assigning both the values that each feature takes and their order of presentation, this experiment allows us to estimate the impact of each policy feature on the support for the bailout package as a whole.

We also consider an alternative argument, by which the relatively complex nature of the bailout issue causes citizens to "switch off" from the debate, and form their views based on cues from politicians or institutions they trust. If that is the case, a key variable explaining people's support or opposition is the endorser of any proposed rescue package (e.g. the government, the council of economic advisors, the IMF). To test this possibility, we also include in the experimental design information pertaining to the endorsement profile of each bailout, in addition to the features of the bailout on our three dimensions of interest.

Our analysis generates three main findings. First, mass attitudes on international bailouts are predominantly contingent in nature. On average, respondents rejected about 52% of all bailout package proposals that they were asked to evaluate. Only a quarter of the German public exhibits attitudes that can be characterized as fundamental. More specifically, only 23% citizens rejected *all* assistance package proposals that they were asked to evaluate, irrespective of the specific attributes of the package, and only 2% of voters supported all bailout proposals about which they were asked. Taken together, three of four voters would be willing to support some, but not all, of the proposed bailouts depending on the specific attributes of the packages.

Second, in analyzing the contingent nature of individual attitudes, our results indicate that both the cost and burden-sharing features account for large shifts in public support for a financial bailout. We find that increasing the absolute size of the German contribution to the bailout from €123 to €418 billion increases public opposition substantially, by about 30% compared to the baseline rate of rejection. But perhaps more surprisingly, we also find that voters are almost equally sensitive to the relative distribution of costs between Eurozone countries. Holding the absolute size of Germany's transfers constant, increasing Germany's share on the contribution to the bailout from 19% to 53% also increases the probability of opposing the rescue package by about 22% above the baseline rate of opposition. To a lesser extent, we find that voter support depends on the specific austerity conditions imposed on receiving countries. Rather than supporting any harsh conditions imposed on the recipient country, our results indicate that citizens in the donor country are quite discriminating in this respect: Bailouts that demand higher spending cuts from the recipient country receive significantly more support while requiring layoffs in the public sector significantly reduces a bailout's popularity. In addition, we find that the endorsement profile of the bailout has only a minor impact on the overall support for the proposed package, an effect that pales in comparison to variation along the three dimensions that pertain to the actual features of the bailout package.

Finally, our analysis reveals a fairly strong consensus among different segments of voters about the features of the preferred bailout package. We observe this similarity, for example, among voters with high and low income, with high and low levels of education, and to a large extent even among voters on the left and right of the political spectrum. Thus, it seems that while voters may disagree on the desired government assistance policies for reviving the national economy, there exist little differences in the public's views and sensitivities with respect to how assistance to other countries should be structured.

In terms of policy relevance, we find that the level of public opposition depends greatly

on the specific features of the proposed rescue package. This variation in policy features can account for major shifts in public support, from policies rejected by a large majority of the public to ones opposed by only a small minority: whereas the least popular bailout packages face opposition by about 80% of voters, the most popular ones are opposed by only 30% of voters. For a government seeking majority support for its proposal, such sizable shifts can be decisive.

In sum, this article offers theoretical, empirical, and practical contributions. First, distinguish theoretically between contingent and fundamental attitudes and offer evidence that a large majority of the German public ($\sim$75% of voters) exhibits contingent attitudes towards financial rescues. Second, we explore the multidimensionality of voter preferences regarding financial bailouts and find that both the cost and the burden-sharing features of the rescue package can account for decisive shifts in public support for these massive cross-border transfers. Finally, our findings inform the ongoing debate about the political viability of the bailouts. In contrast to the line prominently advanced in media discussions of this issue, our findings suggest that if future assistance packages are crafted with the sensitivities we document in mind, elected officials may have considerable political room to maneuver in advancing additional bailouts.

II. Public Opinion and the Eurozone Bailouts

Facing potentially deleterious consequences from sovereign defaults, governments in the Eurozone agreed on a coordinated response to the debt crisis in the form of financial bailouts of indebted countries. However, 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 the 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.[2] 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.

The bailout proposals met almost immediate public resistance in Germany, the country shouldering the largest share of the costs. Major newspapers portrayed public opinion as being fiercely opposed to international transfers to other Eurozone member countries[3], and several snap polls indicated that two-thirds of the German public opposed financial transfers.[4] Commentators suggested that there exists no way to persuade voters to support bailouts whose impact remains uncertain and that involve such massive transfers of funds that could instead be used domestically. They thus argued that further bailouts will face deep and uncompromising public opposition.[5]

Overall these accounts paint a rather bleak picture regarding the viability of future bailouts in the Eurozone. However, while gauging the overall level of opposition to the bailouts may provide useful information about the general public sentiment, it does not reveal what the opposition actually entails. In particular, do voters oppose any type of financial assistance to indebted countries, or does the public's support hinge upon the specific composition of the bailout package? As noted, the stakes could hardly be greater: if the public's opposition to bailouts is indeed ironclad, this policy lever becomes highly problematic from a political standpoint. In contrast, if voter opposition reflects apprehension about specific aspects of the bailouts rather than toward the general idea of contributing to a financial rescue package, then

---

[2]By June 2012, the costs of the Greek bailout climbed up to €247 billion (*Financial Times*, 06/11/2012).

[3]"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.

[4]According to a representative snap survey, 32% of German citizens support financial bailouts for over-indebted EU countries and 62% oppose these financial transfers. See "Mehrheit gegen stärkere Finanzhilfen für verschuldete EU-Staaten", Politbarometer Dezember II 2010, 12/17/2010. See also the results from another snap survey reported in "Germany Backs Greece Aid, but at a Cost to Merkel", New York Times, 02/27/2012.

[5]See, for example, "Democracy and its Discontents" *International Herald Tribune*, 10/4/2011; "Euro-Rettungsschirm: Am Ende des Tunnels", 09/25/2011, *Frankfurter Allgemeine Zeitung*.

governments in donor countries may still be able to construct bailout packages that will gain broad public support.

III. The Multidimensionality of Preferences on International Bailouts

We question the notion that the opposition among the German public to the bailouts represents fundamental attitudes. Instead, we argue that support for funding financial transfers to aid other Eurozone countries in crisis depends on the specific design of the policy package. Our conjecture draws on and extends research dealing with the formation of individual preferences and the politics of public goods provision. These literatures offer several useful insights for our study of preferences for financial bailouts in the Eurozone.

Evidence suggests that on a wide array of issues, citizens' views can vary greatly as a function of specific features of the policy. Changes in those features, whether in the context of immigration policy (Hainmueller et al., 2015) or climate cooperation (Bechtel and Scheve, 2013) lead people to report starkly different levels of support for the policy in question. Yet on other issues that more directly relate to individuals' basic normative or religious beliefs, such as abortion or the death penalty, a sizable share of the population may hold strong views that will change little in response to variation in the policy's features. Thus, attitudes on different policies can be thought of as lying on a continuum between being highly feature-dependent (which we label as 'contingent' attitudes) to being firm and unaffected by variation in the policy's features (which we label as 'fundamental').

Although the Eurozone crisis constitutes a politically contentious issue as member states face the challenge of coordinating a common response to save the currency union, it does not tap into fundamental religious or other normative beliefs. Thus, and given the complexity of the bailout issue, we expect that the features of the policy will matter for the level of support that the proposed policy garners. Put differently, mass attitudes on the bailouts are likely to be closer to the 'contingent' end of the scale rather than the 'fundamental' end. Yet if so,

which policy features should be those that matter to individuals?

A starting point to answer this question builds on the fact that many of the benefits obtained from stabilizing the Eurozone are nonexcludable from the currency union's members. This means that the debate over the bailouts can largely be thought of as a standard collective action problem in which actors have to decide whether or not to contribute to a public good. One implication we can draw from the literature on public goods is that the willingness of potential donors to contribute to the bailout effort should exhibit sensitivities to the key dimensions that facilitate cooperation in public goods problem (Ledyard, 1997; Chaudhuri, 2011). These dimensions include the size of the contribution (*costs*), the extent to which other actors contribute to the public good (*burden-sharing*), and the conditions imposed to ensure effectiveness and compliance (*conditionality*). We elaborate on each of those factors in the section below.

A. Costs

A large literature on preference formation has argued that voters' positions on political matters reflect the perceived economic impact of the policy and that, all else equal, citizens prefer less financially costly policies over more costly alternatives. This cost argument seems particularly relevant when theorizing about support for international redistribution: the monetary sizes of financial transfers are often highly salient in public debates, in part because it is a figure that is easy to communicate in the media. Yet citizens are likely to weigh the costs of the bailout differently. If they care about the costs of the policy because they anticipate its effects on their personal wealth (Lewis-Beck and Paldam, 2000; Hibbs, 1993; Kinder and Kiewiet, 1981), we should expect that those with higher incomes will be particularly averse to an increase in the size of Germany's contribution, as they are likely to shoulder a larger share of the tax payments necessary to fund the bailouts. Summarizing this logic, we expect:

Hypothesis 1 (Absolute Costs) *All else constant, a more costly bailout will draw larger*

public opposition.

B. Burden-sharing

Since the bailouts aim to stabilize the Eurozone economies and thereby end the regional crisis, the transfers by donor countries to over-indebted Euro countries resemble contributions to a public good: All countries would be better off if an economic meltdown was prevented, but no individual country within the Eurozone can be excluded from the benefits that economic recovery and stability provide. This gives rise to the well-known free-rider problem inherent in the provision of public goods. How can groups realize cooperation in the presence of free-rider problems? A sizable literature has argued that norms of fairness, such as reciprocity, explain cooperative behavior in public goods games (Fischbacher and Gächter, 2010; Gächter et al., 2004). Individuals contribute significantly more to a public good if they perceive others also to be contributing their fair share. Thus, if voters perceive the bailouts as a public good, they should not only care about the absolute economic costs of a proposed package, but also about the relative distribution of the costs among the donor countries. If more other countries contribute to the rescue package, this should increase support for a bailout proposal among voters, even when holding the total size their own country's contribution constant.

