STUDIA UNIVERSITATIS BABEȘ-BOLYAI OECONOMICA
VOLUME 68, ISSUE 1, 2023, pp. 1-20
DOI: 10.2478/subboec-2023-0001

DEMAND FOR GOVERNMENT SPENDING: DO OUR BELIEFS ABOUT PUBLIC DEBT MATTER?

Andreea STANCEA[*]
National School of Political Science and Public Administration, Romania

Cecilia CIOCIRLAN
National University of Political Studies and Public Administration, Romania
Institute for World Economy, Romanian Academy

Abstract: Macroeconomic expectations play a major role in predicting individual choices and behavior. This paper examines the effects of public debt expectations and knowledge on demand for government spending measured by individual preferences. Using a unique survey dataset applied in Central and Eastern Europe, the results show that the most knowledgeable citizens tend to support the increase in public spending. Debt expectations also have a significant impact on public spending preferences: citizens who have negative debt expectations are less likely to support public spending increases. The results shed light on the importance of economic knowledge and information provision for shaping public attitudes about future taxation.

JEL classification: D14, D91, H31, H53

Keywords: public spending preferences, public debt expectations, economic knowledge, CESEE, public finance

1. Introduction

Government spending increased drastically over the last decades triggering controversial debates about what drives the household demand for public expenditure (Hayo and Neumeier, 2019; Roth et al., 2021; Rudolph and Evans, 2005). Whether adaptive or rational, economic expectations are of central importance for how fast price adjustments occur in the business cycles. A great deal of theoretical studies focuses on modeling expectations, while limited research is provided by experimental or survey evidence. This letter contributes to the ongoing

[*]Corresponding author. Address: Department of Sociology, National School of Political Science and Public Administration, Expozitiei 30A, Bucharest 012104, Romania. E-mail andreea.dobrita@politice.ro Tel.: +40 740 388 686

research efforts uncovering households' expectations about government spending. We focus on two main questions: (Q1) How do the public debt expectations impact the preferences for government spending? and (Q2) To what extent does the level of public debt knowledge contributes to citizens' preferences for future public spending?

Most of the empirical research emphasizes how knowledge about financial facts can shape citizens' opinions of fiscal policy, including spending preferences (Blinder and Krueger, 2004). Higher levels of financial knowledge allow citizens to rationally assess the costs and benefits of government spending, as well as the potential benefits of debt accumulation (Sargent, 2013). However, research on the topic is limited as individual decision-making process is susceptible to cognitive biases and bounded rationality (García, 2013). When attempting to predict their future behavior, citizens encounter a certain level of uncertainty, which is reflected in the degree of difference in expectations about the future state of a certain variable, such as inflation, GDP, exchange rates, or public debt.

Applied to public debt, positive or negative expectations reflect an attempt to understand the future behavior in terms of expenditure and saving (Mankiw et al., 2003; Montes et al., 2016). Despite the potential difficulty in comprehending fiscal policy, individuals tend to base their expectations on various economic indicators, irrespective of their level of awareness regarding public debt. For instance, if they notice a rise in public investments or financial assistance during a particular period, it may result in pessimistic anticipations about taxes in the subsequent period. This interpretation is supported by a large number of papers studying how households react to fiscal shocks (Hayo and Neumeier, 2019; Shapiro and Slemrod, 2009). It is argued that citizens who are worse off are more open to living at the expense of future generations. In this sense, politicians may be inclined to spend more today than adopt a long-term perspective on. However, the role of expectations and knowledge opens multiple strategic possibilities for policymakers to model a game focused on public finance sustainability. Although restrictive to a geographical area and timespan, this letter brings region-specific evidence for how policymakers could improve public perception measurement tools to improve public budgeting.

The remaining of this paper is structured as follows. In the next section, we briefly review the literature on government spending focusing on public debt knowledge and public debt expectations. Section 3 presents the dependent and independent variables of the analysis and the empirical strategy employed for testing our hypotheses. Section 4 presents the results of the ordered probit regression models, while Section 5 discusses the findings of empirical analysis aimed at explaining the relationship between public spending preferences and public debt knowledge and expectations and concludes by presenting further research directions.

