

Default Positions: What Shapes Public Attitudes about International Debt Disputes?

STEPHEN C. NELSON

Northwestern University

AND

DAVID A. STEINBERG

Johns Hopkins University

This article examines public opinion toward sovereign debt disputes. Using evidence from multiple surveys fielded in Argentina—the country at the center of the most prominent legal dispute with foreign bondholders—we explore the sources of public support for debt repayment. Our evidence shows that economic self-interest and competing issue frames have little impact on attitudes toward debt repayment in Argentina. Individuals' opinions toward debt disputes are driven primarily by their longstanding symbolic attitudes. In particular, partisan identity and presidential approval provide the strongest predictors of attitudes toward debt repayment. We also show that partisanship has particularly strong effects for well-informed voters and in periods marked by abundant information about elite positions on this issue. This supports elite-cueing theories of public opinion. These findings may help explain why some governments refuse to settle economically costly disputes with their external creditors.

Introduction

Ordinary citizens pay a steep price when governments stop paying their external creditors. Sovereign defaults make it more expensive for residents to borrow money (Catao and Mano 2017), reduce the availability of credit (Gennaioli, Martin, and Rossi 2014), increase the frequency of bank failures (Borensztein and Panizza 2009), and often result in sharp economic contractions (Furceri and Zdzienicka 2012). In light of these costs, many scholars assume that governments repay their foreign debts because doing so serves the interests of their constituents (e.g., Schultz and Weingast 2003, 13–14; Stasavage 2007, 497–99; McGillivray and Smith 2008, ch. 6; Ballard-Rosa 2016, 316–20). A critical assumption underlies this “Open Economy Politics” (OEP) approach: interest groups' and voters' preferences over debt policy reflect their economic interests (Lake 2009, 224–27). The few existing studies that directly examined the sources of mass public opinion towards debt repayment find evidence consistent with the OEP view. In Curtis, Jupille, and Leblang's (2014) study of Iceland's debt referendum, measures of material interest correlate with individual vote choices; Tomz (2004) finds that economic interest shaped whether “sophisticated voters” in Argentina supported default in 2002.¹

Stephen C. Nelson is an associate professor in the Political Science Department at Northwestern University.

David A. Steinberg is an associate professor of International Political Economy at Johns Hopkins University's School of Advanced International Studies.

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¹In a comprehensive review of the literature on sovereign default, Tomz and Wright (2013) identify these as the only two papers that explore mass public attitudes on the issue.

This article reexamines the sources of citizens' attitudes toward sovereign debt repayment. Two major factors motivate this study. First, in contrast to the small number of previous studies on attitudes toward debt repayment, many recent studies on public opinion towards other foreign economic policies (e.g., trade and immigration) find that “self-interest rarely shapes the formation of policy opinions” (Mansfield and Mutz 2009, 426). This recent wave of research indicates that attitudes toward foreign economic policy are driven primarily by noneconomic factors, such as how issues are framed (Hiscox 2006; Mansfield and Mutz 2013), and by individuals' longstanding symbolic attitudes, such as their ideology, party identity, and deeply rooted nationalist and isolationist beliefs (e.g., Hainmueller and Hiscox 2007; Sides and Citrin 2007; Mansfield and Mutz 2009; Guisinger 2017). Inspired by the new wave of research, we test for the effect of a wide range of symbolic variables on preferences over the debt issue. We provide the first, to our knowledge, findings on whether different issue framings affect individuals' attitudes toward paying foreign creditors.

Second, and more importantly, even if self-interest influenced peoples' preferences over repayment in some previous episodes, not all sovereign defaults are alike. Increasingly, governments in default face groups of aggressive private creditors who use foreign legal systems to try to extract large settlements. In such cases, a distressed debt (or “vulture”) fund purchases defaulted bonds for bargain-basement prices on the secondary market. It then sues the issuing government in US or Western European courts. There have been at least 120 legal disputes between governments and vulture funds since 1976, and nearly half of the sovereign defaults in the 2000s involved litigation (Schumacher, Trebesch, and Enderlein 2014, 1–2).

Creditor litigation matters because it magnifies some of the economic costs of default. For example, Schumacher et al. (2014) show that the presence of litigation further reduces a defaulting country's ability to tap external bond markets. By raising the economic stakes of the issue,

self-interest may become a more important driver of individual attitudes in these episodes. At the same time, the involvement of “vultures,” widely reproached for their strategy of buying bonds with the sole purpose of suing the issuer, may also heighten the importance of symbolic and political factors. Whether the presence of “vultures” in debt renegotiations amplifies the role of self-interest or symbolic attitudes remains an open question.

Our main objective is to understand what shapes mass public opinion toward settling a dispute between a government and “vulture” funds. We bring new evidence to bear on this question. Our data come from Argentina, which recently ended a lengthy battle with holdout creditors. We fielded original survey questions in two distinct contexts: first in July 2015, when Argentina was still in default, and then in June 2016, shortly after the new government settled the debt dispute by paying the holdouts. The analyses also utilize data from eight additional surveys that were fielded in Argentina between 2013 and 2016 by a local polling firm.

Several factors make Argentina a particularly fruitful case for examining public opinion toward debt disputes. The first is the global significance of this case. Before the settlement of the dispute in March 2016, observers often referred to Argentina’s conflict with bondholders as the “sovereign debt trial of the century” (Samples 2014, 53). Argentina also provides an unusually good testing ground for different theories of public opinion towards debt repayment. Since the debt dispute featured stark partisan divisions, competing issue frames, and high and well-publicized economic stakes, each of the major theoretical approaches to policy preference formation is potentially relevant. Put differently, this case provides a fair testing ground for the OEP, symbolic politics, and framing theories.

Our data provide strong support for the symbolic politics approach. An individual’s partisan attachment is the strongest predictor of attitudes toward the sovereign debt dispute. People that identify with parties and politicians that favor repayment are likelier to support a settlement than individuals who identify with political elites that oppose the debt deal. The size of the difference is dramatic: in the 2016 survey, only 5 percent of respondents who identified with the leftist party (*Frente para la Victoria*) supported repayment, whereas an overwhelming 83 percent of supporters of the center-right party that settled the debt dispute (*Cambios*) favored repayment. The effect of partisanship grew over time, as voters learned about parties’ stances on this issue, and was stronger for more sophisticated voters. These patterns suggest that voters pay close attention to elite cues when forming opinions about debt disputes. Evidence that left-wing ideology, isolationist dispositions, and anti-American sentiments are associated with opposition to repaying foreign creditors lends further support to the symbolic politics framework.

On the other hand, our analyses do not support several other leading theories of opinion formation. None of the measures of economic self-interest are significant determinants of individual attitudes. The fact that self-interest does not explain individual attitudes toward settlement in Argentina challenges the OEP perspective: the large economic impact of the debt dispute, Argentines’ prior experience with default, and the abundance of information that voters received about the distributional effects of default should, in theory, magnify the importance of self-interest. Further, using a survey-based experiment, we find no evidence the different frames that elites used to characterize the foreign creditors moved individual attitudes.

We draw two additional implications from these findings. First, the results suggest that partisan identity should garner more sustained attention in studies of the origins of foreign economic policy preferences. The evidence in the article shows that voters’ views about debt default tend to closely track the position of their favored political parties. Second, these findings may help explain why some governments are willing to bear the substantial economic costs of default. Since public opinion relies heavily on partisan elite cues rather than on the distributional consequences of default, the economic interests of ordinary citizens are unlikely to restrain governments from defaulting on their external debts. Our findings call into question whether electoral accountability matters as much for sovereign debt repayment and borrowing as theories of the democratic advantage claim (e.g., Schultz and Weingast 2003).

Public Attitudes about Sovereign Debt Disputes

Which factors determine average citizens’ attitudes about settling debt disputes and repaying holdout investors? In this section we derive a set of testable hypotheses from three general approaches to opinion formation on economic issues.

Material Self-Interest

In the OEP approach, economic self-interest primarily determines individuals’ attitudes about international economic policy. Statistical research in several international economic policy areas finds connections between interests and attitudes (Lake 2009, 230–31). Some previous studies, working in this idiom, find that economic interests influence attitudes toward debt default (Tomz 2004; Curtis et al. 2014).² To test the self-interest argument, we examine several individual-level attributes that should affect an individual’s economic interests in debt repayment. We focus on four factors identified by previous studies: employment in the public sector, joblessness, financial asset ownership, and personal indebtedness.³

According to this approach, public sector employees and unemployed workers are two groups that are particularly exposed to the costs of debt repayment. Repayment diverts a portion of government revenues to foreign investors, leaving fewer resources available for spending on domestic programs, such as public employment and social insurance. For example, Romania’s decision to repay its creditors in full in the 1980s required harsh austerity measures: “the allocation of the state’s fiscal resources for...debt repayment came at the cost of meeting the basic needs of citizens” (Ban 2012, 763). Since public employees and the unemployed are more dependent on government expenditures, they have more to lose when governments repay foreign creditors.