Hypothesis 2 (Burden-Sharing: Joint Contribution) *An increase in the relative share of one's own country in funding the financial rescue increases opposition to the bailout package, holding constant the absolute contribution.*

The hypothesis above refers to the distribution of costs between countries. A related question asks whether this logic generalizes to cases in which costs can be shared between the donor countries and private actors: What share of their investments should private lenders be asked to forgo as part of the solution to the debt crisis? This so-called "haircut" seems particularly important because of the large share of private investment into the Eurozone bond market and the sizable lending of private banks to the region's indebted countries. A

sovereign default by a Eurozone country is therefore expected to cause large economic losses to private investors.

It is ex ante unclear whether larger haircuts should increase or decrease public opposition to a bailout, for two reasons. First, this presumably depends on how much the broad public perceives private investors as culpable for the debt crisis afflicting some of the Eurozone's economies. If citizens perceive private lenders, such as German and French banks, as partially responsible by making reckless loans to governments such as Greece, a higher haircut on such lenders may increase support for a proposed bailout. Yet if citizens place the blame solely on the actions of the indebted governments, larger haircuts would be deemed unfair and are likely to reduce public support for a bailout. Moreover, citizens may worry that a haircut demanded from private actors such as banks or insurance companies could have adverse effects on the broader economy. In sum then, we do not have a clear expectation about the directional effect of a bailout imposing larger haircuts on private investors. For the reasons stated herein, the effect could go either way.

C. Conditionality

One highly contentious facet of financial bailouts relates to the austerity conditions imposed on the receiving country in exchange for financial assistance, specifically the demand for spending cuts and public sector layoffs. A fruitful starting point for theorizing about the role of conditionality in shaping support for financial rescues is research on preferences for social spending. This work suggests that voter preferences over financial assistance to the needy depend on perceptions of deservingness. In particular, citizens' support for welfare provision is affected by how much the target of assistance is seen to be doing "to earn" the financial aid (Van Oorschot, 2000). Thus, imposing costlier conditions on recipients in return for the financial assistance may contribute to their perceived deservingness, consequently increasing support in the donor country for the assistance package. A similar logic has been used to

explain the role of conditionality in shaping mass support for accepting new entrants into the European Union (Schimmelfennig, 2007; Schimmelfennig and Sedelmeier, 2004) as well as with respect to the disbursement of foreign aid (Scholl, 2009; Svensson, 2000). Moreover, imposing explicit austerity conditions may be perceived as a way of increasing the effectiveness of a bailout because financial transfers alone are unlikely to solve the underlying structural problems that have caused the debt crisis in the receiving country.

These arguments suggest that one may generally expect that imposing tougher conditions on the recipient in return for a financial assistance package will yield greater support for the rescue package among citizens in the donor country.

Hypothesis 3 (Conditionality) *Demanding stricter austerity policies from the receiving country in exchange for financial transfers decreases opposition to a bailout package.*

D. Endorsement Cues

So far we have laid out three dimensions of the financial rescue package that we expect to have the most substantial impact on citizens with contingent attitudes on the bailout question. Yet a large body of public opinion research points to the fact that citizens are often rationally ignorant on many political matters, and thus tend to rely on various heuristics in forming their stance on complex policy matters. Such heuristics include the reliance on various cues, such as the partisan hue of the policy proposers or public endorsements of the policy by political elites (Lupia, 1994; Chong and Druckman, 2007; Gabel and Scheve, 2007). If reliance on such cues dominates citizens' position formation process, then variation in bailout features along the dimensions we described earlier might be diminished when citizens receive information about the endorsers of the proposal. For example, proposals backed by institutions associated with professional economic expertise are likely to instill voters with greater confidence about the soundness of the proposal and thus increase overall support for the policy. In contrast, bailouts touted by political actors that may engage in politically biased communication are

11

likely to send a weaker signal to voters and thus garner lower support.[6] The key point from our perspective is that any variation in the proposed policies' key dimensions must be examined in light of the effect that elite endorsements of the policy exert on individuals' preference formation.[7]

Hypothesis 4 (Endorsements) *Endorsements by an institution with economic expertise decrease opposition to a bailout package.*

The idea that endorsements provide individuals with information that helps them reduce the costs of becoming informed entails expectations about the heterogeneity in the effect endorsements. Specifically, we expect that less educated individuals – who likely possess less information about the crisis and thus rely more on cues – are likely to exhibit greater sensitivity to the profile of the endorser in deciding on the desirability of the policy in question (Lupia, 1994; Druckman, 2001).

Hypothesis 5 (Endorsements: Education) *The effect of expert endorsements on attitudes toward the bailouts is stronger among less educated individuals.*

IV. Data and Measurement

A. Sample

To examine whether voter opposition to the bailouts is fundamental or depends on the specific dimensions of the bailout policy, we conducted an original online survey with a sample of 4,655 German respondents. The sample only included adults who are eligible to vote in federal elections. The survey was fielded in January 2012, a time when bailouts where hotly debated

---

[6]"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.

[7]The prominent effect of endorsements can be gleaned from the frequent public statements made by the German government and the oppositions parties about specific bailout proposals that they would endorse or reject. For example, see "Merkel verlangt mehr Einsatz von den Deutschen", *Spiegel Online*, 05/22/2011

in Germany, and included measures of economic, political, and social factors. The supporting information (SI) appendix describes the details of the survey. 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. To address this issue, we use entropy balancing to re-weight the data from the survey such that it matches the demographic margins from the voter population.[8]

B. Conjoint Experiment

We use a fully randomized conjoint design to examine the nature of voter opposition and the possible multidimensionality of attitudes towards the bailouts. A formal exposition of this design can be found in Hainmueller et al. (2014). Here, we provide information about the procedures in the survey and the intuition behind this approach. We first instructed respondents about the conjoint exercise and then exposed them to comparisons between two different bailout proposals, each of which varied along six different dimensions (the SI provides details on the instructions we used). Figure 1 provides an example comparison. For each comparison, the respondents were asked to rate both proposals (see below). Every respondent was exposed to four such comparisons and therefore asked to rate eight bailout proposals overall. 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.[9]

Following the theoretical considerations laid out above, our experiment distinguishes between the central aspects of bailout policies developed above: costs, burden-sharing, and con-

---

[8]The online sample we used in this study produced 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.

[9]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 own comparisons.

Figure 1: Conjoint Experimental Design

	Scenario 1	Scenario 2
Germany's contribution to the bailout	418 bn €	123 bn €
Germany's share of the bailout	19%	27%
Haircut for private investors	50%	30%
Conditions for receiving country	5% cut in public expenditures	15% cuts of public sector jobs
Bailout endorsed by	Bundesbank	European Central Bank
Receiving country	Greece	Ireland
	○	○

Note: Figure illustrates experimental design for the conjoint analysis.

ditionality. Within the cost category, we vary Germany's absolute contribution to the bailout (e.g., €211 billion). In the burden-sharing dimension, we vary the relative contribution of Germany as compared to the other donors (e.g., 27% share of the bailout), as well as the size of the haircut imposed on private creditors (e.g., 50%) (These figures are closely tied to the actual political debate and the eventual negotiation outcome). Finally, in the third dimension, the conditionality requirements, our experiment distinguishes between two conditions that could be imposed on the bailout recipient in exchange for financial assistance. These conditions are layoffs in the public sector (which could either be 5, 15, or 35%) and spending cuts (which also were drawn from the set 5, 15, 35%).

As explained earlier, we also vary the endorsement profile of the package. Specifically, our experiment informed respondents that the bailout package in question was endorsed by a specific actor (e.g. the German Central Bank).

To make the proposals as concrete as possible, for each scenario, we also provided respondents with information about which country would receive the bailout. By explicitly specifying the receiving country, we reduce the risk of respondents forming beliefs about the likely receiving country based on their own prior knowledge that may affect their responses. We distinguish

between the four different countries that had received bailouts at the time the survey was fielded (Italy, Ireland, Spain, Greece).

Table 1 provides a list of all policy attributes and the attributes' potential values. For example, the amount of Germany's share of the bailout could take on the values "€123bn", "€ 189bn", "€ 211bn", or "€ 418bn." For each profile we employ a completely independent randomization; the values of each attribute that characterizes the two bailout proposals randomly vary both within and across the binary comparisons.

Table 1: Policy Dimensions and Values for the Bailout Conjoint Experiment

Dimension	Values
Costs	
Germany's Contribution to Bailout	€123bn
	€189bn
	€211bn
	€418bn
Burden-Sharing	
Germany's Share of Bailout	19%
	21%
	27%
	53%
Haircut for Private Investors	10%
	20%
	50%
	75%
Conditionality	
Spending cuts	5%
	15%
	35%
Public jobs cut	5%
	15%
	35%
Endorsements	
Endorser	Government
	Opposition
	German Central Bank
	European Central Bank
	Council of Economic Advisors
	International Monetary Fund
Country Receiving Bailout	
	Italy
	Ireland
	Spain
	Greece

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

C. Measuring Support for Financial Bailouts

To measure the support for each bailout package we designed a rating measure in the spirit of a referendum vote over each bailout package.[10] The wording for the question read as follows:

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"). Since respondents were asked to rate each of the two packages separately, they could vote against both proposals, support both, or support/oppose only one or the other. This collection of ratings therefore allows us to detect whether attitudes can be characterized as fundamental or contingent in nature. If attitudes are fundamental, we expect respondents to categorically reject (or accept) all proposals that they are asked about, regardless of the attributes of the proposals. If attitudes are contingent, we would expect that opposition to the bailout packages varies as a function of the specific attributes of the packages. For the analysis, we collapse the answers from the seven-point ratings into simple binary measures using the median (which is 3) as the cutoff value. The resulting variable *Vote against bailout* is therefore coded as 1 for cases where a respondent actively rejects a proposal (answers "vote definitely against", "very likely to vote against", and "more likely to vote against") and 0 for cases where the respondent is either neutral about a proposal or actively supports it (answers "neither... nor...", "more likely to vote in favor", "very likely to vote in favor", and "vote definitely in favor"). In the appendix we report results from the full seven-point ratings and they are substantively similar.[11]

---

[10]Several politicians in Germany have indeed 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.