2. Related literature

The rapidly increased in government spending and the controversial debates of what drives the household demand for public expenditure, created room for mixed empirical evidence. Several studies sustain the role of electoral cycles in influencing budgetary and political decisions because incumbent seeking re-election manipulate economic policies before elections (de Haan and Klomp, 2013; Dubois, 2016; Philips, 2016; Rogoff, 1988). Going further, other studies investigated the importance of the ideological orientation of the government on the budget size and

on the composition of the public spending. Herwartz and Theilen (2014) emphasize that the ideological behaviour of politicians plays an important role in explaining the short-term dynamics of social spending. For instance, Potrafke (2011) argues that left-wing governments tend to spend more on public services and education than the right-wing ones (Potrafke, 2011). To attract voters from low income environment left-wing parties favour policies that redistribute income from citizens with higher income to the one with lower income (Herwartz and Theilen, 2017). In contrast, right – wing parties promote policies that deregulate the public sector and reduce public expenditure (Herwartz and Theilen, 2017).

The differences between right – wing and left – wing governments lead to the development of empirical evidence focusing on the individual behaviour of citizens. According to the literature, citizens are fiscally conservative, despise government debt, and favor balanced budgets. (Alesina et al., 2019; Arias and Stasavage, 2019; Bansak et al., 2021; Barnes and Hicks, 2022; Stix, 2013). Citizens support governments' efforts to reduce the public deficit and debt without applying electoral penalties for governments that follow restrained fiscal policies (Alesina et al., 2019; Arias and Stasavage, 2019; Brender et al., 2008; Giger and Nelson, 2011; Kalbhenn and Stracca, 2020). In contrast, other recent empirical evidence shows that citizens normally support government expenditure (Bremer and Bürgisser, 2022). When citizens resist tax and spending increases, governments become less popular and incumbents' chances of winning elections are harmed. (Bojar et al., 2022; Fetzer, 2019; Hübscher et al., 2021; Jacques and Haffert, 2021). Therefore, the literature agrees on the existence of a correlation between government expenditure and government debt, but the magnitude of its determinants is still an ongoing debate.

According to several studies, the average citizens assesses fiscal policies based on their costs and benefits, as well as their temporal proximity. (Campbell, 2012; Soss and Schram, 2007). Public debt is more of an abstract concept to the average citizen than taxes, which they regularly pay, or government spending on public goods and services, which they frequently utilize or receive. The cost of government debt to the general population is negligible when compared to other aspects of fiscal policy. Only when countries face a sovereign debt crisis, the costs of debt increase, and citizens directly feel adverse economic consequences. In all other cases, the average citizen's income is not much impacted by government debt, thus they shouldn't be overly concerned about it. According to the Ricardian equivalence theorem, other studies present public debt as a form of future taxation. However, we know from the literature on intertemporal trade-offs that citizens are myopic (Jacobs, 2011): when people evaluate government policies, they give less weight to long-term consequences than those that emerge in the short term. Hence, it is reasonable to assume that budgetary decisions that affect current costs and benefits have a larger impact on citizens' priorities than budgetary decisions affecting future costs and benefits. They should not care very much about public debt, especially when governments face low borrowing costs due to low interest rates (Blanchard, 2019). In this context the debate about whether citizens support the increase in public spending during periods of high public debt levels is ongoing.

We weigh in on these debates by explicitly studying citizens' debt expectations and the level of debt knowledge as one of the main determinants of individual public spending preferences. We contribute to a literature on the role of

citizens' expectations about public debt and on the role of citizens' knowledge about public debt in determining their preferences for government spending. Several studies investigated the determinants of public spending preferences. However, restrained research has been undertaken on these topics as the measurement of debt knowledge and expectations lacks uniformity and clarity.