Financial asset owners, by contrast, are likely beneficiaries of repayment. Being on good terms with foreign creditors should promote capital inflows and raise the value of local financial assets. Consistent with this view, studies show that defaults are associated with declines in capital inflows in countries across the developing world (e.g., Levy Yeyati 2009), and Hebert and Schreger (2017) find, using data

²Walter et al. (2016), however, find that economic self-interest had little impact on how Greeks voted in the country’s July 2015 referendum, which focused on the terms of an international bailout package. Advocates of a “No” vote argued that rejecting the deal would lead to more debt forgiveness (Walter et al. 2016, 11).

³See, in particular, Curtis et al. (2014, 725–27), Tomz (2004, 4–6), and Walter et al. (2016, 12–16).

from Argentina, that stock prices fell as the likelihood of default increased.

Individuals who borrow money are also likely to personally benefit from settlement of debt disputes and repayment of external creditors. Defaults often increase the cost of international borrowing to prohibitive levels, frequently shutting countries and resident borrowers out of international capital markets altogether (Gelos, Sahay, and Sandleris 2011; Catao and Mano 2017). Consequently, defaults on external debt are typically followed by sharp contractions in credit (Gennaioli et al. 2014). Repayment, then, benefits households that borrow money and are sensitive to domestic interest rates. In sum, the self-interest approach expects that financial asset owners and borrowers support debt repayment while public employees and unemployed individuals should oppose repayment.

Symbolic Politics

The “symbolic politics” approach “emphasizes the potency of values and identities on opinion formation” (Sides and Citrin 2007, 49). Following Sears et al. (1980, 671), we include under the symbolic politics umbrella a set of “long-standing values about society and the polity”—namely, “general predispositions such as party identification, liberal or conservative ideology, nationalism, or racial prejudice.” According to this approach, individuals formulate their attitudes toward specific economic issues, such as debt settlement, on the basis of longstanding symbolic attitudes that they tend to develop early in their political lives.

First, individuals’ general ideological outlooks may impact views on debt repayment. Ideological predispositions underpin people’s expectations about the effects of market-friendly policies (Bansak et al. 2016, 17). Applied to the realm of international debt, the argument suggests that people with ideological beliefs that lie further to the left on the political spectrum are more likely to support default than those with right-leaning beliefs.

Individuals’ “political orientation,” defined as their degree of loyalty to the president and ruling party (Kaufman and Zuckerman 1998, 359–60), may also influence attitudes towards debt settlement. Previous studies find that individuals’ attitudes toward foreign debt repayment correlate with their partisan affiliations and degree of support for the national leader (Curtis et al. 2014; Walter et al. 2016). Relatedly, evidence from experimental studies shows that individuals’ support for particular policies increases when they learn that their preferred political parties are in favor of those policies (Brader and Tucker 2012; Samuels and Zucco 2014; Guisinger and Saunders 2017). Whether one’s preferred political party favors or opposes a policy is an informational shortcut that voters often weight heavily when formulating their own positions on an issue (Popkin 1991, ch. 3). Additionally, voters that identify with one party may view other parties as “out-groups” and reject any policy favored by the parties they oppose (Samuels and Zucco 2014, 213–14). Thus, citizens are likely to rely on partisan “elite cues” when formulating their opinions on complex policy issues.

To evaluate the impact of political orientations, we examine two main variables: party identification and presidential approval. Individuals that identify with parties that support debt repayment should express higher levels of support for repayment themselves compared to individuals that identify with parties that are hostile to debt resettlement. Similarly, following several previous studies (Baker 2005; Curtis et al. 2014), we expect to find that citizens parrot the views of their favored policymakers on the issue of sovereign debt.

Individuals that support pro-repayment leaders should favor repayment themselves. Conversely, citizens that approve of presidents that oppose debt repayment are likely to adopt this anti-repayment stance themselves.

Finally, we examine the role of cultural values on attitudes toward debt repayment. Prior work finds that individuals expressing more nationalist, isolationist, ethnocentric, and anti-foreign sentiments are likelier to oppose open trade and immigration policies (Hainmueller and Hiscox 2007; Mansfield and Mutz 2009; 2013). In disputes involving “vulture funds,” nationalists may regard settlement as an undesirable submission to a foreign entity. Further, due to the association between vulture funds and their home bases in the United States, individuals holding anti-American views are likely to oppose repayment. In our second survey, we measure these attitudes and evaluate whether they predict attitudes toward debt disputes.⁴

Issue Framing Effects

The third approach to public opinion that we consider focuses on the role of issue frames. The previous literature identifies two main types of framing effects that may influence public opinion. “Issue framing” refers to variation in which of the consequences of a policy are given attention or emphasis. By contrast, “equivalence” or “valence” framing varies whether the same information is cast in a positive or negative light (Druckman 2004, 671). In this article, we focus solely on the effect of valence framing, since it is particularly pertinent for the issue of international debt disputes.

Previous research on public opinion finds that “naturalistic wording variations can show dramatic effects on evaluations of public policy” (Sears 1993, 125). For instance, support for social insurance policies depends on whether those policies are described as “welfare” or as “assistance to the poor” (Rasinski 1989). In the area of international trade policy, several studies find that issue frames influence public opinion (Hiscox 2006; Rho and Tomz 2017). Mansfield and Mutz (2013), for example, show that describing international trade as “outsourcing” significantly reduced Americans’ support for this policy. On the other hand, other studies of individual attitudes toward international economic issues find little evidence that different issue frames move opinions (Ardanaz, Murillo, and Pinto 2013; Bechtel, Hainmueller, and Margalit 2014).

Framing effects are potentially important in debt disputes, because competing symbolic frames often feature heavily in debates over whether to settle with foreign creditors. As Alfaro (2014, 21) notes, “creditors that choose to pursue litigation are subject to considerable demagoguery in the media and amongst political actors.” The imagery of “vultures” invoked in discussions of the issue could easily trigger emotional reactions that generate opposition to repayment. In the empirical analysis, we use a survey experiment to explore whether opposition to settling sovereign debt disputes increases when foreign bondholders are described in a negative light as “vultures.”

⁴One concern with using attitudinal variables, such as those associated with the symbolic politics approach, to explain other attitudes (such as opinions toward debt default) is that it may be unclear which variable is causally prior (Fordham and Kleinberg 2012). While it is possible that individuals’ views about a debt dispute influence some of their symbolic attitudes (e.g., their attitudes toward the US), opinions about debt repayment are unlikely to influence other symbolic variables, such as party identity (see Fordham and Kleinberg 2012, 320). Moreover, individuals’ positions on specific policy issues are only likely to influence their broader, more deeply rooted symbolic attitudes if they view that policy as one of the most important issues facing the country, which is not the case here (see Figure 3).

The Empirical Setting: Argentina's Legal Battle with Holdout Investors

Argentina provides an excellent testing ground for examining individual attitudes toward foreign debt repayment. Argentina is a serial offender when it comes to sovereign default: between 1800 and 2015 the country was in default to external creditors about 30 percent of the time.⁵ The most recent default episode began in January 2002, when the government suspended debt payments in the midst of a severe economic crisis. The 2002 episode, however, was no ordinary default: it was the largest sovereign default to that point in history; and the contentious legal dispute between the government and distressed debt funds that followed also makes it a particularly notable episode.

Argentina's legal battle with investors began in 2005, when President Néstor Kirchner put forth a debt-restructuring plan, in which investors received a 75 percent "haircut" on the value of their bonds. Over three-quarters of bondholders accepted the initial exchange offer. By 2010, 93 percent of bondholders had accepted the restructuring deal.

A segment of the dwindling minority of holdouts, meanwhile, pursued legal action to get Argentina to pay up on the bonds that they owned. Most of the holdouts purchased their bonds on the secondary market between 2002 and 2010 at steep discounts (Muse-Fisher 2014, 1689). Some of these holdouts, led by NML Capital, began filing suits against Argentina in New York-based courts in 2005. NML's lawyers argued that the *pari passu* ("in equal step") clause—a clause that is ubiquitous in developing and emerging countries' sovereign debt contracts—implied that if a sovereign paid anyone, it had to pay *everyone*. Following several years of legal wrangling, in December 2011 Judge Thomas Griesa of the US Court for the Southern District of New York sided with NML Capital's argument. Several months later, the court granted an injunction that made it impossible for Argentina to transfer any payments to bondholders if it did not also pay the holdouts. The final blow came on June 16, 2014, when the US Supreme Court declined to hear Argentina's appeal. With its legal options exhausted, Argentina now faced a political decision: pay the holdouts or go into default.