[11]We also replicate the analysis with another outcome measure that asked respondents to rank each of the two proposals in the binary contest to indicate which of the two bailouts they prefer. Note that this measure forces respondents to prefer one proposal over the other in each task and therefore is only informative about

V. Results

We begin by examining the nature of German voter attitudes toward the bailouts, specifically whether they reflect contingent or fundamental attitudes. Figure 2 presents the share of the eight bailout packages rejected by each respondent. As the graph indicates, only about 23% of the respondents categorically oppose all 8 bailout packages presented to them. Moreover, if we disaggregate the negative ratings further we find that only about 8% report that they would "definitely vote against" every proposal presented to them, suggesting that the level of intense fundamental opposition might be even lower than is suggested by the 23%, which includes respondents who strongly or weakly oppose all the proposals. Analogously, about 13% of the respondents would not reject all eight proposed packages if put to a vote. Of these only about 2% would actively support all packages; the remaining 11% would be neutral on at least some of the proposals.

Overall, this suggests that a large majority of the German public can be characterized as possessing contingent attitudes with respect to the issue of bailouts; about 75% of voters would be willing to support some, but not all, of the proposed bailouts depending on the specific attributes of the package. In fact, the results indicate that among those with contingent attitudes, the mean share of bailout packages that respondents would actively support if put to a referendum is 37%.[12]

Next, we turn to examine the features of the bailout packages on which public attitudes are most contingent. Specifically, we evaluate how support for a bailout package shifts as a function of changes in the attributes the policy takes along the three main dimensions of

---

the effects of the attributes on the choice, but not absolute levels of support. 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.

[12]As a robustness check we also investigated the possibility that some respondents' rejection of all proposals was the result of survey satisficing. We do not find support for this. Specifically, we looked at whether respondents who are fundamentally opposed have shorter response times on other timed questions, such as the political knowledge quiz, and the response times are very similar to those of respondents with contingent attitudes. We also examined whether fundamentally opposed respondents are more likely to exhibit acquiescence or non-differentiation on other survey questions and find that this is not the case.

Figure 2: Share of Bailout Proposals Rejected by Respondent
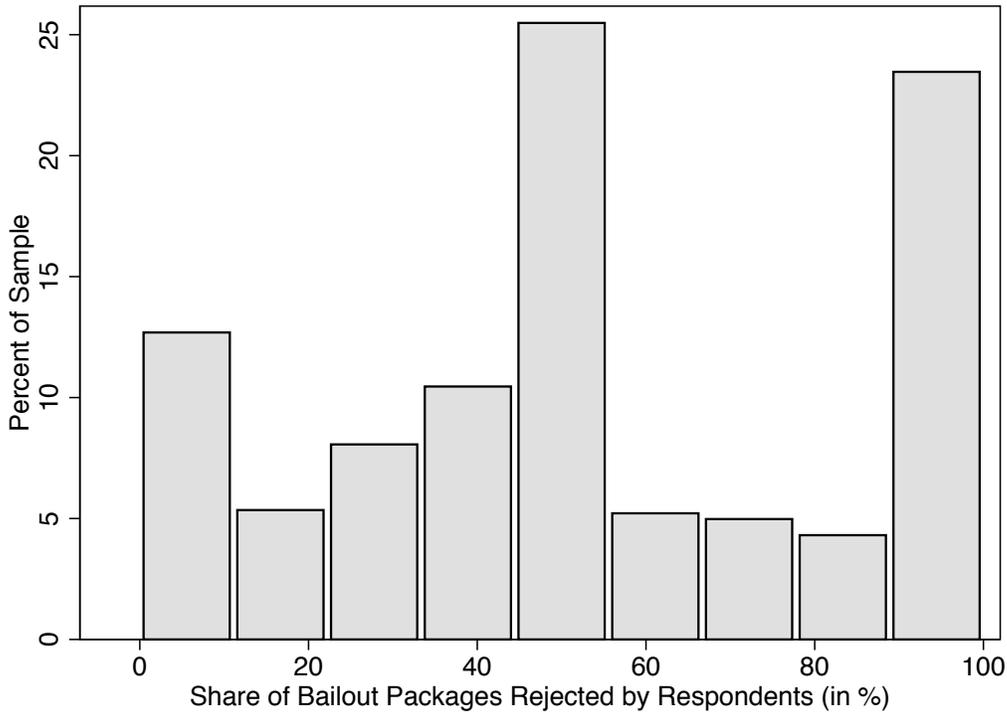
Note: The figure reports the share of proposals rejected by each respondent out of a total of 8 bailout packages. Rejection of a package is coded based on the rating respondents provided on a 7-point scale indicating their likelihood of supporting a bailout proposal if it were put to a referendum. Note that no rejection does not imply active support, as some respondents selected the mid-point (i.e. 'neutral') option. $N = 34,594$ bailout proposal ratings.

interest: cost, burden-sharing, and conditionality. To assess the impact of each feature along those dimensions, we estimate the average marginal component-specific effects (AMCEs), which measure the average impact of a change in a policy feature on the probability of opposing the bailout package (Hainmueller et al., 2014). As we report later in the robustness section, our analysis finds very little evidence of significant interaction effects between features of the package. This justifies a focus on the average marginal effects of each component. To compute the average marginal component-specific effects we regress the dependent variable, our binary measure of opposition to the specific bailout (*Vote Against Bailout*), on a set of indicator variables that capture the specific values that the bailout proposal takes on each of the policy

attributes. For each dimension, we omit one of the attribute values and use it as the baseline category. Note that the unit of analysis in this regression is a specific bailout profile, so given that we have 4,655 respondents who faced four rating tasks with two profiles each, the total number of observations in theory is $4655 \cdot 2 \cdot 4 = 37,240$. In the main analysis, we only use information from respondents for whom we have all relevant covariates to keep the estimates comparable across subsets. As a result, our actual N in the main analysis is $34,594$. The results are almost identical when we use all ratings instead. Throughout the analysis, we cluster the standard errors by respondent, to allow for the potential non-independence of the ratings from the same respondent.

Figure 3 shows the marginal effects associated with each attribute and their 95% confidence intervals (represented by the horizontal lines). Note that the attribute values that serve as the baseline categories are marked in the figure as the values without confidence intervals (e.g. Spain for the receiving country). As Figure 3 shows, we find that many of the estimated effects of the different policy features are both sizable and statistically significant. This highlights the fact that the design of the specific package can be substantively consequential in shaping voters' attitudes towards the proposed bailout.

The first attribute we explore is Germany's absolute contribution to the bailout. In line with Hypothesis 1, 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).

Second, we examine whether voters are indeed more willing to support bailouts if other countries contribute a greater share to the financial assistance package (Hypothesis 2). The results clearly lend support to this argument. Holding the size of Germany's absolute contribution fixed, an increase in the country's relative share from 19% to 27% increases opposition to a bailout by about 5 percentage points; expanding it further to just over half the overall

transfer (53%) decreases support for the bailouts by an additional 6 percentage points, which corresponds to about a 22% increase relative to the baseline level of opposition. These results mean that bailouts to over-indebted Eurozone countries will receive greater support if other countries contribute more to these financial transfers, even holding constant the contribution that Germany itself has to shoulder.

In contrast, we find that voters only marginally care about the distribution of costs between public and private actors. Bailouts that demand higher haircuts from private investors find less public support, but the effect is smaller than that associated with the other element of the burden-sharing dimension. For example, 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. As noted, this result may 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.

Figure 3: The Effects of Bailout Policy Features on Voter Support
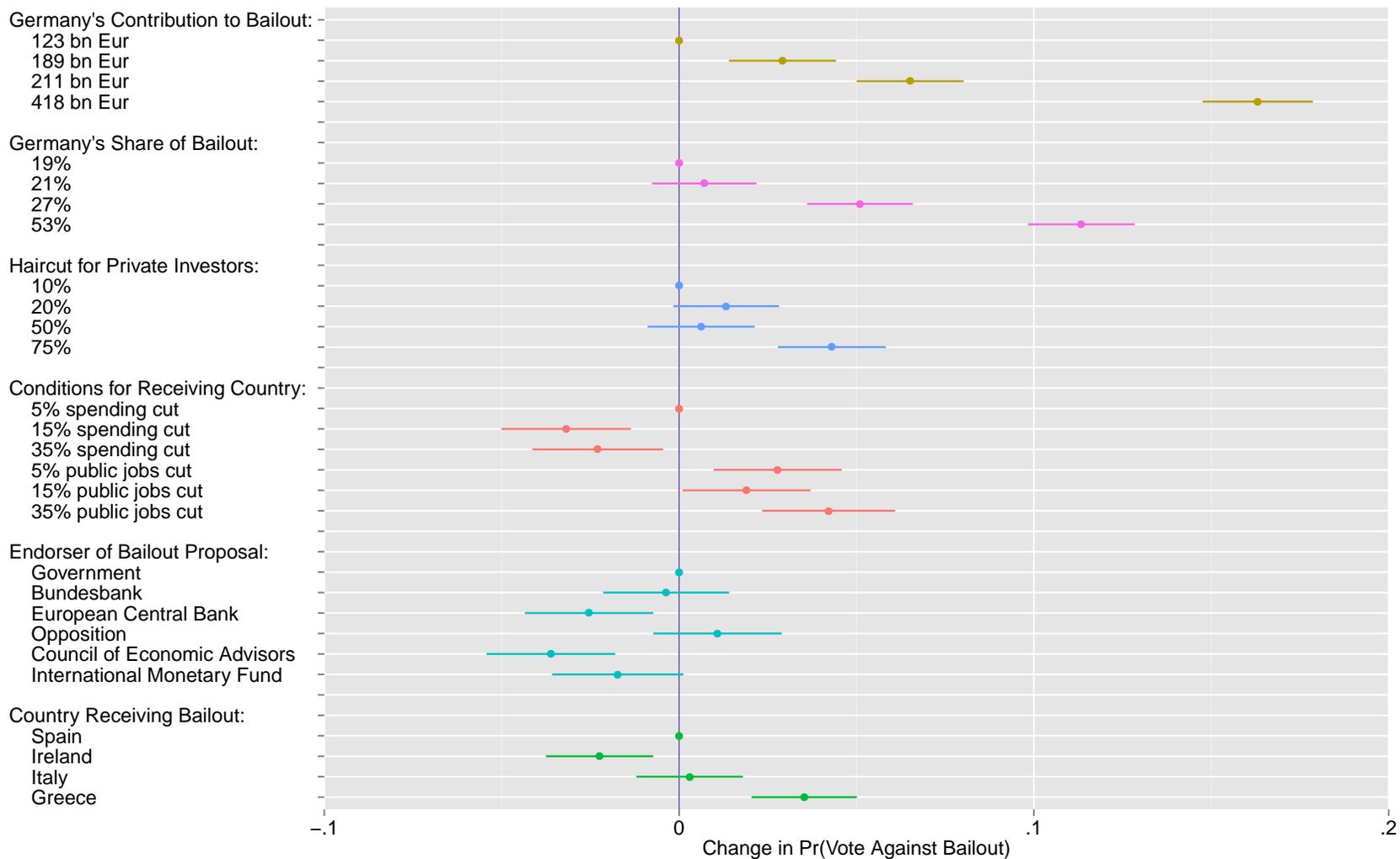
Note: Effects of bailout policy features on the probability of voting against the bailout package. Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The baseline probability of voting against is: .52. $N = 34,594$ policy ratings from conjoint experiment.