Empirical evidence argues that knowledge about economic and financial facts can shape citizens' opinion of financial policy (Blinder and Krueger, 2004). Higher levels of public debt knowledge allow citizens to accurately assess the costs of deficit financing. In an experimental study, Roth et al. (2021) concluded that most people are not able to appreciate the level of debt in their country, but once they are informed about the actual amount of debt, they turn less supportive about government spending (Roth et al., 2021). In a similar study, Hayo and Neumeier (2019) find out that economic well-being, trust in politicians, economic knowledge, time and party preferences are all statistically significant related to public spending preferences. In our article, we employ three questions in order to test the respondents' debt knowledge. We ask about (1) the constant increase of public debt over the past 10 years (i.e., since the outbreak of the global financial crisis in 2008/2009), (2) how high is the public debt (% of GDP), and (3) higher public debt levels make it possible to conduct necessary investments today (e.g., into public infrastructure like schools and streets). In the subsequent empirical analysis, we construct an index for the number of correct answers to assess the individual level of public debt knowledge. We expect that those with higher knowledge are more debt averse, as they have a better understanding of the costs of public debt.

Regarding the association of public debt expectations and public spending preferences, we form our hypothesis based on the literature on economic expectations formation. Expectations regarding public debt show an effort to comprehend how people would behave in the future regarding spending and saving, as public debt serves as a warning sign for potential future taxation. Even though it may be difficult to envision that people understand fiscal policy from a theoretical perspective, they may shape their expectations according to different economic variables regardless of their awareness about public debt: observing increased public investments or aid in one period may lead to increased negative about taxation in the next period of time. Because people tend to act on the knowledge they have, at least when they believe it to be reasonably correct, the future evaluation of economic situations by citizens may also be significant. On the one hand, a citizen may be more open to accept the accumulation of public debt if they perceive that debt servicing expenses or the prior year's deficit are minimal. On the other hand, a citizen may be more likely to favor fiscal consolidation if they believe that the government is spending excessively.

3. Methodology

We rely on individual data from the 2018 wave of the Euro Survey project of the Austrian Central Bank (OeNB). The survey collected information from households in 6 EU member countries (Bulgaria, Croatia, Poland, Romania, Czech Republic, and Hungary). Our dataset includes a sample of 6,035 individuals, aged 18 and over. Detailed descriptive statistics are presented in Table A1 and details about variables' measurement in Table A2 from Appendix A. We also present graphically the sample's distribution of answer (%) in terms of preferences for public spending priorities (Appendix B).

As an empirical strategy, we estimate an ordered probit regression. We control for several other factors and we estimate several checks to emphasize the robustness of our results. To account for country differences, we applied a jackknife test (Eller et al., 2021). We alternatively apply probit and logit regression models (Appendix C).

Considering expectations as a gathering instrument of available information, we anticipate that citizens with negative debt expectations are less likely to support the increase in public spending than citizens with positive debt expectations (Mankiw et al., 2003; Montes et al., 2016). We expect that those with higher debt knowledge are not necessarily against the increase in public spending, as they have a better understanding of the costs and benefits of debt accumulation (Sargent, 2013).

4. Results

This section presents the results. First, we include only the socio-economic characteristics (Table 1, Model 1). The results reveal that higher educated respondents are less likely to support an increase in public spending compared to those with lower education levels. Likewise, individuals responsible for managing household finances as well as parents are about 1.2 p.p and 0.8 p.p less likely to support an increase in public spending. The results indicate a preference for short-term fiscal consolidation and support for honoring outstanding debt. This brings more evidence to the theoretical literature uncovering intragenerational elements of fiscal policy (Hayo and Neumeier, 2019). Our findings suggest an altruistic perspective: individuals do not want to create a burden for future generations.