Argentina's government at the time, led by Cristina Fernández de Kirchner of the leftist *Frente para la Victoria* (FPV) faction of the Peronist party, took an uncompromising position on the issue. Decrying the unfairness of the US courts' decisions, the president publicly declared that Argentina would "not pay one dollar to the vulture funds" (Muse-Fisher 2014, 1691). The position meant that Argentina once again entered into default, albeit this time a "technical" default, owing to the legal injunction that prevented the intermediary from transmitting any payments from the Argentine government to bondholders. The government's decision was sharply criticized by members of the opposition. For example, then-mayor of Buenos Aires, Mauricio Macri, insisted, "we have to go and pay" (Pertot 2014).

Argentina's political elites debated this issue in the run up to the November 2015 election. Daniel Scioli of the incumbent FPV party promised continuity with the policy agenda set by the outgoing president and attacked his opponent for proposing to deal with the vultures once in office (Bogler 2015). By contrast, the Macri-led center-right *Cambios* (Let's Change) coalition considered it a "priority to

regain access to capital markets" and thus advocated negotiating with the holdouts to settle this dispute (Russo 2015).

Macri's narrow electoral victory paved the way for a resolution of the debt dispute. After two months of negotiations with the major remaining holdouts, Argentina settled with the key distressed debt funds. The resolution of the crisis had a dramatic impact on economic conditions. Almost immediately after settling the dispute, Moody's upgraded Argentina's credit rating and the government sold \$16.5 billion in bonds to investors, which was at that time the largest single bond issuance in the recorded history of developing countries (Millan, Porzecanski, and Vassari 2016).

The settlement of this dispute is obviously important for Argentina, but the case has wider significance. Some observers fear that the resolution of Argentina's dispute "will carry a high price for the international financial system, encouraging other funds to hold out and making debt restructuring virtually impossible" (Guzman and Stiglitz 2016). Argentina also serves as an ideal setting for evaluating the explanatory power of competing theories of preference formation. Each of the major factors emphasized by the literature has the potential to impact public opinion in this case.

As the preceding discussion makes clear, the issue of debt repayment featured a stark partisan divide. At the time of our two main surveys, the major parties' distinct stances on this issue were well publicized.⁶ Hence, voters were likely aware of the major candidates' positions on the debt issue. Given the differences in the major parties' stances, supporters of the FPV or Peronist party, and approvers of President Fernández de Kirchner, should be more opposed to settling this dispute than affiliates of the upstart *Cambios* party and supporters of its leader, Mauricio Macri.

The debate over whether to settle with the holdouts was also rife with symbolic meanings linked to potent images of Argentina's sovereignty, colonial history, and national identity. For example, Argentina's Economy Minister Lorenzino angrily denounced the New York court's decision as "legal colonialism" (quoted in Muse-Fisher 2014, 1691). President Fernández de Kirchner used her anti-creditor stance to make the case that she is "the defender of national interests against predatory attacks from foreign investors" (Cantamutto and Ozarow 2016, 133). Average Argentines' views toward foreigners and their broader sets of symbolic attitudes are thus likely to shape their views on this issue.

There are, in addition, good reasons to expect that economic self-interest can explain variation in average citizens' views on this issue. The holdouts' claims were significant: the size of the eventual settlement amounted to nearly 20 percent of the country's foreign reserves. On the other hand, refusing to pay effectively locked Argentina out of international capital markets, which reduced the availability of credit in the economy. Indeed, political elites frequently emphasized the economic dimensions of settling the dispute. Opponents of the debt deal argued that repayment meant transferring wealth to hedge fund managers instead of "spending such resources on health, education, social programmes or other public goods" (Cantamutto and Ozarow 2016, 133). Proponents of settlement, by contrast, argued that default worsened Argentina's credit rating and made Argentina a pariah in the international capital markets.⁷ The unusually large economic stakes of the issue

⁶For instance, during the November 7, 2015 presidential debate, Scioli referred to "buitres" (vultures) three times and twice mentioned the American judge (Griesa) by name (La Nación 2015).

⁷In an address to the Argentine Congress on March 1, 2016, President Macri claimed that lack of access to international credit had cost the country \$100 billion (The Economist 2016).

⁵Based on Reinhart, Reinhart, and Trebesch's (2016) database. The 64 years that Argentina was in default still puts the country well behind the most chronic defaulters, such as Ecuador, Honduras, and Greece (Tomz and Wright 2013, 257).

and the fact that the distributional consequences were well publicized make Argentina a relatively “easy” case for self-interest-based explanations.⁸

Finally, political and social elites used competing frames to press their case for or against debt repayment. Opponents of the deal frequently vilified the foreign creditors and described them as “vultures.” Advocates of resettlement naturally avoided antagonizing investors by using a term with clear negative connotations, and more often referred to creditors using the less pejorative term “holdouts.”⁹ It is plausible that the different imagery used by elites to frame the debt dispute in more or less hostile light could influence public support for repayment. In the next sections, we use new evidence to examine how economic self-interest, long-standing symbolic attitudes, and varying issue framings impacted public preferences over sovereign debt repayment.

Attitudes Toward Debt Resettlement in Argentina: Observational Data

Description of the Data

To examine the drivers of mass public opinion toward foreign debt repayment, we fielded original questions on this topic in two separate nationally representative surveys. First, we added several questions to the first wave of the Argentine Panel Election Study (APES), which conducted face-to-face surveys of 1,149 Argentine adults between June 24, 2015 and August 6, 2015 (Lupu et al. 2015). We worked with *Isonomía Consultores*, an Argentine polling company, to field a second survey during the week of June 21–26, 2016. The 2016 survey canvassed 4,300 Argentine adults using a combination of face-to-face interviews and telephone surveys based on random-digit dialing. Survey nonresponse, however, reduced the number of observations used in our baseline models to 750 and 3,101 for the two surveys.¹⁰

We also used data from eight additional surveys that were fielded by another Argentine firm, *Poliarquía Consultores*, between September 2013 and February 2016. While the *Poliarquía* surveys provide valuable supplementary data, we focus primarily on the July 2015 and June 2016 surveys, because they contain our own questions and include many more relevant covariates.

The two main surveys were fielded in very distinct contexts. First, the political contexts differed: during the first survey, the president was a leftist that staunchly opposed settling with the bondholders; during the second survey, the president leaned to the right and adopted a more conciliatory stance towards foreign creditors. “President Macri’s election changed everything,” remarked the American judge after removing the injunction that had barred Argentina since 2014 from making any payments to bondholders (Politi and Yuk 2016).

⁸ Curtis et al. (2014, 725) suggest that the large stakes and abundance of information about the issue contributed to the emergence of interest-based preferences in Iceland. Bearce and Tuxhorn (2017) and Rho and Tomz (2017) show that individuals become more likely to express egoistic preferences when they receive more information about the distributional effects of a policy.

⁹ For instance, in the first five months of 2016, the conservative newspaper, *La Nación* used the term “holdouts” more frequently than the phrase “buitres” (vultures) (in 950 and 606 articles, respectively) whereas mentions of “buitres” far exceed “holdouts” in the left-leaning *Página 12* newspaper (229 articles using “holdouts” compared to 599 articles featuring “buitres”).

¹⁰ Among the variables used in these models, the highest rate of missingness occurs for the ideology variable followed by the measure of debt attitudes. As reported in Table A8 in the appendix, we obtain very similar results when using multiple imputation to fill in the missing observations.

The economic context differed in important ways as well. During the first survey, Argentina was in default on its external debts and was essentially shut out of international capital markets (Samples 2014, 76). Argentina resolved the dispute with foreign creditors and resumed selling bonds to foreign investors before we fielded the second survey. Analyzing attitudes toward debt repayment in these two different contexts enables us to determine whether similar factors shape public opinion across varying policy and political contexts.

In the 2015 survey, we asked respondents about whether they agreed with Argentina’s tough stance in its dispute with holdout creditors. Prior to soliciting opinions on the issue, the question provides a brief overview of the debt dispute to give respondents some basic context. The exact text of our survey question (translated from Spanish to English) is as follows:

Last year, a judge in New York ruled that Argentina must pay the holdouts or vulture funds that had not participated in the negotiations of 2005. The Argentine government has refused to pay, leading to the second default in 13 years. Do you agree or disagree with the position of the Argentine government in this dispute?

Among those who responded to the question, 60 percent supported the government’s position (i.e., opposed repayment) and 40 percent opposed the government’s position (i.e., favored repayment). We code support for the government’s position as 1 and opposition as 0.

The second survey asked a similar question, this time focusing on whether individuals agreed or disagreed with the government’s recent decision to repay its foreign creditors.¹¹ In the 2016 survey, 65 percent of respondents either strongly agreed or somewhat agreed with foreign debt repayment; 26 percent strongly disagreed or somewhat disagreed with repayment; and 9 percent reported that they neither agreed nor disagreed. To make the analyses consistent across the two surveys, we recode responses from the second survey into just two categories. Respondents that either strongly or somewhat disagreed with repayment are coded as 1; the other response categories were recoded as 0.¹² Thus in both surveys a score of 1 implies opposition to repayment and support for default.