The arguments laid out earlier suggest that public opinion on the bailouts should also be sensitive to the conditions that are imposed on the receiving country (Hypothesis 3). Consistent with Hypothesis 3, we find that requiring harsher spending cuts from the recipient country receives greater support among the German public. For example, an increase in the demanded spending cuts from 5% to 15% reduces opposition to a bailout by about 3 percentage points on average. However, we find that not all austerity conditions generate higher levels of approval among individuals in Germany.

As Figure 3 indicates, a bailout package that requires the recipient country to lay off a sizable portion of public sector workers increases opposition to the proposal. 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. This pattern may be explained by ideological cleavages between left and right voters that we explore further below.

As noted, theories of opinion formation and cue-taking predict that voter opposition to bailouts would also depend on which actors recommend or vouch for a policy (Hypothesis 4). Our empirical results suggest that the endorsement profile does indeed matter, yet the effect is overall quite small. More importantly, it is relatively minor as compared to the effects associated with the three dimensions of the policy that we focus on. Compared to a proposal backed by political bodies such as the government or the opposition, we find that bailouts endorsed by professional bodies with economic expertise such as the European Central Bank, the Council of Economic Advisors, or the International Monetary Fund, receive up to 3 percentage points more support among individuals. This effect, while modest and only borderline significant, is consistent with the argument that the support of institutions with stronger credentials of expertise in the relevant policy field prompts higher levels of public approval for a policy.

Finally, we note that voter support for a bailout also varies as a function of the recipient

country in question, though the effects are again surprisingly small in magnitude. Given the overwhelmingly negative coverage of the Greek crisis in the German media, it seems plausible that bailouts face the strongest opposition when the recipient country is Greece. Bailouts 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 3.5 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.

VI. Causal Mechanisms: What Explains the Contingency of Attitudes to Different Bailout Features?

So far our results suggest that the public holds largely contingent and not fundamental attitudes toward bailouts. Support for an assistance package is sensitive to changes in the characteristics of the proposal, and these changes can bring about large shifts in the public's stance. However, we have not yet explored potential mechanisms that may account for voters' sensitivities to specific characteristics of the bailouts. Examining these mechanisms allows us to evaluate competing theoretical accounts of the effects of policy features on individual attitudes, for example, egoistic vs. sociotropic models of economic voting. Accordingly, we examine whether the causal effects in our conjoint analysis vary across theoretically meaningful subsets of the population.

Sociotropic or Egoistic Considerations?

Our main analysis suggests that voter opinion on the bailouts is sensitive to both costs and burden-sharing aspects. Does this sensitivity reflect sociotropic or egoistic considerations? The egoistic argument holds that the sensitivity to the distribution of costs reflects self-interested economic concerns of voters regarding how a larger, more costly rescue package would ulti-

mately affect their own financial standing. This self-interest argument figures prominently in the literature on preferences for redistribution where scholars have argued that individuals support welfare assistance if they expect these transfers to reduce their own future income-related risks (Rodrik, 1998)

Figure 4 shows the average marginal component-specific effects associated with each attribute on the probability that voters oppose the bailout together with 95% confidence intervals by income groups. We split the sample at the median household income point, such that households that report a monthly income of less (more) than €2,500 are coded as low (high) income. Contrary to the egoistic argument, we do not find that high-income individuals exhibit greater sensitivity to the bailout's costs.

We also note that an egoistic assessment of the bailouts would imply that high-income individuals will 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. Our results, however, again suggest 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 respondents irrespective of their incomes. These patterns suggest that pocketbook-type concerns about an increased tax burden or financial asset values do not account for the observed effect of 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 burden-sharing features appears to be consistent with the view that 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 as a whole rather than their own personal standing.

Figure 4: The Effects of Bailout Policy Features on Voter Support by Income Groups
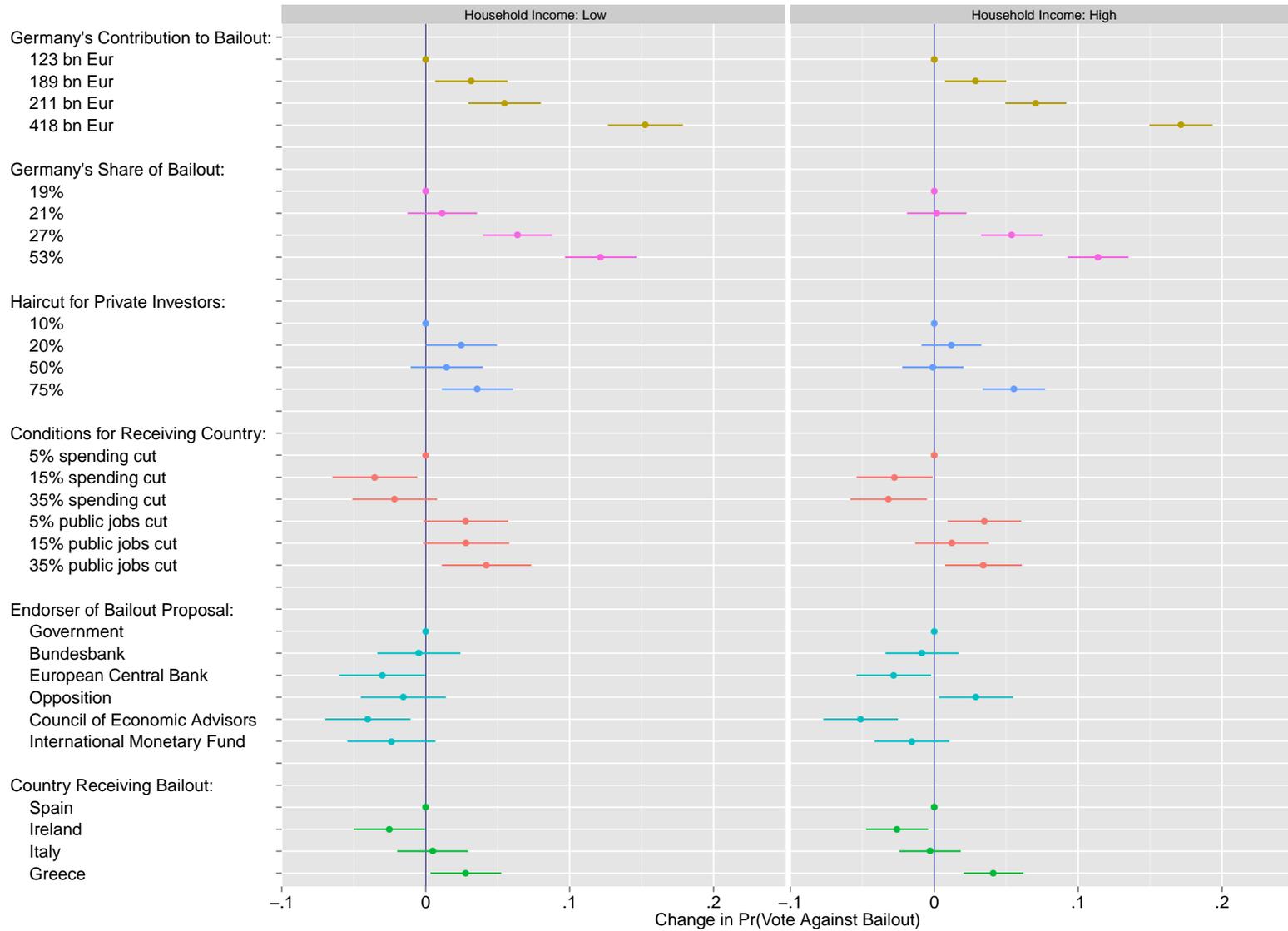
Note: Effects of bailout policy features on the probability of voting against the bailout package. Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The baseline probability of voting against is: .52. $N = 34,594$ policy ratings from conjoint experiment.

Our main results show that opposition to a bailout policy also depends on the conditions that it imposes on the receiving country. Interestingly, we find that requiring more spending cuts increases support for a financial bailout, which is consistent with the reasoning that underlies Hypothesis 3, while demanding public layoffs reduces support. One potential explanation for this pattern is that the impact of specific conditions on support for the proposed package is a function of voters' ideological persuasions. Since voters on the left are generally more supportive of government provision of services and more sensitive to the issue of unemployment, we would expect that they would be more opposed to austerity conditions that explicitly demand major layoffs in the public sector.

Figure 5 shows the results from our conjoint analysis conducted separately for voters on the left and on the right.[13] 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. Compared to a bailout requiring a general spending cut of 5%, the results indicate that an alternative requirement of layoffs of 15% in the public sector reduces support among left-wing voters for a bailout package by 3.5 percentage points; a large-scale public layoff (of 35%) reduces support to a bailout proposal by over 6 percentage points. In contrast, we find that voters on the right are not sensitive to conditionality that requires the recipient country to lay off workers in the public sector. This suggests that the ideological inclinations of voters, and particularly sensibilities associated with domestic social policy, also help account for attitudes regarding foreign economic policy.

---

[13]The left and right distinction is based on a question that asked voters to place themselves on an ideology scale ranging from 0 (left) to 10 (right). The median of this variable is 5. Therefore, to avoid including moderate voters, we code responses between 0-4 as left, and between 6-10 as right.

