

Estimating Preferences for the Performing Arts

from Referendum Votes

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Referendum analysis provides unclear results on cultural preferences

Electoral connection for cultural spending is unclear

- Politicians propose “good” policies (Frey & Pommerehne 1995; Schulze & Ursprung 2000)
- Politicians propose “bad” policies (Getzner 2004; Potrafke 2013; Rushton 2005)

Evidence from the literature

- Acceptance depends on amounts proposed by politicians (Schneider & Pommerehne 1983)
- Socio-economic variables explain a lot of variation in acceptance rates

So what is the link between voter characteristics and preferences for the arts?

Contributions

- 1 Propose adjustment to estimating preferences for the arts from referendum votes
- 2 Turnout adjustment leads to quantitatively different estimations as shown with example of referendum concerning theater in St.Gallen
- 3 Comparison of socioeconomic outcomes from voters and the average population

Turnout decision was previously ignored in the literature

$$vote_j = r \text{ if } U_j(r) - U_j(q) > T_j \quad (1)$$

$\hat{P}_m$: acceptance rate; X : observable individual characteristics; W : observables related to turnout

$$\log \left(\frac{\hat{P}_m}{1 - \hat{P}_m} \right) = \hat{\beta}_r X_m - \hat{\gamma} W_m + \epsilon_m \quad (2)$$

Two sources of bias:

- 1 Omitted variables bias from turnout variables
- 2 Turnout is correlated with X_m : e.g., income, education, age,...

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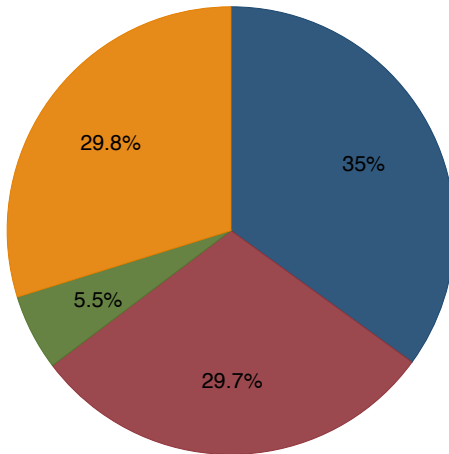
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Theater St.Gallen is a local theater with regional importance



- Visitors: about 140,000 annually
- Total budget: CHF 36 Mio.
- Revenues: 35%

Most visitors come from the canton St.Gallen



Financial burden shifts from city to canton

Financing the theater

- Until 2009: 23.9m annually (55% city, 45% canton)
- New regulation: 27.1m annually (30% city, 70% canton)
- Increase in cantonal payments: voting yes means higher cultural expenditure
- Fiscally neutral for the city (money went to Museums)

Mandatory fiscal referendum in September 2009

- Swiss People's Party (SVP) was campaigning against it
- No alternative presented to voters in case of rejection
- Result: accepted with 51.7%
- In force since 2010

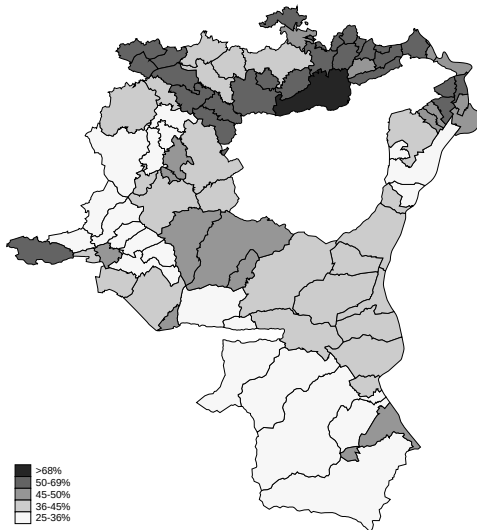
Selection of typical control variables

Table : DESCRIPTIVES

VARIABLES	Mean	Std. Dev.	Min	Max
Acceptance rate	44.99	9.16	25.83	67.12
Turnout	39.38	4.46	30.95	53.74
Income	5.03	0.58	4.26	8.20
Education	20.02	4.88	11.28	34.54
Share old	12.77	2.26	8.82	17.43
Self-employed	9.53	2.89	5.57	19.16
Travel time	30.43	16.02	8	68
Share SVP	32.91	5.63	19.65	47.25
Share young	5.94	0.98	4.25	8.55
Density	3.61	4.18	0.11	27.25

NOTE: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Based on 76 municipalities from the canton St.Gallen. The city St.Gallen is left out because it is dropped in the regressions as well.

Close and urban municipalities accept the referendum



Income, travel time and political orientation matter most

VARIABLES	(1)	(2)	(3)	(4)
Income	0.168*** (0.047)	0.144*** (0.036)	0.167*** (0.044)	0.106*** (0.033)
Education	0.909 (0.646)	0.540 (0.499)	0.912 (0.596)	0.444 (0.432)
Share old	4.149*** (0.882)	2.629*** (0.709)	2.588*** (0.876)	1.781*** (0.638)
Self-employed	-1.131 (0.813)	-0.927 (0.627)	-0.886 (0.775)	-0.814 (0.558)
Travel time	-0.011*** (0.001)	-0.008*** (0.001)	-0.002 (0.003)	-0.004 (0.002)
Share SVP	-0.716** (0.329)	-1.110*** (0.258)	-1.195*** (0.408)	-1.687*** (0.298)
Share young	2.791 (3.074)	1.582 (2.370)	-2.686 (3.158)	-0.850 (2.279)
Density	-0.001 (0.004)	0.005 (0.003)	-0.001 (0.005)	0.000 (0.003)
Turnout		2.555*** (0.358)		2.660*** (0.340)
Constant	-2.808*** (0.390)	-3.283*** (0.307)	-2.100*** (0.388)	-2.567*** (0.285)
Adjusted R ²	0.785	0.872	0.837	0.916
District FE	NO	NO	YES	YES

Voters differ from average citizens in terms of relevant variables

Variable	Obs	Mean	Std. Dev.
INCOME			
Official	77	5,030	575
Survey	327	7,136	2705
EDUCATION			
Official	77	0.20	0.05
Survey	370	0.39	0.49
SHARE OLD			
Official	77	0.13	0.02
Survey	374	0.24	0.43

NOTE: Official statistics from the cantons of St.Gallen. VOX survey data (27 September, 2009.).

Conclusion

- Citizens, voters and politicians likely have different preferences for the arts
- But politicians propose different policies under the threat of a referendum
- Adjustment for voter turnout quantitatively impacts results. However, the qualitative evidence remains similar
- Political dimension (support SVP) is important