The difference in attitudes toward repayment across the two surveys is striking. This is likely driven in part by different sampling methodologies and question wording between the two surveys.¹³ However, additional evidence suggests that the movement across the two surveys captures a genuine shift in popular opinion, and is not entirely driven by survey design. As shown in the appendix, the eight *Poliarquía* surveys—several of which include identically worded questions and all of which use the same sampling strategy—also reveal that support for repayment was considerably stronger in 2016 than in 2014 (see Figure A1). Explaining why aggregate opinions changed over time is beyond the scope of this article. However, our research design—based on multiple surveys fielded in different policy and information environments, using different question wordings and sampling strategies—is well suited for examining the sources of variation in individual preferences.

¹¹ We provide a more detailed description of the question wording below, when discussing the experiment embedded in this survey question.

¹² The results reported in this section do not change if we report results based on the ordinal scale (see Table A9 in the appendix).

¹³ Compared to the first survey, the 2016 wave contained more individuals with bank accounts, fewer unemployed people, more Macri supporters and fewer Peronist/FPV identifiers (see Tables A1 and A2 in the appendix).

Our main measures of material self-interest are inspired by the previous studies of public opinion toward foreign economic policy, particularly [Curtis et al. \(2014\)](#). The unemployed and public sector workers, interest-based arguments suggests, should be more opposed to debt repayment than other individuals. We use a binary indicator of credit card ownership to proxy an individual's sensitivity to the increase in personal borrowing costs potentially imposed by sovereign default.¹⁴ Credit card ownership is a useful proxy for sensitivity to borrowing costs in Argentina, because issuers charge cardholders interest simply for owning a credit card.¹⁵ If preferences are rooted in self-interest, then the credit card variable should be negatively associated with support for default. To measure asset ownership, we ask whether an individual owns a bank account or not. We focus on bank accounts rather than investment assets as in [Curtis et al. \(2014\)](#), because only a tiny percentage of Argentines have investment assets.¹⁶ Individuals who have bank accounts have potentially more to lose from default, so the interest-based approach would expect a negative correlation between bank account ownership and support for default.¹⁷

Our main models include several variables derived from the symbolic politics approach. We measure ideological beliefs using a variable in which respondents placed themselves on a scale that ranged from zero for "left" ideology to ten for "right" ideology.

Partisan identification is the second variable from the symbolic politics approach. Our measure includes four categories: (1) identification with the Peronist party; (2) identification with Kirchner's FPV party; (3) identification with one of the two main parties in the Let's Change coalition, the Republican Proposal (PRO) or Radical Party; and (4) individuals that identify with other, smaller parties or that do not identify with any political party. We treat identification with the PRO/Radicals as the baseline category. We expect FPV identifiers are most opposed to repayment, since the party's leadership loudly and frequently voiced opposition to negotiating with the holdouts. Individuals who identify with the Peronist party are likely to hold similar views to FPV supporters on the debt issue. Since the FPV was the dominant Peronist faction at the time, Peronist identifiers are likely to follow Fernández de Kirchner and other prominent Peronist elites in opposing repayment.

Party identification in Argentina is not strongly correlated with the measures of socioeconomic status or ideology in our sample (see Tables A3 and A4 in the appendix). This likely reflects the fact that the Peronist party has long included a heterogeneous mix of supporters, both ideologically and in terms of socioeconomic background (c.f., [Levitsky 2003, 27](#)).

Presidential approval is used as an additional measure of individuals' political orientations. In the APES survey, the

question asks whether individuals consider the performance of President Cristina Fernández de Kirchner to be (1) very bad, (2) bad, (3) neither good nor bad, (4) good, or (5) very good. The second survey asks about approval of President Macri but includes only four categories; it does not include "neither good nor bad." Since President Fernández de Kirchner opposed settling the debt dispute, we expect that higher presidential approval in 2015 is associated with stronger opposition to settling the dispute. In contrast, Macri supported debt repayment, so the presidential approval variable should be associated with stronger support for settling the dispute in the 2016 survey.

The models also include two key demographic controls, which are important predictors of other foreign economic policy attitudes in many prior studies. The first is an ordinal scale of educational attainment, which includes ten categories in the first survey and nine categories in the second survey. The second is a measure of gender identity, which is coded as 1 for females and 0 for males. We treat these variables as controls, because there is no consensus over whether they proxy for interests or for ideas.¹⁸

The models presented below also include province-level fixed effects to control for all omitted region-specific factors that may influence public opinion.¹⁹ In addition, we cluster the standard errors at the provincial level to address any remaining within-province correlation of errors as well as heteroskedasticity. We estimate logit models because our dependent variables are binary. Table A10 in the appendix shows that the results are similar if other estimators are used.

Main Results

Figure 1 displays our main results. The figure presents the average marginal effect of each variable along with the 95 percent confidence interval around the point estimates. The underlying output of the regression models appears in the appendix (Table A5). The first column presents our main model specification using the 2015 survey. The second column does the same for the 2016 survey.

The results suggest that economic self-interest, at least as conventionally operationalized, does not have a large impact on opinion toward the settlement of sovereign debt disputes. None of the four interest-based variables achieves statistical significance in either model, and the estimated effects of each variable are very close to zero.

The weak results for the OEP variables do not appear to be driven by the inclusion of the other covariates in the model. As we show in the appendix (Table A11), the self-interest variables do not perform much better when all of the other variables are dropped (only one of the eight coefficients across the two surveys is statistically significant). We also examined whether economic interests are important for voters that are politically sophisticated ([Tomz 2004](#)). To evaluate this hypothesis, we added a binary measure of political knowledge to our model as well as multiplicative interaction terms between this variable and the four interest-based variables.²⁰ We find that neither sophisticated nor

¹⁴This is similar to [Curtis et al.'s \(2014\)](#) four-point scale of the amount of credit card debt. We use a binary indicator of credit card ownership due to concerns with the reliability of the ordinal scale.

¹⁵Using the existence of a bank loan as an alternative measure of sensitivity to borrowing costs produces substantively similar results to the credit card variable (see Table A7).

¹⁶We asked respondents in the first survey whether they owned any stocks or bonds. Only 0.5% of respondents reported having any of these investment assets. By contrast, in Iceland 41% of individuals have investments ([Curtis et al. 2014, 738](#)).

¹⁷Following [Curtis et al. \(2014\)](#), we do not include a measure of a respondent's income level in our main models. Many respondents are unwilling to answer this question, and adding the income variable from APES to our main specification reduces the sample size by nearly 25% (175 observations). Nevertheless, as shown below, income is not a statistically significant predictor of support for default.

¹⁸For instance, [Scheve and Slaughter \(2001\)](#) interpret education as a measure of skill and therefore economic interests, whereas others ([Hainmueller and Hiscox 2007; Mansfield and Mutz 2009](#)) suggest it primarily captures cultural values. [Mansfield, Mutz, and Silver \(2015\)](#) point to similar ambiguity in the interpretation of gender identity's effect on attitudes toward trade.

¹⁹A test of joint significance for the province dummies suggests that they should be included in the model.

²⁰As described in greater detail below, political sophistication is a dummy variable that indicates whether respondents' level of factual knowledge is above the median.