Table 1. Baseline models

Public spending preferences	**(1)**	**(2)**	**(3)**	**(4)**
Socio-economic characteristics				
Gender: Female	-0.0022	-0.0007	0.0005	-0.0012
	(0.0037)	(0.0037)	(0.0038)	(0.0037)
Age	-0.0001	-0.0001	-0.0001	-0.0000
	(0.0001)	(0.0001)	(0.0001)	(0.0001)
Education (primary)	0.0096	0.0100	0.0108	0.0050
	(0.0070)	(0.0070)	(0.0070)	(0.0069)
Education (tertiary)	-0.0085*	-0.0103**	-0.0103 **	-0.0045
	(0.0049)	(0.0049)	(0.0050)	(0.0049)
Income (low)	-0.005	-0.0052	-0.0026	0.0015
	(0.0054)	(0.0054)	(0.0054)	(0.0054)
Income (high)	-0.0009	-0.0021	-0.0051	-0.0040
	(0.0060)	(0.0060)	(0.0060)	(0.0060)
Head of the household	-0.0127***	-0.0124***	-0.0134***	-0.0146***
	(0.0041)	(0.0040)	(0.0041)	(0.0042)

Public spending preferences	**(1)**	**(2)**	**(3)**	**(4)**
Employed	-0.001	-0.0016	-0.0028	-0.0019
	(0.0039)	(0.0039)	(0.0039)	(0.0039)
Having children	-0.0089**	-0.0090**	-0.0084*	-0.0093**
	(0.0040)	(0.0040)	(0.0041)	(0.0041)
Exploratory variables				
Debt knowledge (1/0)		0.0236***	0.0231***	0.0190 ***
		(0.0652)	(0.0055)	(0.0055)
Debt expectations (negative)			-0.0476***	-0.0387***
			(0.0052)	(0.0055)
Debt expectations (positive)			0.0061	0.0045
			(0.0125)	(0.0125)
Control variables				
Financial expectations			-0.0030	-0.0021
			(0.0039)	(0.0040)
Current financial situation			-0.0012	-0.0100**
			(0.0040)	(0.0042)
Trust in Government (high)				-0.0036
				(0.0053)
Trust in Government (low)				-0.0055
				(0.0046)
Economic interest				-0.0155***
				(0.0049)
Political interest				-0.0034
				(0.0049)
Public service delivery satisfaction				0.0485***
				(0.0079)
Nagelkerke	0.025	0.031	0.059	0.089
LogLik	-5421.47	-5405.183	-5330.947	-5250.345
Observations	5,988	5,988	5,988	5,988

Note: Average marginal effects with standards errors in parentheses;
*p<0.1; **p<0.05; ***p<0.01

Second, we gradually include our exploratory variables: public debt knowledge and public debt expectations (Model 2), followed by two groups of control variables. The results indicate a negative association between negative debt expectations and public spending increases: a respondent with negative expectations is around 4 p.p

less likely to support the increase in public spending. While the previous results suggest a policy reliance on intragenerational preferences, these findings indicate the existence of a credibility constraint for policy elaboration: the intended consequences of fiscal policy could be hindered through an expectations-resource channel.

Moreover, the model testing for public debt knowledge indicates a positive and significant association between a higher level of public debt knowledge and an increase in public spending preferences: individuals with higher levels of public debt knowledge are around 2 p.p more likely to support the increase in public spending. This suggests the formation of rational expectations as debt accumulation allows governments to increase spending. In contrast to other findings describing how debt awareness leads to preferences for lower levels of government spending (Roth et al., 2021), our findings open the door for multiple strategic interactions between policymakers and individuals at different points in time. On the one hand, individuals consider themselves richer than they acutally are when government accumulates debt, phenomen known as Ricardo illusion. Debt illusion does not necessarily imply the absence of awareness regarding future tax liabilities. Even if individuals understand that a current increase in assets will create future repayments, 'they entertain an illusion of wealth where a temporary increase in assets' value is preferred over taxation (Döring and Oehmke, 2019). On the other hand, financially literate individuals are able to reason about macroeconomics depending on specific cognitive abilities (Lin and Bates, 2022). For the link between public debt and economic growth, we test if individuals with higher levels of public debt knowledge understand the sustainability of public debt.[1] The results from Appendix D indicate that, indeed, individuals understand how prudent public debt level can lead to economic growth, in turn, increasing the support for public spending.

