Voters And The IMF: Experimental Evidence From European Crisis Countries

Evelyne Hübscher, Central European University
Thomas Sattler, University of Geneva
Markus Wagner, University of Vienna

IPES, October 23, 2021
INTRODUCTION

STARTING POINT: Political resistance against fiscal adjustments (and other economic reforms)

QUESTIONS: How can government increase public support for unpopular reform policies? How does an external actor affect approval of fiscal adjustment?
A Voter Perspective

**Economic Credibility**

Challenge: voters have a strong interest in economic stability

IMF: lends credibility to governments; serves as commitment device

**National Sovereignty**

Challenge: voters have a strong interest in democratic accountability

IMF: reduces political competition over policies; imposes neoliberal agenda
HYPOTHESES

MECHANISMS:

H1a (Effectiveness): Voters are more optimistic that fiscal adjustment measures effectively resolve the crisis when the IMF intervenes than when the IMF does not intervene.

H1b (Sovereignty): Voters are more likely to perceive austerity as going against their will if mandated by the IMF.

OVERALL IMPACT:

H2: If the effectiveness / sovereignty mechanism dominates, voters are more likely / less likely to approve of fiscal adjustment when the IMF intervenes than when the IMF does not intervene.
SURVEY

DATA:

- Survey experiment
- Four countries: Greece, Ireland, Portugal, Spain
- Countries with previous IMF involvement
- 1,200 respondents per country
- Fielded in August 2020 by IPSOS (online access panel)
**Experimental Design (2x2x2x2)**

**Treatments**

- **IMF:** yes / –
- **Government Party:** mainstream left / mainstream right
- **Size of Cuts:** moderate / large
- **Severity of Crisis:** moderate / large

**Outcome Questions**

- **Overall Effect:** policy approval (0-10); vote intention for government (0/1)
- **Mediators:** probability of resolving the crisis (0-10); government was free to choose own response (0-10).
IMF → Policy Approval

Treatment effect: IMF involvement

[Graph showing the effect of IMF involvement on approval PM announcement]

IMF Interventions
IMF → Policy Approval

[Graph showing IMF treatment on approval for overall, Greece, Portugal, Spain, and Ireland, indicating varying degrees of approval.]
IMF → Mediators
**Mediating Effect**

The graphs illustrate the mediating effect of various countries on effectiveness and sovereignty. The x-axis represents a range from -0.35 to 0.35, and the y-axis lists countries such as Greece, Portugal, Spain, and Ireland. The graphs show the impact on effectiveness and sovereignty across these countries.
CONCLUSIONS

**Overall Effect:** IMF interventions *increase* the popular approval of fiscal adjustment, but voter responses vary across countries (e.g., Greece).

**Mechanisms:** voters expect that measures are more effective with the IMF; concerns about sovereignty decrease support, but credibility mechanism dominates.
OUTLOOK

CONTEXTUALIZATION: experience of countries with fiscal adjustments and IMF involvement during Eurocrisis

VOTE INTENTIONS: effect of IMF primarily on voters who previously voted for the opposition
Thank You!