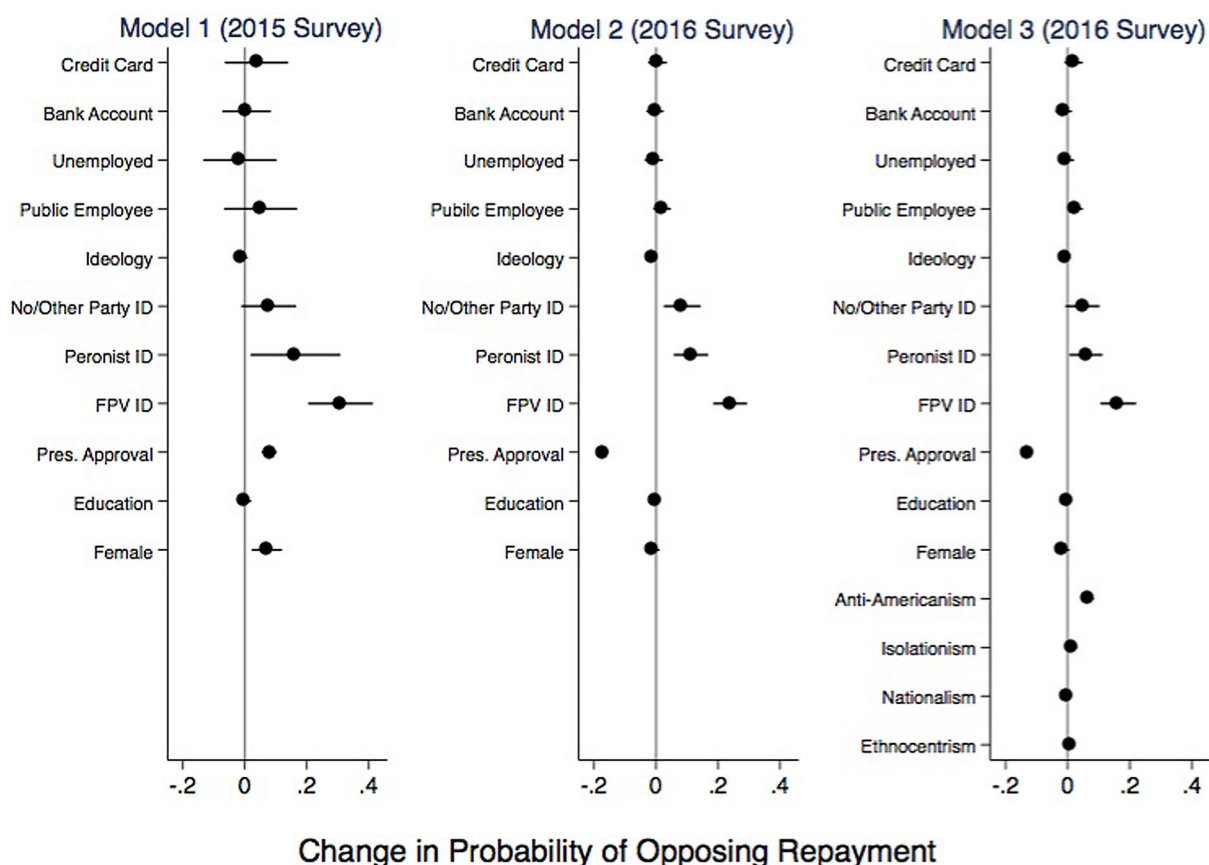


Figure 1. Covariates of support for debt default

Note: Circles indicate the effect of a one-unit change in an explanatory variable on the probability of opposing debt repayment, averaged across observations. Lines indicate 95 percent confidence intervals for the average marginal effects. Positive (negative) values indicate greater opposition (support) for debt repayment. $N = 750$ in model 1, $N = 3101$ in model 2, $N = 2932$ in model 3.

unsophisticated Argentines formulate their preferences over the debt issue on the basis of their personal economic interests (see Table A12 and Figure A2).

The data provide much stronger support for the symbolic politics approach. In particular, the variables that capture individuals' partisan affiliations and political orientations are statistically significant, and their estimated effects on attitudes toward the debt settlement issue are large. Individuals who identify with the Peronist Party or FPV are significantly more likely to support debt default. Compared to the baseline (identifiers of the PRO/Radicals), identification with the FPV is associated with 31 and 24 percentage-point increases in the likelihood of supporting default in the 2015 and 2016 surveys, respectively. The individuals who identify with the FPV party report policy preferences that closely track the party's opposing position on the debt repayment issue.

Presidential approval is also an important determinant of individual attitudes. In model 1, we find that approval of Fernández de Kirchner in 2015 is associated with stronger opposition for repayment. In model 2, the individuals in 2016 who approve of Macri's performance are more likely to support repayment. When the president switched from an opponent to a supporter of repayment, the effect of presidential approval flipped accordingly, suggesting that people that hold favorable views toward the national leader parrot that leader's position on international debt negotiations. The es-

timated effect of presidential approval is large, especially in model 2, where each single-unit increase in the presidential approval scale is associated with a 17 percentage-point decrease in the probability of supporting default.

The models also provide some support for the expectation that general ideological predispositions influence attitudes toward debt repayment, though this evidence is weaker. In the first model ideology is insignificant. In model 2, right-leaning individuals are likelier to support debt repayment, but the estimated effect is small: a one-unit rightward shift in the ideology scale (equivalent to moving from the twenty-fifth to seventy-fifth percentile of this variable) reduces the likelihood of supporting default by just 0.01.

In the 2016 survey, we included several additional variables that directly measure individuals' cultural and social values, and the third model in Figure 1 adds four value-oriented variables: ethnocentrism, nationalism, isolationism, and anti-Americanism.²¹ We find that isolationist and anti-American sentiments are significantly associated with

²¹ Ethnocentrism measures the extent to which individuals agree that it is better for a country when almost everyone shares the same customs and traditions (wording of this question is from Hainmueller and Hiscox 2007). Nationalism measures agreement that respondents would rather be citizens of Argentina than citizens of any other country in the world. Isolationism indicates whether the respondent agrees that Argentina should work with other nations to solve international problems. Mansfield and Mutz (2009) supplied wording for the latter two questions. All three variables are five-point scales, ranging from strongly agree (1) to strongly disagree (5). The Anti-Americanism variable uses a five-point scale to

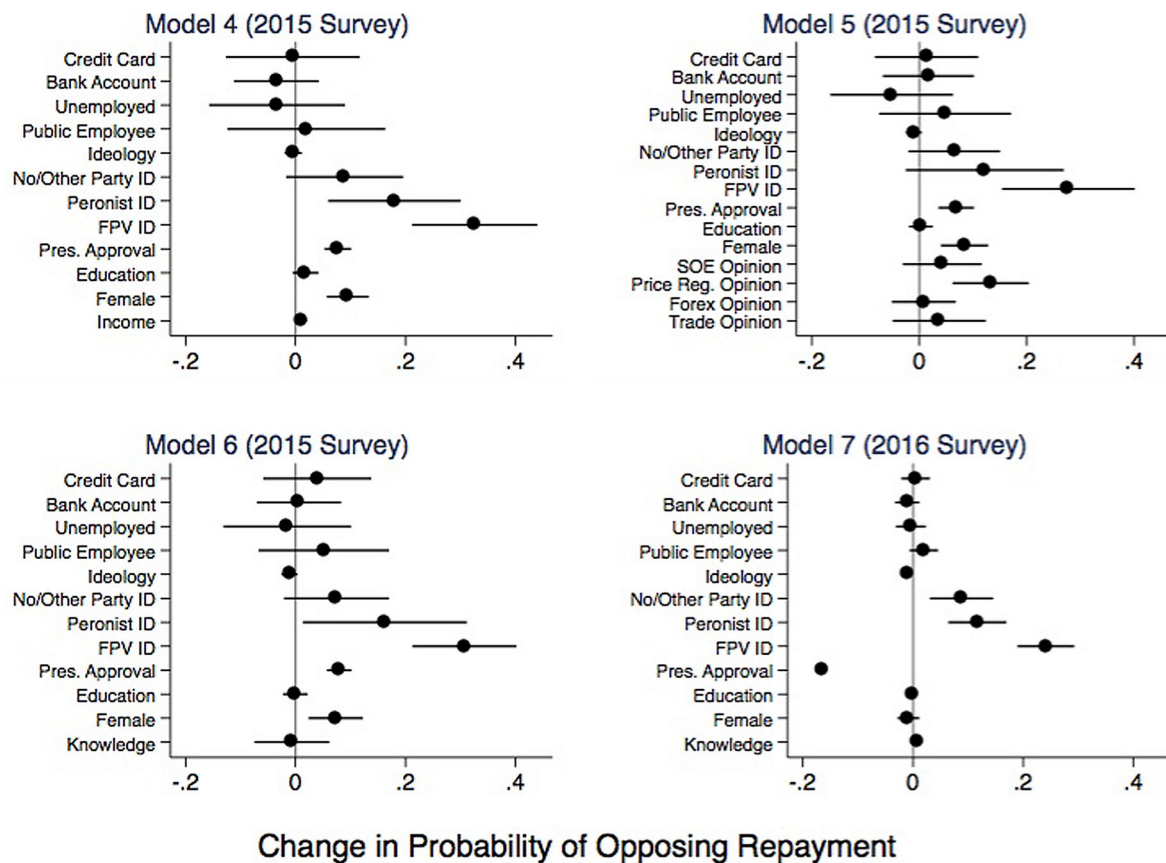


Figure 2. Robustness checks

Note: Circles indicate the effect of a one-unit change in an explanatory variable on the probability of opposing debt repayment, averaged across observations. Lines indicate 95 percent confidence intervals for the average marginal effects. Positive (negative) values indicate greater opposition (support) for debt repayment. $N = 575$ in model 4, $N = 712$ in model 5, $N = 750$ in model 6, $N = 3101$ in model 7.

opposition to repayment. The average marginal effect of isolationism is not very large (0.015), but anti-Americanism exerts a substantial effect (marginal effect = 0.06), ranking third in magnitude behind the measures of FPV identification and presidential approval.

The two demographic variables do not have strong or consistent effects on support for debt repayment. Female respondents are seven percentage points more likely to support debt default than males in the 2015 survey. However, women are slightly less likely to favor default in the 2016 survey, though the effect is not statistically significant. Education is not statistically significant in any of the three models.