Additionally, we include several control factors. Having an interest in economics is negatively associated with the support for an increase in public spending. Surprisingly, trust in government and interest in politics do not have any significant impact on public spending preferences. As expected, respondents with higher satisfaction towards public services' delivery are 4 p.p more likely to support the increase in public spending preferences.

As perceptions of economic consequences re-enter the public policy cycle through individual policy preferences, we estimate how the various factors explain households'preferences for spending increases in various policy areas (Table 2). The model estimates are similar to the previous ones. For instance, respondents who perceive themselves as being financially better – off in the future are less likely to support the increase in public spending for infrastructure, compared to other policy areas.

[1] We estimate ordinal probit models separately (Appendix D) for countries that maintain a normal debt level (below 60% of GDP as imposed by the Maastricht) or an excedentary debt level (above 60% of GDP). Only Hungary and Croatia have a debt level above Maastricht threshold.

Table 2. Preferences for government spending on policy area

Public spending preferences	Social security	Infrastructure	Education	Health	Defense	Development
Debt knowledge (1/0)	0.0184*** (0.0047)	0.0139*** (0.0046)	0.0097*** (0.0028)	0.0071*** (0.002)	0.0195*** (0.0073)	0.0182*** (0.0045)
Debt expectations (negative)	-0.0327*** (0.0051)	-0.0168*** (0.0038)	-.0209*** (0.0033)	-0.0231*** (0.004)	-0.0347*** (0.0063)	-0.0323*** (0.0047)
Debt expectations (positive)	-0.0010 (0.0096)	0.0078 (0.0105)	-0.0021 (0.0059)	0.0018 (0.006)	0.0065 (0.0179)	-0.0044 (0.0093)
Trust government (low)	0.0013 (0.0040)	-0.0054 (0.0039)	-0.0051** (0.0023)	0.0051* (0.003)	0.0016 (0.0067)	-0.0038 (0.0035)
Trust government (high)	-0.0083** (0.0042)	-0.0034 (0.0045)	-0.0027 (0.0026)	-0.0026 (0.0028)	-0.0107 (0.0074)	-0.0034 (0.0040)
Public services satisfaction	0.0373 *** (0.0067)	0.0365*** (0.0065)	0.0306*** (0.0052)	0.0275*** (0.0054)	0.0222*** (0.0072)	0.0381*** (0.0064)
Economic interest	0.0053 (0.0041)	-0.0110*** (0.0042)	-0.0021 (0.0024)	-0.0049* (0.0027)	-0.0133** (0.0067)	-0.0099*** (0.0038)
Political interest	-0.0053 (0.0040)	-0.0042 (0.0041)	-0.0013 (0.0025)	0.0031 (0.0028)	-0.0146** (0.0068)	-0.0031 (0.0037)
Economic expectations	0.0054 (0.0036)	-0.0075** (0.0035)	-0.0008 (0.0021)	0.003 (0.0023)	-0.0047 (0.0058)	0.0034 (0.0033)
Current economic situation	0.0125*** (0.0041)	0.0034 (0.0036)	-0.0005 (0.0021)	0.0018 (0.0024)	0.0095** (0.0060)	-0.0017 (0.0032)
Nagelkerke	0.114	0.060	0.134	-3203.195	0.039	0.109
LogLik	-4245.976	-4910.402	-4043.597	0.121	-5801.773	-4658.687
Observations	5,988	5,988	5,988	5,988	5,988	5,988

Note: Average marginal effects with standards errors in parentheses;
*p<0.1; **p<0.05; ***p<0.01

Before concluding, we also highlight some observed shortcomings of our study and some potential directions for further research. First, the study is based on a survey dataset conducted in Central and Eastern Europe, which may not be generalizable to other regions. Future research could employ a larger and more diverse sample to increase the generalizability of the findings. Second, the study only measures individual preferences for government spending and does not account for actual behavior. It is possible that there may be discrepancies between what individuals claim to prefer and what they actually do when faced with actual policy decisions. Examine the actual behavior of individuals in response to government spending policies can provide a more accurate representation of public spending preferences. Future studies may consider exploring this approach. Moreover, as the study highlights the importance of economic knowledge and information provision in

shaping public attitudes about future taxation, further research can explore effective ways of disseminating economic information to the public. This can include examining the role of media and educational programs in improving public economic literacy.