Figure 5: The Effects of Bailout Policy Features on Voter Support by Ideology
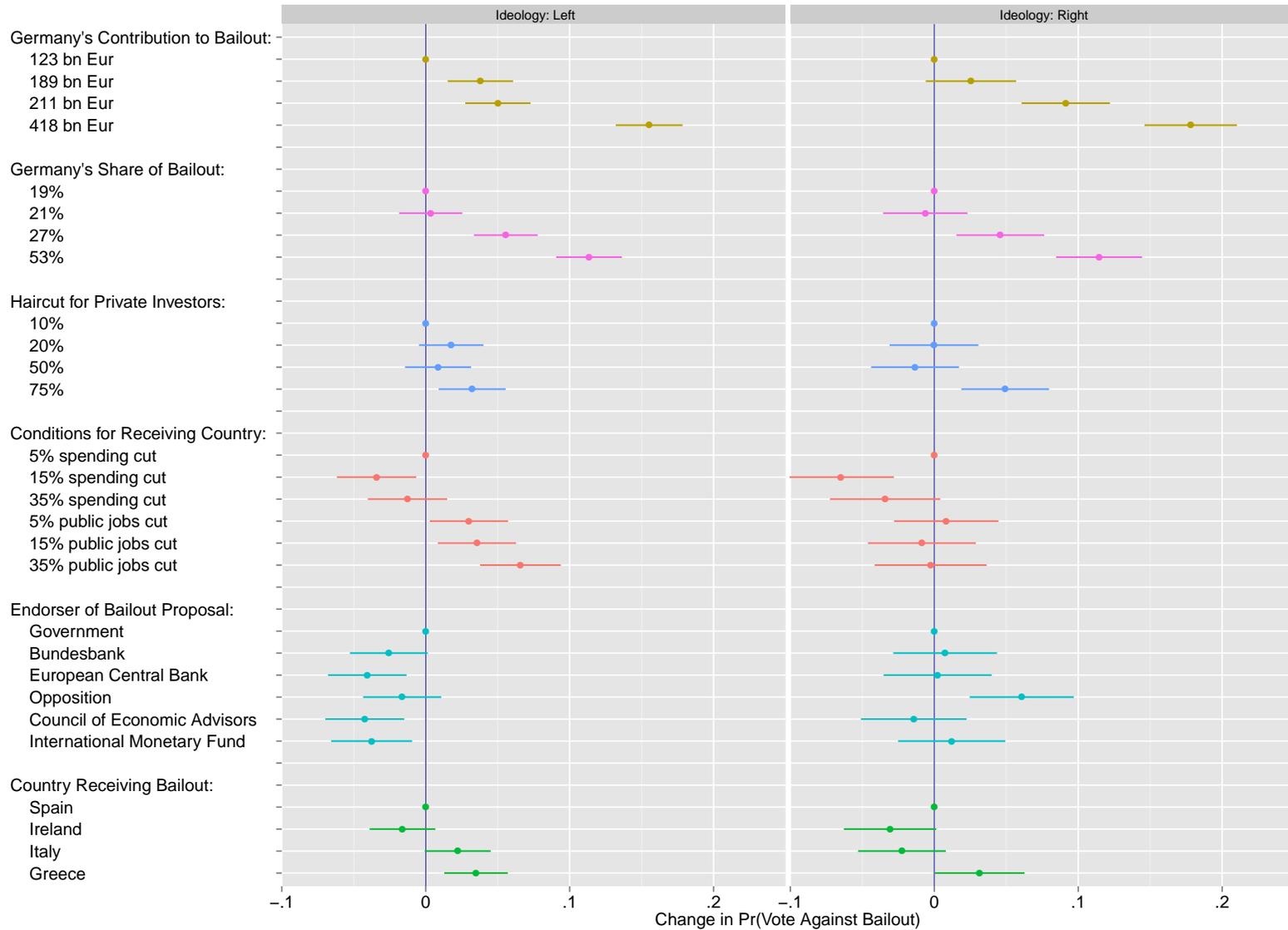
Note: Effects of bailout policy features on the probability of voting against the bailout package. Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The baseline probability of voting against is: .52. $N = 34,594$ policy ratings from conjoint experiment.

Figure 5 also shows that voters on both left and right are equally sensitive to the cost and burden-sharing dimensions and in particular, both are averse to increases in Germany's absolute or relative contribution to the bailout fund. This overall pattern of similarity suggests that while voters of different ideological persuasions may strongly disagree on domestic redistributive policies, disagreement with respect to a policy of international redistribution is far less pronounced.

ENDORSEMENT EFFECTS AND EDUCATION

Finally, to explore the informational mechanism that potentially underlies the effects of endorsements (Hypothesis 5), we break down the analysis by respondents' level of education. The cue-taking argument suggests that individuals are more willing to support bailouts if they are backed by institutions that have economic expertise because such backing provides important information that compensates for individuals' own lack of factual, issue-specific knowledge about the political issue at stake. This reasoning suggests that the effects of endorsement profiles should differ between low and highly educated individuals. Specifically, the low educated, who are likely to have less issue-specific knowledge, should respond more strongly to endorsements than highly educated respondents.

To test this mechanism we rerun the models and split the sample at the median education level.[14] Figure 6 shows that, consistent with our expectations, less educated respondents are somewhat more sensitive to the endorsement profile. If a proposal is backed by an institution that possesses issue-specific expertise such as the European Central Bank, the Council of Economic Advisors, or the International Monetary Fund, less educated individuals are more willing to support the policy. In contrast, we do not find such an endorsement effect among the highly educated respondents. This finding is consistent with the idea that endorsements

[14]Respondents with up to 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". Results are substantively similar if those with the highest high-school tier are included in the low education category.

provide informational cues for less sophisticated voters.

Overall, even though we observe some variation in the sensitivity to different dimensions, the sub-sample tests suggest a surprisingly strong consensus among very different voters about the weights assigned to the different features of the bailout proposal. Regardless of whether we look at the rich or the poor, those with high or low education, those on the left or those on the right of the political spectrum, voters to a large extent agree on what types of bailouts they support.

Robustness

Several tests underscore the robustness of the findings. These remain unchanged irrespective of whether we analyze the full set of respondents or several theoretically relevant subgroups. In the online appendix we present additional analyses that further speak to the robustness of the results. Figure A.2 shows the average marginal component-specific effects when we replicate the benchmark model with the seven-point scale of opposition against the bailout as the outcome variable. The results look similar to the ones from the binary coding we use in the main analysis. In Figure A.4 we estimate the effects separately for each of the four comparisons evaluated by each respondent. We find that the results are consistent across contests. This result speaks to the external validity of the findings since it appears that respondents do not change their response patterns as they gain more practice in carrying out the conjoint task. Figure A.3 presents the results from replicating the model with a forced-choice design where respondents rank which of the two bailout packages in each contest they prefer. The effects of the features are largely similar and are, if anything, slightly stronger once respondents are forced to express a preference.

Figure 6: The Effects of Bailout Policy Features on Voter Support by Education
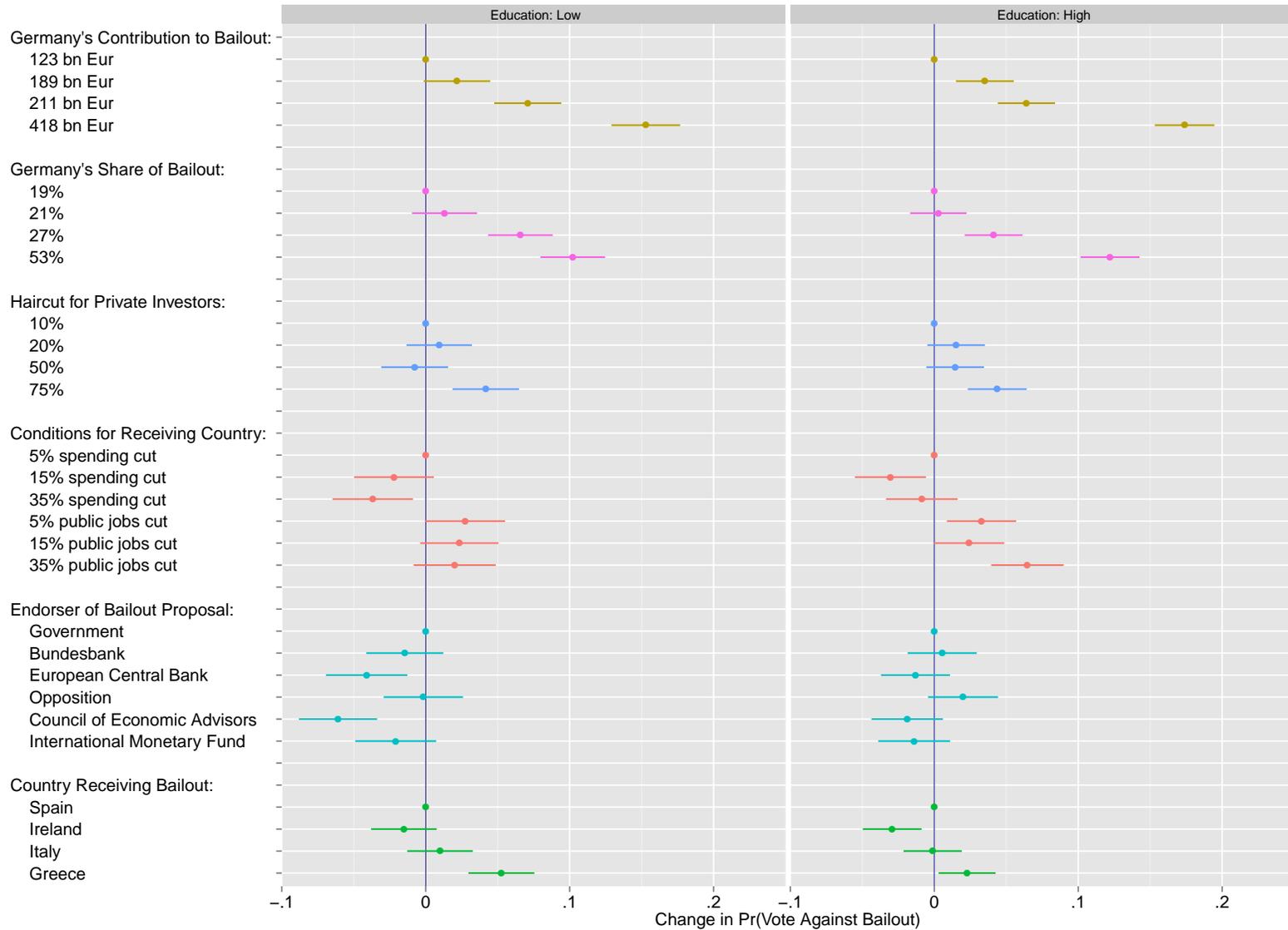
Note: Effects of bailout policy features on the probability of voting against the bailout package. Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The baseline probability of voting against is: .52. $N = 34,594$ policy ratings from conjoint experiment.