In sum, the evidence suggests that individual-level attitudes toward settling debt disputes are better explained by the political, social, and cultural predispositions associated with the “symbolic politics” framework than by considerations of economic self-interest. We find that partisan identity has a particularly strong relationship with preferences over repayment. The next sections present additional tests that probe the robustness of the link between partisanship and attitudes on this issue.

Addressing Alternative Explanations

This section further assesses the relationship between partisanship and debt attitudes by exploring whether this result is picking up the effect of some omitted variables. The first alternative explanation we address is that partisanship is a proxy for income. The 2015 survey included an ordinal measure of a respondent’s income.²² The upper-left panel of Figure 2 (model 4) shows the results of a model with this variable.²³ The estimated effect of income is small, falling short of conventional levels of statistical significance, and its inclusion does not alter the relationship between partisanship and debt opinions. This finding provides additional evidence against interest-based approaches.

We also ensure that partisanship is not simply capturing respondents’ more general attitudes toward redistributive economic policies. Including the variable capturing placement along the left-right ideological spectrum in the baseline models partially addresses this argument. However, to more directly address this issue, we use several questions available in the 2015 survey that asked respondents about their attitudes towards other economic policy issues: trade barriers, foreign exchange controls, state-owned

measure opinions of the United States; following Baker and Cuperly (2013) we use wording from the Latinobarómetro survey.

²² *Isonomia Consultores*, the firm that implemented the 2016 survey, does not include questions about personal and household income because of concerns that respondents do not provide accurate information. Many respondents did not answer this question in the 2015 survey.

²³ Table A6 contains the full output of these regression models.

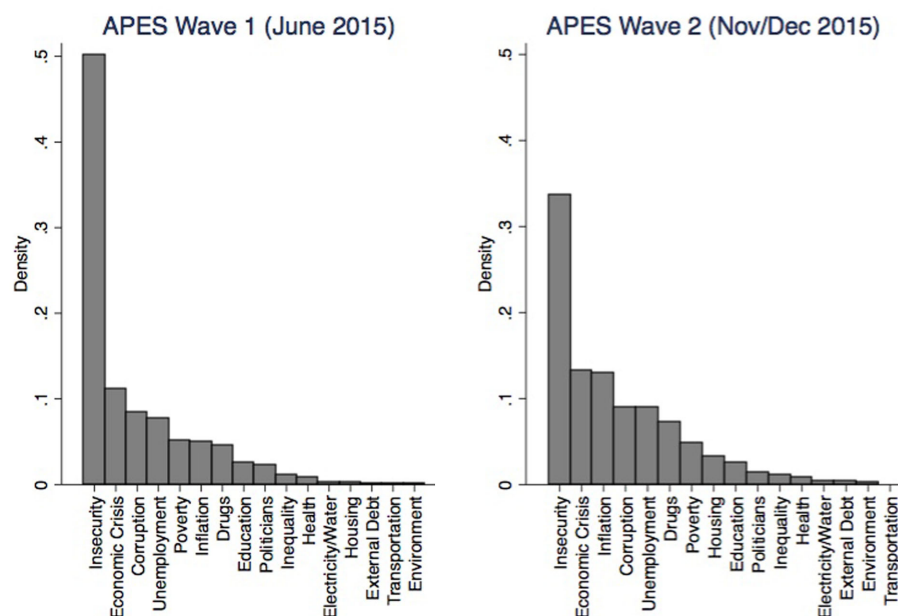


Figure 3. Perceptions of the most important problem facing Argentina

Note: Figure 3 displays the proportion of Argentine survey respondents that considered each issue to be the country’s “most important problem” across two waves of the APES. $N = 1,170$ for left panel and $N = 1,401$ for right panel.

enterprises, and price controls. Each variable is binary, with positive values denoting support for more interventionist policies. The upper-right quadrant of Figure 2 (model 5) shows that attitudes toward debt are weakly correlated with views on these other policies; individuals’ views on price controls are the only statistically significant correlate of opinions on debt repayment. The inclusion of these variables also has little impact on the other covariates.

Lastly, one might be concerned that political knowledge is an important omitted variable. Schiumerini (2016) shows that FPV voters are less knowledgeable about politics, on average, than individuals who identify with other parties. To determine whether a knowledge gap explains support for default among FPV identifiers, we control for political knowledge, which we measure as the number of fact-based questions that a respondent answers correctly.²⁴ This variable is statistically significant in one survey, but its impact is much smaller than either partisan identity or presidential approval in both surveys.

Do Debt Attitudes Influence Partisan Affiliations?

Thus far, the evidence shows that partisan affiliation is the most powerful predictor of individuals’ attitudes toward debt repayment. While we have argued that the direction of causality runs from partisan orientations to debt policy attitudes, we have to account for the possibility that individuals’ preferences over this policy issue influence their partisan identities. We describe here several pieces of evidence that should allay concerns about reverse causality.²⁵

²⁴ Tomz (2004) and Curtis et al. (2014) use similar measures. The factual questions included in the two surveys differ. The appendix describes these variables in greater detail.

²⁵ An alternative solution would be to experimentally manipulate the amount of information that survey respondents receive about parties’ positions on this issue. While this design is useful for studying issues where parties do not have well-known positions, it is inappropriate when party positions on issues are already well known (Brader and Tucker 2012, 408–9; Samuels and Zucco 2014, 217–18).

Our first piece of evidence concerns voters’ perceptions of the importance of the debt issue compared to other issues in Argentine politics and society. For a specific policy issue to have any meaningful effect on an individual’s attitude toward the government and support for the governing party, the issue must be perceived by voters as one of the most salient national issues (Guisinger 2009). The evidence from Argentina indicates, however, that most citizens did not rate the foreign debt dispute as among the most important issues.

Figure 3 shows the proportion of Argentines that viewed various issues as the “most important problem” facing Argentina. The left panel presents data from our June 2015 survey wave; the right panel presents data from the second wave of APES, conducted in late November and early December 2015, shortly after the final round of the election. Very few Argentines—one quarter of one percent—reported that external debt was the most important problem in June 2015; this was tied with transportation as the second least common response of the 16 issues listed. A slightly higher proportion of respondents ranked external debt as Argentina’s most important problem several months later (0.4 percent), but debt remained near the bottom of the ranking of important issues. The small number of individuals that perceived external debt as Argentina’s most important issue suggests that this was not a central concern for many citizens. Despite the fact that debt default had important consequences for the Argentine economy and received considerable attention in the media, few Argentines regarded the debt dispute as one of the country’s major policy issues. It is highly unlikely that many citizens formed their party identities based on their position on the debt policy issue.

Additional evidence that the direction of causality runs from partisanship to debt policy preferences comes from an indicator of partisan identity that predates the debt dispute. The June 2015 APES survey wave contains one such measure: whether a respondent’s father identified with the

Peronist party. The evidence for the heritability of partisan attachments (Alford, Funk, and Hibbing 2005; Settle, Dawes, and Fowler 2009) suggests a strong association between parents' and their children's partisanship. In this dataset, those with Peronist fathers are almost twice as likely to identify with the FPV compared to other respondents ($p < 0.01$). When we use this exogenous indicator of an individual's partisan affiliation, we continue to find a strong positive correlation with preferences over debt repayment (see Table A7 in the appendix). We estimate that having a Peronist father increases the probability of supporting default by 0.10.

Additional Tests of the Elite Cueing Theory

The next question that we address is whether the relationship between individuals' political orientation and their attitudes towards debt repayment occurs because voters adopt the positions held by trusted elites, a process known as "elite cueing." If individuals respond to elite cues, the impact of partisanship on debt policy attitudes should strengthen as people acquire more information about elites' positions on the debt dispute. This section provides two tests of this expectation. First, we examine whether the role of partisan identities intensified over time, especially after the debt dispute received more attention and individuals became more aware of parties' stances. Second, at any given point in time, the role of partisanship is likely to be stronger for voters that pay more attention to politics (which we refer to as "sophisticated voters"), since they are likelier to know where their preferred party stands on specific issues (Zaller 1992; Baker 2009).²⁶ We test each hypothesis in turn, finding support for both.