Despite its limitations, the article offers valuable insights. On one hand, we contribute to the ongoing debate about whether public debt has negative or positive impact on government spending, and in consequence if citizens with negative debt expectations should be more or less likely in favour of increase government spending. Our findings strengthen the empirical evidence of previous research that positive (negative) debt expectations are strongly and positively (negatively) associated with increase (decrease) in public spending. On the other hand, the results extend the literature by showing, contrary to recent empirical evidence, that most knowledgeable citizens tend to support more the increase in public spending compared to citizens having a low level of public debt knowledge.

5. Conclusions

The role of expectations has been extensively acknowledged in the theoretical literature. In this paper, we contribute to the growing efforts to understand, from an empirical standpoint, the effects of expectations on citizens' demand for government spending. Although survey measurements on expectations are prone to misapprehension, they are a good method to practically evaluate individuals' beliefs opening doors for designing efficient policy communication tools.

We contribute to the literature in two respects. First, we improve the existing studies by providing survey evidence on fiscal expectations. Second, we bring insights into the role of knowledge in shaping citizens' demand for public spending. Our results indicate the existence of a debt illusion showing the importance of increasing, through other policy tools, individuals' economic knowledge and abiltities to understand macroeconomic complexity.

Declaration regarding research funding: The authors received no financial support for the research, authorship, and/or publication of this article.

Declarations of competing interests: The authors have no conficts of interest to declare.

******Acknowledgement****:** The data used in this analysis are derived from the OeNB Euro Survey and have been provided by the OeNB solely for research purposes.

References

Alesina, A., Favero, C., Giavazzi, F. (2019) Effects of Austerity: Expenditure- and Tax-based Approaches, Journal of Economic Perspectives, 33(2), 141 - 162

Arias, E., Stasavage, D. (2019) How Large Are the Political Costs of Fiscal Austerity?, The Journal of Politics, 81, 1517–1522

Bansak, K., Bechtel, M.M., Margalit, Y. (2021) Why Austerity? The Mass Politics of a Contested Policy, American Political Science Review, 115, 486–505

Barnes, L., Hicks, T. (2022) Are Policy Analogies Persuasive? The Household Budget Analogy and Public Support for Austerity, British Journal of Political Science, 52, 1296–1314

Blanchard, O. (2019) Public Debt and Low Interest Rates, American Economic Review, 109, 1197–1229

Blinder, A.S., Krueger, A.B. (2004) What Does the Public Know about Economic Policy, and How Does It Know It?, NBER Working Paper 10787

Bojar, A., Bremer, B., Kriesi, H., Wang, C. (2022) The Effect of Austerity Packages on Government Popularity During the Great Recession, British Journal of Political Science, 52, 181–199

Bremer, B., Bürgisser, R. (2022) Do citizens care about government debt? Evidence from survey experiments on budgetary priorities, European Journal of Political Research, 62, 239 - 263

Brender, A., Drazen, A., Lach, S., Klor, E. (2008) How do budget deficits and economic growth affect reelection prospects? Evidence from a large panel of countries, American Economic Review, 2203–2220

Campbell, A.L. (2012) Policy Makes Mass Politics, Annual Review of Political Science, 15, 333–351

de Haan, J., Klomp, J. (2013) Conditional political budget cycles: a review of recent evidence, Public Choice, 157, 387–410

Döring, T., Oehmke, R.D. (2019) About the Economic Psychology of Public Debt, Intereconomics, 297–303

Dubois, E. (2016) Political business cycles 40 years after Nordhaus, Public Choice, 166, 235–259

Eller, M., Jovanovic, B., Scheiber, T. (2021) What do people in CESEE think about public debt?, Focus on European Economic Integration, 35–58

Fetzer, T. (2019) Did Austerity Cause Brexit?, American Economic Review, 109, 3849–86