We also explored interactions in the effects of the different policy features. Overall, we find very few systematic interactions in the data. This indicates that the effects of each feature are similar, irrespective of the values that other policy features take. Figure A.5 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 largely 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, Italy, Ireland, 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 13 percentage points across all four receiving countries. Consistent with this finding, 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.[15] Taken together, these checks corroborate the robustness of the main findings.

VII.   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 affirmative. 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 7 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

---

[15]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.
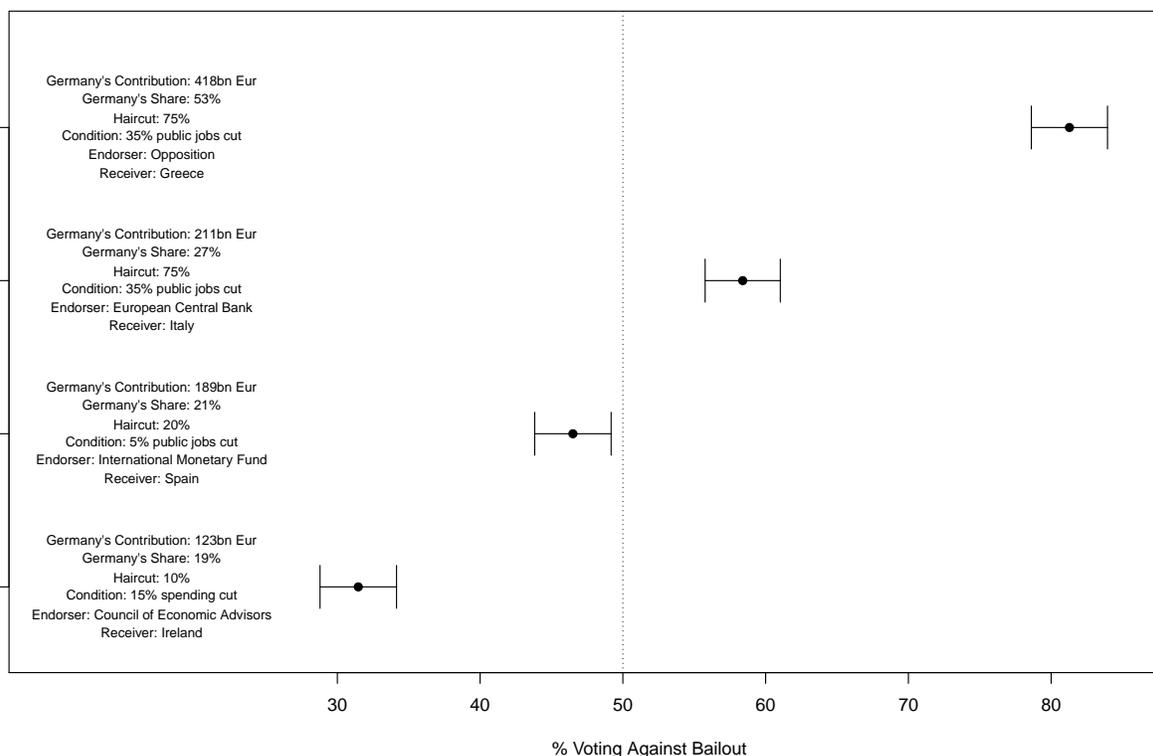
estimated opposition.

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 layoffs in the Greek public sector jobs faces a practically insurmountable opposition of over 80% of the voting public. In contrast, just less than half of the electorate opposes a bailout of Greece that requires a smaller German outlay of €189bn, in which Germany contributes 21% of the overall package, and which requires spending cuts as opposed to layoffs. In other words, this latter bailout package, perhaps with only minor additional changes, has a much more realistic chance of obtaining sufficient support among a majority of voters. For the most popular bailout packages that require even smaller German outlays of €123bn and in which Germany contributes 19% of the overall package, the level of opposition drops to less than a third of the public. This not only highlights the contingent nature of mass attitudes on a multidimensional policy such as 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.

VIII. Discussion

Under what conditions can governments obtain substantial voter support to pursue international bailouts? The ongoing debt crisis in Europe underscores the need to better understand public opinion towards this new form of international redistribution: Whether the publics in donor countries muster the will to support financial assistance for struggling economies could have far-reaching consequences for the future viability of the Eurozone and on the prospects of economic recovery. Scholars are just beginning to grapple with this important and understudied issue.

Our results suggest that the conventional portrayal of the public as fiercely opposed to additional bailouts requires an important qualification. We find that only 23% of the German

Figure 7: Voter Support for Various Bailout Packages

Germany's Contribution: 418bn Eur
Germany's Share: 53%
Haircut: 75%
Condition: 35% public jobs cut
Endorser: Opposition
Receiver: Greece

Germany's Contribution: 211bn Eur
Germany's Share: 27%
Haircut: 75%
Condition: 35% public jobs cut
Endorser: European Central Bank
Receiver: Italy

Germany's Contribution: 189bn Eur
Germany's Share: 21%
Haircut: 20%
Condition: 5% public jobs cut
Endorser: International Monetary Fund
Receiver: Spain

Germany's Contribution: 123bn Eur
Germany's Share: 19%
Haircut: 10%
Condition: 15% spending cut
Endorser: Council of Economic Advisors
Receiver: Ireland

% Voting Against Bailout

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.

public can be described as fundamentally opposed to the bailouts, rejecting all of the proposed bailout packages, irrespective of their specific features. In contrast, we find that the attitudes of a large majority of respondents are contingent on the specific features of the financial rescue package. More specifically, support for the bailouts is particularly sensitive to the cost and burden-sharing dimensions: Germans are far less hostile to a bailout when the absolute cost of the package is more modest and are considerably more supportive of a bailout if other countries contribute a larger share even if this does not decrease Germany's own contribution. To a lesser

degree, we also find that the specific conditions imposed on the recipient nation as part of the agreement and who endorses the policy affect the extent to which voters approve of a bailout proposal. These findings indicate that voters' willingness to back future financial rescues is far more contingent on the specific features of the bailout package than recognized in the ongoing public debate.

These findings have several implications. Most directly, the results suggest that governments of donor countries may have greater room to maneuver in terms of public opinion than is often portrayed 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 obtain a majority of public backing.

Our analysis also reveals a noteworthy degree of consensus among different subsets of the population regarding the desired features of the bailout. Although we find some instances of certain constituencies putting a slightly higher "premium" on specific features, the overall pattern suggests that different sub-groups of the population appear to prioritize the same policy features and also assign them similar weights. This is consistent with the notion that voters generally assess the bailouts in sociotropic terms — i.e., evaluate the merits of the bailout in the context of their likely effect on the country as a whole rather than through the narrower lens of how the policy would affect their own personal circumstances.

As noted, the results indicate that a subset of bailout proposals can garner support from a majority of voters. Yet one may worry that the packages that the public deems acceptable are perhaps irrelevant in a practical sense because, for example, they provide assistance to the "wrong" country (i.e., not the one in greatest need) or because the assistance package is too small to provide effective financial support. However, a careful review of the results does not support this contention. Rather, the analysis shows not only that the packages that voters find acceptable are of significant magnitude (comparable to the figures debated by policymakers)

but also that the identity of the recipient country is in fact not a major determinant of voters' stance on the bailouts. In other words, voters do seem willing to back assistance packages that can potentially have a significant impact. These results underscore the finding that individual attitudes toward the bailouts do not simply reflect a blanket opposition to *any* costly engagement with the Eurozone that requires redistribution of German funds. Instead, voters oppose some bailouts and support others, and this difference reflects to a large extent sociotropic concerns about specific features of the package in question.

In his classic study of political parties, E.E. Schattschneider famously noted that "The people are a sovereign whose vocabulary is limited to two words, Yes and No" (Schattschneider, 1942, p. 52). While this surely is an apt description of voters' positions in many political circumstances, our results highlight the contingent and multidimensional nature of individual preferences over the contested issue of international financial rescues. In such instances, expanding voters' "vocabulary" beyond the two options can lead to very different conclusions about the structure of mass preferences as well as the political prospects of further international cooperation in dealing with the global financial crisis.

References

Bechtel, M. M., Hainmueller, J. and Margalit, Y. (2014). Preferences for International Redistribution: The Divide Over the Eurozone Bailouts, *American Journal of Political Science* **58**(4): 835–856.

Bechtel, M. M. and Scheve, K. F. (2013). Mass support for global climate agreements depends on institutional design, *Proceedings of the National Academy of Sciences* **110**(34): 13763–13768.

Broz, J. L. (2005). Congressional Politics of International Financial Rescues, *American Journal of Political Science* **49**(3): 479–496.

Chaudhuri, A. (2011). Sustaining cooperation in laboratory public goods experiments: a selective survey of the literature, *Experimental Economics* **14**(1): 47–83.

Chong, D. and Druckman, J. N. (2007). Framing Public Opinion in Competetive Democracies, *American Political Science Review* **101**(4): 637–655.

Druckman, J. N. (2001). On the limits of framing effects: Who can frame?, *Journal of Politics* **63**(4): 1041–1066.

Fischbacher, U. and Gächter, S. (2010). Social preferences, beliefs, and the dynamics of free riding in public goods experiments, *American Economic Review* **100**(1): 541–556.

Gabel, M. and Scheve, K. F. (2007). Estimating the Effect of Elite Communications on Public Opinion Using Instrumental Variables, *American Journal of Political Science* **51**(4): 1013–1028.