The surveys conducted by *Poliarquía* are useful for examining whether the relationship between political preferences and attitudes towards debt repayment changed over time. *Poliarquía* fielded questions on debt repayment in eight surveys between 2013 and 2016. Their surveys do not include a measure of party identity, but each includes a measure of presidential approval. Figure 4 displays the proportion of respondents opposing debt repayment in each of the eight surveys, split between presidential approvers and disapprovers.²⁷

In September 2013, when the holdouts' advanced their claims in New York and the dispute was not yet a topic of much public debate, the gap in attitudes between approvers and disapprovers of President Fernandez de Kirchner was narrow. The second *Poliarquía* survey was fielded just days after the June 2014 decision by the US Supreme Court to deny Argentina's appeal, which marked the beginning of an intense debate among elites, split along partisan lines, over the repayment question. By late June 2014, mass public opinion about settling the dispute had become polarized between supporters and opponents of the president. The gap between these two groups continued to grow over the next few months, increasing from a 37 percentage-point difference in June to a 65-point difference in October 2014. The final survey, fielded in February 2016 after an election in which the main candidates took opposing stances on the issue, shows a profound gap between President Macri's supporters and opponents: only 1.5 percent of approvers of the

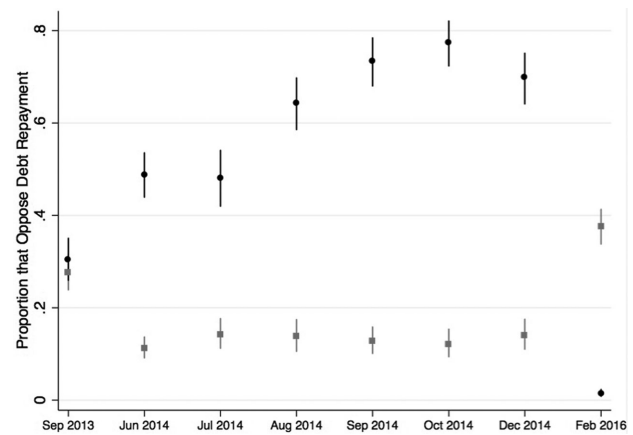


Figure 4. Presidential approval and debt opinions

Note: Circles and squares indicate proportion of respondents that oppose debt repayment, for individuals that approve (circles) and disapprove of the president (squares). Lines indicate 95 percent confidence intervals. The number of observations from each survey, in chronological order, is 970, 1234, 762, 712, 850, 796, 755, 1833.

president opposed repayment while 37.5 percent of disapprovers opposed settling—a 24-fold difference between the two groups.

We further probed the relationship between presidential approval and debt opinions using multivariate regression models, in which we controlled for education level, gender, and included province-level fixed effects; these are, unfortunately, the only relevant covariates included in the *Poliarquía* surveys. The results of those models, presented in Table A13 and Figure A3 in the appendix, also reveal that the importance of partisanship increased over time.

Next, we examine whether the relationship between partisanship and debt attitudes is stronger for well-informed voters. Theories of elite cueing suggest that political sophistication strengthens the effect of partisanship on policy preferences, because citizens that pay close attention to politics are more likely to know where elites stand on the issues. Four of the *Poliarquía* surveys include questions about individuals' level of attention to the debt dispute, which provide useful proxies for issue-specific knowledge. The APES and *Isonomía* surveys contain several fact-based questions that provide useful measures of overall political sophistication or knowledge. For the sake of consistency, we constructed a dummy variable for low/high sophistication, which we interact with a binary indicator of presidential approval.²⁸ Figure 5 displays the marginal effect of presidential approval for more and less sophisticated voters in the six datasets where measures of sophistication are available.²⁹ In all six datasets, presidential approval is statistically significant for sophisticated voters, and the estimated effect is larger than for unsophisticated voters. The fact that presidential approval has particularly large impacts among sophisticated voters provides further support for the argument that elite cues influence mass public opinion towards debt repayment.

²⁶ But see Kam (2005) for experimental evidence, based on a sample of US college students, showing larger effects of party cues for less informed individuals on the complex issue of food irradiation.

²⁷ The six surveys in 2014 use an identical question on debt repayment, but the other two surveys use different questions. See the appendix for more details on these surveys.

²⁸ We obtain similar results in the APES and *Isonomía* surveys if we interact party identity with sophistication (see Table A15 and Figure A4).

²⁹ The appendix contains additional details on the construction of these variables as well as full outputs of the regressions. The models include the basic set of controls for the APES and *Isonomía* datasets (all variables included in columns 1 and 2 of Figure 1) and the two demographic controls (gender and education) that are available in the *Poliarquía* datasets.

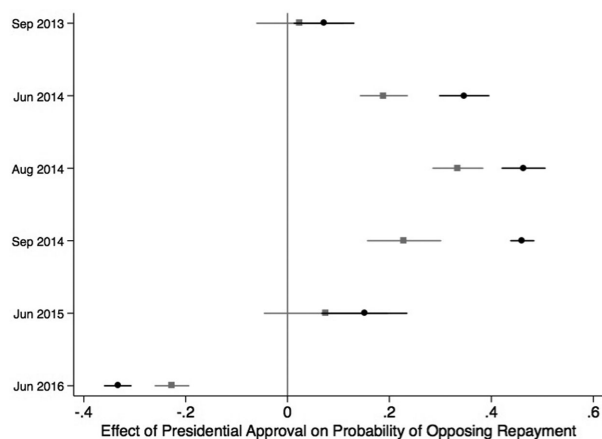


Figure 5. Conditional marginal effects of presidential approval

Note: Circles and squares indicate average marginal effect of a one-unit change in presidential approval on the probability of opposing debt repayment for sophisticated (circles) and unsophisticated individuals (squares). Lines indicate 95 percent confidence intervals of the marginal effects. Positive (negative) values indicate greater opposition (support) for debt repayment. The number of observations included in each model are, in chronological order, 966, 1183, 671, 710, 750, and 3101.

Comparing Debt Default to Other Policies

A final question we address is whether the strong relationship between partisan identity and views on the debt issue reflects a more general trend toward a hyper-partisan polarization of public opinion in Argentina. If this is the case, partisanship should have an equally strong impact on citizens' preferences toward other economic policy issues. The results that we present in this section suggest that this is not the case: the relationship between party identity and policy preferences is stronger for debt repayment than for several other economic policies.

Drawing on the 2015 APES survey, we focus on four additional issues on which Argentina's major political parties adopted opposing stances, and for which we thus expect strong partisan divisions to show up in survey responses: trade protection, foreign exchange controls, price controls, and the role of state-owned enterprises in the economy. We created binary indicators for each variable, where positive values indicate agreement with these interventionist policies. We use the same model specifications as our baseline debt opinion model.

Figure 6 compares the marginal effect of FPV identity on debt opinions to the marginal effect of FPV identification on the four other policy issues.³⁰ With the surprising exception of price controls, FPV identifiers, as expected, more strongly support interventionist policies. However, the marginal effect of partisanship on support for default (0.31) is larger than for any of the other policy issues. The difference between the effect of FPV identity on debt opinions and its effect on the other opinion variables is statistically significant at the ten-percent level in all four cases. This evidence suggests that party identity and elite cues have an especially powerful impact on mass attitudes toward the decision to settle with bondholders.

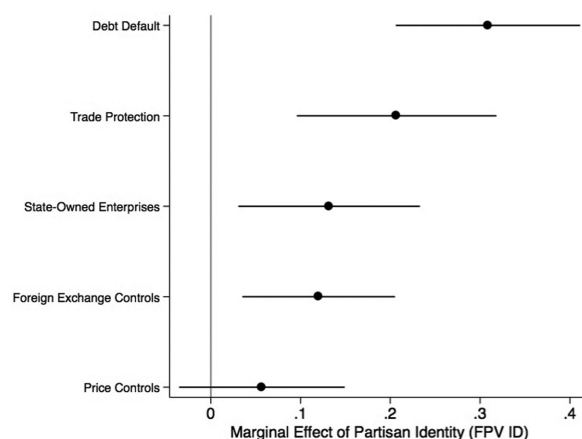


Figure 6. The impact of party identity on public opinion across five policy issues

Note: Circles indicate marginal effects of FPV ID on the probability of supporting different economic policies, averaged across observations. Lines indicate 95 percent confidence intervals for the average marginal effects. N = 750 in row 1, N = 849 in row 2, N = 851 in row 3, N = 838 in row 4, N = 824 in row 5.

The Effect of Issue Framing on Support for Debt Repayment: Experimental Data

The previous section showed that an individual's symbolic attachments have a much stronger and more robust relationship with attitudes toward debt repayment than economic self-interest. In this section, we evaluate how well a third general approach to public opinion formation—framing theory—can explain attitudes toward foreign debt repayment.

The Argentine debt dispute provides a useful setting for evaluating whether different elite frames influence public opinion on this issue. As described earlier, opponents and proponents of repayment presented competing “valence” frames for this event. Opponents of repayment sought to paint Argentina's foreign creditors as villains by referring to them as “vultures.” By contrast, proponents largely avoided this term, using the less negative phrase of “holdouts.”

We embedded a simple experimental design in our June 2016 survey to evaluate whether these competing frames influenced public support for debt repayment. We randomly assigned survey respondents to one of two groups. The control group received a more value-neutral framing in which the bondholders were referred to as “holdouts.” The treatment group received the negative framing where the creditors were referred to as “vulture funds.” The exact question wording (translated from the original Spanish to English) is as follows: “the government recently settled its major dispute with bondholders, known as [holdouts/vulture funds]. What is your opinion about the government's decision to pay the [holdouts/vulture funds]?”

Random assignment of these two terms provides a useful way of testing whether framing strategies shape public opinion on this issue. Our randomization checks show that the treatment and control groups were not significantly different on any covariates.³¹ Based on previous work on framing effects, we expected to find that those receiving the negative frame would be more opposed to the debt deal, on average,

³⁰The underlying regression models are available in Table A16.

³¹Table A17 of the supplementary appendix shows that randomization achieved balance of covariates between treatment and controls.

compared to the control group. Hearing the term “vulture funds” might trigger an emotional response that makes the settlement with the creditors seem unjust or an affront to the respondents’ sense of national pride. The phrase “vulture fund” might also prime individuals to recall substantive arguments against the deal.

The differences in attitudes toward repayment across the “vultures” treatment and “holdout” control groups are substantively very small and are not statistically significant ($p = 0.64$). Among individuals that received the holdout frame, twenty-seven percent opposed the debt deal, which is slightly higher than the twenty-six percent of individuals in the treatment group that opposed the debt deal (see Figure A5). Overall, the data fail to provide support for the argument that competing issue frames were important for average citizens in this case.

We also explored whether framing influenced certain subgroups of the population. For instance, previous research suggests that issue frames may matter more for actors with less clear economic interests (Ardanaz et al. 2013) or for less educated voters (Hiscox 2006). In the supplementary appendix (Table A18), we present estimates of the treatment effect across high and low values of all of the covariates included in our main model specification. We fail to find any evidence that framing meaningfully affected attitudes toward the debt disputes among any subgroup of the population.³²

The experimental design also permits us to examine whether the effects of the other variables, such as partisan identity, are influenced by question wording choices. Given the contestation surrounding the description of the foreign creditors, it is important to examine whether the effects of the observational variables depend on the description of the dispute. As shown in Table A19 in the appendix, there are some minor differences between the vulture and holdout conditions in which variables predict support for debt repayment: public employment is associated with opposition to default in the control group, but not the treatment group; no/other party ID is positive and statistically significant in the control group but falls short of statistical significance in the treatment group ($p = 0.09$). However, the main finding about the importance of political orientations stands. Partisan identity and presidential approval strongly predict attitudes in both conditions, and the variables have similar effects regardless of how the question portrays the creditors.³³

Overall, the evidence presented in this section suggests that elites’ description of the creditors at the center of the debt dispute as “vultures” did not move people’s opinions on this issue—at least not by the time of the second survey wave. It is possible that embedding a stronger frame in the survey may have resulted in larger estimated treatment effects, but our subtler valence frame, which hewed closely to observed elite and media discourse, did not significantly affect respondents’ attitudes. Likewise, it is plausible that framing effects may have been more important at earlier stages in the

debate over debt repayment, before individuals had made up their minds on this issue. Our experimental findings are in line with recent work that finds no effects of issue framing when issues are divisive and politically contentious and when citizens have already been exposed to a variety of competing frames (e.g., Bechtel et al. 2015).

Conclusion

What shapes mass public opinion towards sovereign debt default? Our evidence, drawn from nationally representative surveys in the key case of Argentina, shows that public attitudes toward debt repayment are not primarily driven by self-interested economic calculations—a factor that many scholars continue to regard as the starting point for understanding individual policy preferences. Our evidence does not imply that self-interest *never* influences opinions. However, the findings show that even when, as in Argentina, the economic stakes are large and the public is well informed, self-interest does not explain why individuals support or oppose settling with holdout creditors.

Political and symbolic factors, not economic cost-benefit calculations, seem to drive whether individuals support foreign debt repayment. Presidential approval and partisan identification provide the strongest predictors of preferences for debt repayment. The role of partisanship increased over time, as the divergent positions of elites on the dispute became increasingly obvious to voters, and was especially strong for well-informed voters. These findings indicate that individuals follow partisan cues when forming their views on complicated policy issues. Due to the high degree of partisan polarization in Argentina, it is possible that the impact of partisan identities on support for debt repayment is stronger in Argentina than it would be in other countries. However, the fact that partisan attachments have a stronger effect on attitudes towards debt than towards other policy issues suggests that the powerful role of partisanship on this issue is not driven entirely by the country’s intense political polarization.

While we need additional research to better understand whether partisan identities are more important for debt disputes with “vulture” funds than in other types of debt disputes, currently available evidence indicates that partisan political considerations are likely to shape public opinion towards sovereign debt repayment regardless of the type of creditor. The only previous study on public opinion towards sovereign debt repayment that included measures of partisanship also found that these variables are the single strongest predictors of preferences on this issue (Curtis et al. 2014). Similarly, Walter et al. (2016) show that partisanship was the strongest predictor of individual attitudes about the terms of a bailout package for Greece—a decision that had implications for the country’s debt burden. While those studies do not focus much theoretical attention on the role of partisanship, the small but growing literature suggests that this is one key—perhaps *the* key—driver of public opinion towards foreign debt repayment.

Given the massive literature in American politics on the role of party identification and the growing cross-national evidence on how partisanship informs preferences (e.g., Brader and Tucker 2012; Samuels and Zucco 2014), the evidence of partisan cue-taking on the debt issue may not be particularly surprising. For scholarship in IPE, however, it matters a great deal: rather than ignoring partisan identity entirely, or treating it as a control variable of little intrinsic interest, scholars should regard partisanship as one of several powerful symbolic attachments that explain much

³²We examined this effect for twenty groups across nine different variables, with two groups for eight variables and four groups for the party identification measure. The only group where we obtain any statistically significant difference between treatment and control groups is for individuals without credit cards. However, for this group the results were surprising: receiving the “vulture” frame slightly *increased* support for repayment. This seems much more likely to be due to random chance than due to some systematic effect within this subgroup. Moreover, if we adjust for multiple comparisons using a Bonferroni correction, the p -value for this test (0.003) exceeds the threshold of 0.0025 ($0.05/20 = 0.0025$).

³³For instance, in the “holdout” condition, the average marginal effect of FPV identification (0.26) is more than five times larger than the effect of public sector employment status (0.05).

of the variation in individuals' views on a range of international economic issues. Scholars of mass IPE should be more attuned to the possibility that "top-down" processes drive variation in mass public opinion (Baker 2009). Greater attentiveness to partisan "perceptual screens" may also prove useful for understanding the conditions under which self-interest emerges as a driver of international policy attitudes; survey evidence from the contentious issue of health care policy in the US, for example, shows how self-interest's effect can be moderated by partisan affiliation (Henderson and Hillygus 2011; Pacheco 2014).

These findings also provide potentially valuable insights about why states repay or default on their foreign debts. Citizens' lack of attention to the economic costs of default may help explain why some governments refuse to repay foreign bondholders despite the "overwhelming" benefits to the country of resolving these conflicts (Wolf 2016). Governments face little bottom-up pressure from mass publics to quickly settle these disputes, because the citizens that stand to personally benefit from settling—such as people whose access to credit would improve—are not focused on how debt policy impacts their pocketbooks. As Kertzer and Zeitoff (2017, 545) point out, when "public opinion is driven from the top down, the public's ability to constrain its leaders...is limited, as members of the public are simply likely to swallow whatever their elite cue-givers feed them." The Argentine case illustrates that leaders that oppose repayment can highlight the political and symbolic dimensions of these disputes, and can generate mass political support for their anti-creditor stances from co-partisans. A tough negotiating position that may appear to be, on balance, excessively economically costly could be politically sustainable or even beneficial if relatively popular leaders can mobilize supporters around the issue.

Future research on the political economy of sovereign debt should take into account the micro-level evidence on the relative importance of economic versus symbolic and political factors. The inattention to noneconomic considerations likely accounts for part of the reason why economic models of default typically under-predict the frequency of these events.³⁴ Similarly, evidence that democracies are more likely to default on their external debts than dictatorships (Saiegh 2005) and that democracies negotiate more aggressively in post-default negotiations with private creditors (Enderlein, Trebesch, and Daniels 2012) is difficult to reconcile with OEP-style theories, which argue that the widespread costs of default for voters creates a powerful incentive for democracies to repay their external creditors (Schultz and Weingast 2003, 13; McGillivray and Smith 2008, ch. 6). The anti-creditor positions of some democratically elected leaders makes more sense in light of evidence that voters are more concerned with the perceived fairness of repayment than with their personal pocketbooks. If voters do not form preferences on the basis of self-interest, theories of sovereign debt repayment that cling to this assumption are unlikely to provide useful guidance. Greater attention to voters' symbolic and political dispositions may have more success explaining patterns of international cooperation and conflict between governments and their creditors.

³⁴ Panizza, Sturzenegger, and Zettelmeyer (2009, 667) note that "traditional sovereign debt models" in economics "tend to greatly underpredict the incidence of defaults."

Supplementary Information

The Supplementary Information referred to in this article is available at <http://faculty.wcas.northwestern.edu/~scn407/> and the *International Studies Quarterly* data archive.

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