Gächter, S., Herrmann, B. and Thöni, C. (2004). Trust, voluntary cooperation, and socio-economic background: Survey and experimental evidence, *Journal of Economic Behavior and Organization* **55**(4): 505–531.

Hainmueller, J., Hiscox, M. J. and Margalit, Y. (2015). Do concerns about labor market competition shape attitudes toward immigration? new evidence, *Journal of International Economics* .

Hainmueller, J., Hopkins, D. and Yamamoto, T. (2014). Causal inference in conjoint analysis: Understanding multi-dimensional choices via stated preference experiments, *Political Analysis* **22**(1): 1–30.

Hibbs, D. A. (1993). *Solidarity or Egoism?: The Economics of Sociotropic and Egocentric Influences on Political Behaviour - Denmark in International and Theoretical Perspective*, Aarhus University Press, Denmark.

Kinder, D. R. and Kiewiet, D. R. (1981). Sociotropic politics: The american case, *British Journal of Political Science* **11**(129-161).

Ledyard, J. (1997). Public goods: A survey of experimental research, *Technical report*, David K. Levine.

Lewis-Beck, M. S. and Paldam, M. (2000). Economic Voting: An Introduction, *Electoral Studies* **19**: 113–121.

Lupia, A. (1994). Shortcuts versus encyclopedias: Information and voting behavior in california insurance reform elections, *American Political Science Review* **88**(1): 63–76.

Rodrik, D. (1998). Why do more open economies have bigger governments?, *Journal of Political Economy* **106**(5): 997–1032.

Schattschneider, E. E. (1942). *Party government...*, Transaction Publishers.

Schimmelfennig, F. (2007). European Regional Organizations, Political Conditionality, and Democratic Transformation in Eastern Europe, *East European Politics & Societies* **21**(1): 126–141.

Schimmelfennig, F. and Sedelmeier, U. (2004). Governance by Conditionality: EU Rule Transfer to the Candidate Countries of Central and Eastern Europe, *Journal of European Public Policy* **11**(4): 661–679.

Scholl, A. (2009). Aid Effectiveness and Limited Enforceable Conditionality, *Review of Economic Dynamics* **12**(2): 377–391.

Svensson, J. (2000). When Is Foreign Aid Policy Credible? Aid Dependence and Conditionality, *Journal of Development Economics* **61**(1): 61–84.

Van Oorschot, W. (2000). Who should get what and why? on deservingness criteria and the conditionality of solidarity among the public, *Policy and politics* **28**(1): 33–48.

A. Survey

Our survey was fielded between January 2-5, 2012. Respondents were recruited by Respondi, an international survey firm. 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. The sample is well balanced geographically. To address this issue, we use entropy balancing to re-weight the data from the online and phone survey such that it matches the demographic margins from the voter population.

Table A.1 shows the demographic margins of the online and phone survey as well as the voter population.

Table A.1: Demographics of the Survey Samples (in %)

		Raw		Weighted	
Group	Voter Population	Online Sample	Phone Sample	Online Sample	Phone Sample
High School Lowest Tier	43.8%	10.9%	18.1%	43.7%	43.4%
High School Medium Tier	25.7%	32.1%	37.9%	25.7%	25.9%
High School High Tier	14.5%	29.4%	17.4%	14.6%	15.9%
University/College	16.1%	27.6%	26.5%	16.1%	14.8%
Age 18-29	14.8%	25.3%	18.1%	14.9%	14.9%
Age 30-39	14.9%	20.8%	14.9%	14.9%	14.9%
Age 40-49	20.5%	26.5%	18.2%	20.5%	20.5%
Age 50-59	17.4%	19.0%	14.8%	17.4%	17.4%
Age 60+	32.5%	8.4%	33.0%	32.3%	31.8%
Female	51.1%	44.0%	53.4%	51.1%	51.1%

Note: See appendix B for a description of the variables. Data on the voter population are obtained from the German statistical office (`http://www.destatis.de`) for the year 2010.

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.

Figure A.1: Screenshot of Conjoint Instructions for Respondents

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 the 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:

Outcomes measure for conjoint experiment:

- *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."

- *Oppose bailout - Forced Choice*: 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. The bailout package chosen is coded as zero and the one not chosen is coded as 1.

- 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)?
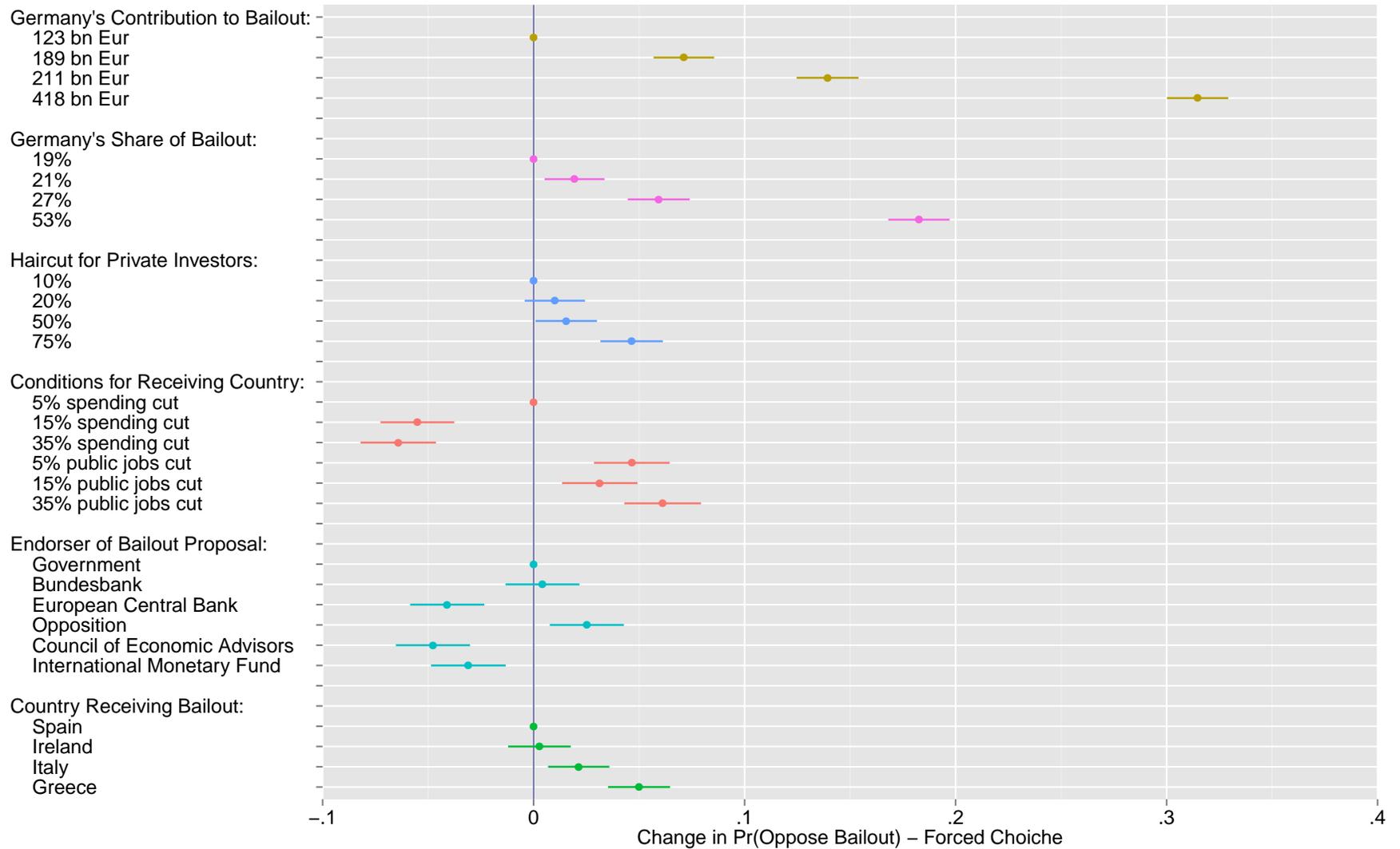
Figure A.2: The Effect of Bailout Policy Features on Voter Support for Bailout (7 Point Scale)
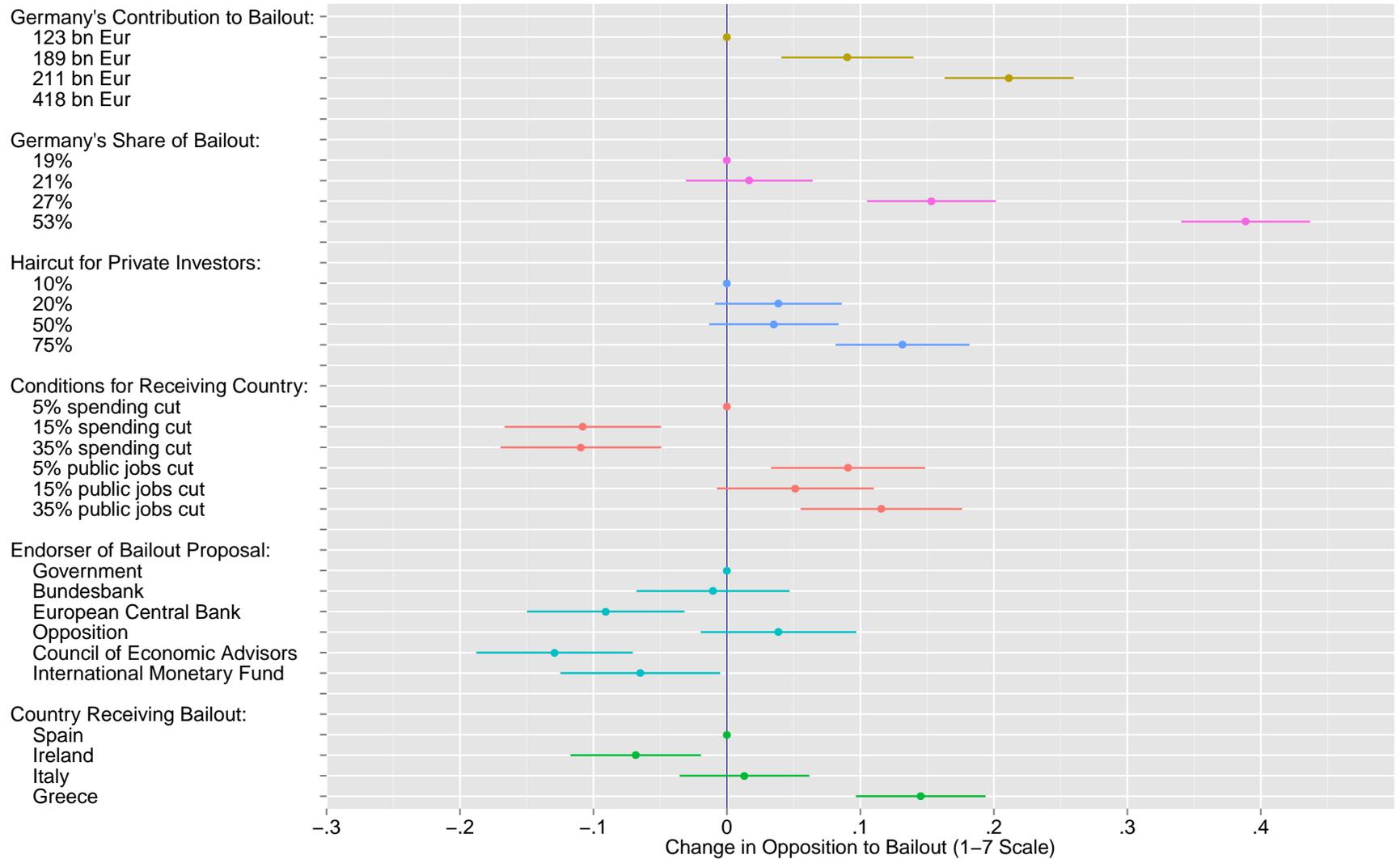
Note: Effects of bailout policy features on the opposition against the bailout package (scale ranging from 1 "vote definitely in favor" to 7 "vote definitely against"). Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The baseline level of opposition is 4.6 $N = 34,594$ policy ratings from conjoint experiment.
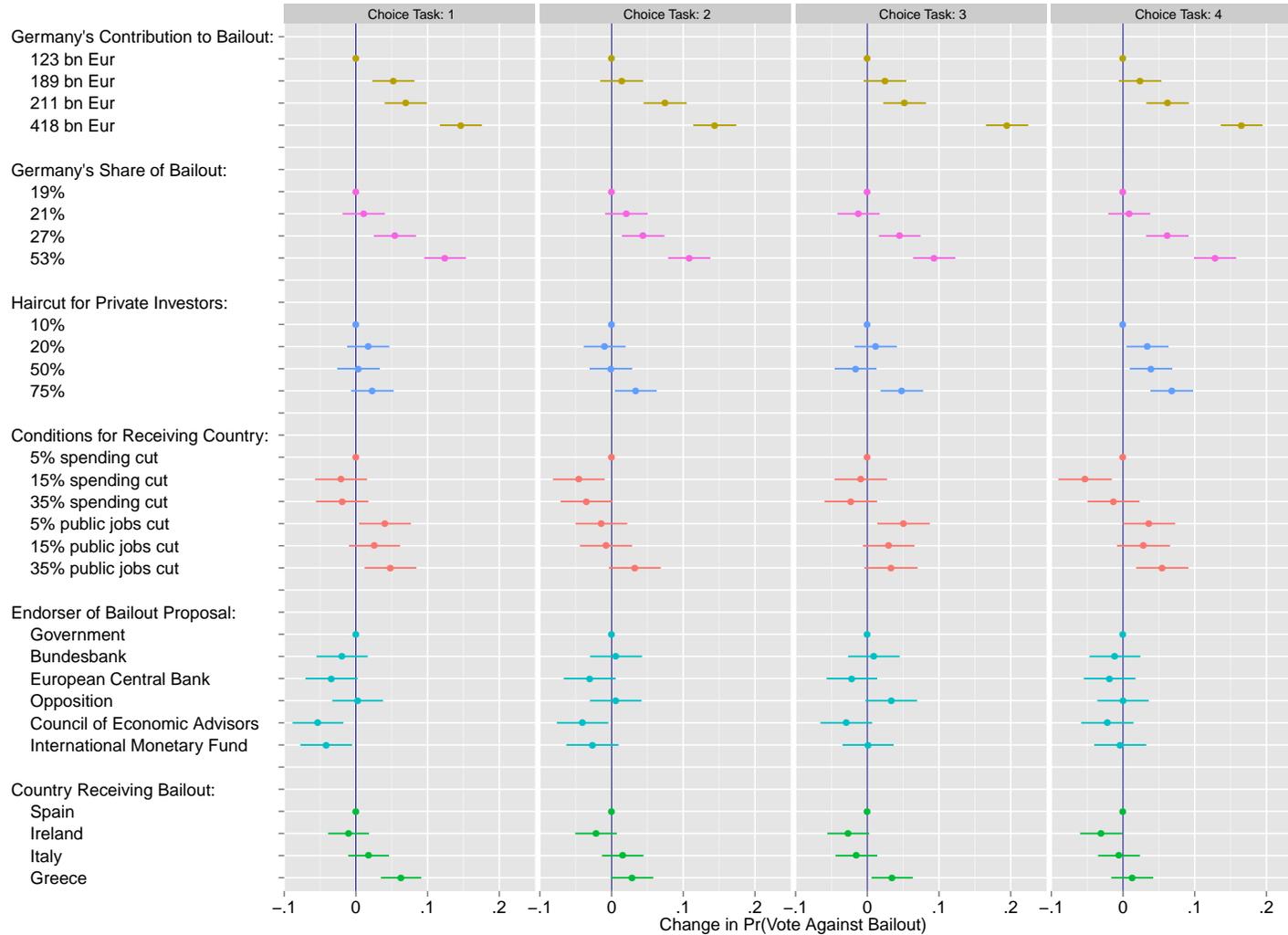
Figure A.3: The Effect of Bailout Policy Features on Voter Support for Bailout (Forced Choice)
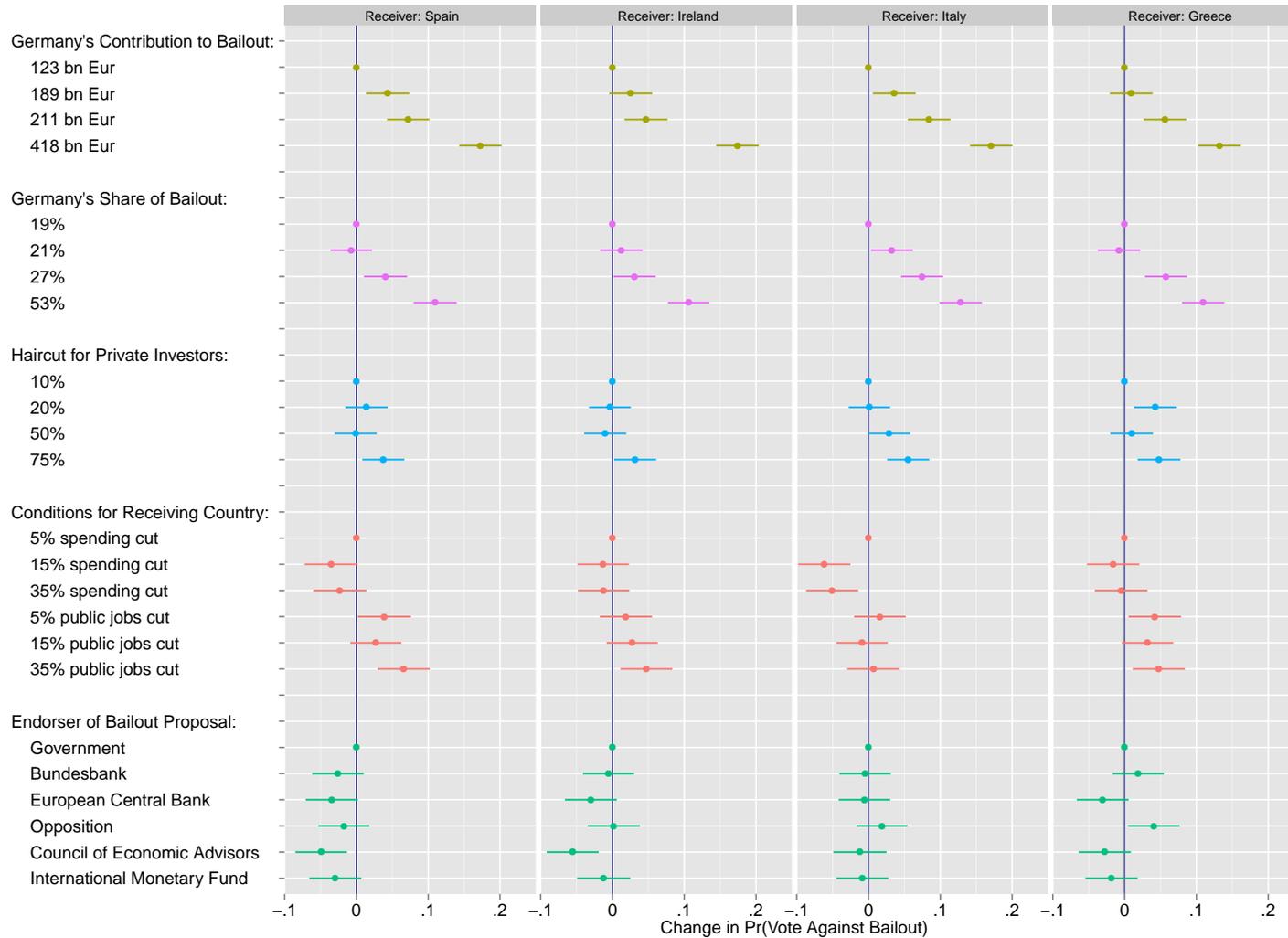
Note: Effects of bailout policy features on the probability that the bailout package is not preferred by the respondent in the binary forced choice comparison. Horizontal lines indicate 95% robust confidence intervals; points without lines indicate the reference categories for the effects of the features. The baseline probability is .5 by design. $N = 34,594$ policy rankings from conjoint experiment.

Figure A.4: 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 A.5: 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.