García, M.J.R. (2013) Financial Education and Behavioral Finance: New Insights into the Role of Information in Financial Decisions, Journal of Economic Surveys, 27, 297–315

Giger, N., Nelson, M. (2011) The electoral consequences of welfare state retrenchment: Blame avoidance or credit claiming in the era of permanent austerity?: the electoral consequences of welfare state retrenchment, European Journal of Political Research, 50, 1–23

Hayo, B., Neumeier, F. (2019) Public Preferences for Government Spending Priorities: Survey Evidence from Germany, German Economic Review, 20, e1–e37
Herwartz, H., Theilen, B. (2017) Ideology and redistribution through public spending, European Journal of Political Economy 46, 74–90
Hübscher, E., Sattler, T., Wagner, M. (2021) Voter Responses to Fiscal Austerity, British Journal of Political Science, 51, 1751–1760
Jacobs, A.M. (2011) Governing for the Long Term: Democracy and the Politics of Investment, Cambridge University Press
Jacques, O., Haffert, L. (2021) Are governments paying a price for austerity? Fiscal consolidations reduce government approval, European Political Science Review, 13, 189–207
Kalbhenn, A., Stracca, L. (2020) Mad about Austerity? The Effect of Fiscal Consolidation on Public Opinion, Journal of Money, Credit and Banking, 52, 531–548
Lin, C.-A., Bates, T.C. (2022) Smart people know how the economy works: Cognitive ability, economic knowledge and financial literacy, Intelligence 93, 101667
Mankiw, N.G., Reis, R., Wolfers, J. (2003) Disagreement about Inflation Expectations. NBER Macroeconomics Annual 18, 209–248
Montes, G.C., Oliveira, L.V., Curi, A., Nicolay, R.T.F. (2016) Effects of transparency, monetary policy signalling and clarity of central bank communication on disagreement about inflation expectations, Applied Economics 48, 590–607
Philips, A.Q. (2016) Seeing the forest through the trees: a meta-analysis of political budget cycles, Public Choice, 168, 313–341
Potrafke, N. (2011) Does government ideology influence budget composition? Empirical evidence from OECD countries, Econ Gov, 12, 101–134
Rogoff, K. (1988) NBER Working paper 44
Roth, C., Settele, S., Wohlfart, J. (2021) Beliefs about public debt and the demand for government spending, Journal of Econometrics, 231(1), 165-187
Rudolph, T.J., Evans, J. (2005) Political Trust, Ideology, and Public Support for Government Spending, American Journal of Political Science, 49, 660–671
Sargent, T.J. (2013) Rational Expectations and Inflation: Rational Expectations and Inflation, Princeton University Press, 3rd edition
Shapiro, M.D., Slemrod, J. (2009) Did the 2008 Tax Rebates Stimulate Spending?, American Economic Review, 99, 374–379
Soss, J., Schram, S.F. (2007) A Public Transformed? Welfare Reform as Policy Feedback, Am Polit Sci Rev, 101, 111–127.
Stix, H. (2013) Does the Broad Public Want to Consolidate Public Debt? - The Role of Fairness and of Policy Credibility: Does the Broad Public Want to Consolidate Public Debt?, Kyklos, 66, 102–129

Appendix A

Table A 1. Descriptive statistics

	Min/ Max	BG	CR	CZ	HU	PL	RO	Total
Public spending preferences	1/3	2.501	2.349	2.136	2.662	2.337	2.687	2.445
		(0.019)	(0.021)	(0.021)	(0.017)	(0.020)	(0.017)	(0.008)
Debt knowledge	0/1	0.095	0.061	0.099	0.256	0.181	0.090	0.130
		(0.009)	(0.008)	(0.009)	(0.014)	(0.012)	(0.009)	(0.004)
Debt expectations (positive)	0/1	0.014	0.008	0.049	0.037	0.016	0.015	0.023
		(0.003)	(0.003)	(0.007)	(0.006)	(0.004)	(0.004)	(0.002)
Debt expectations (negative)	0/1	0.818	0.761	0.390	0.515	0.654	0.846	0.664
		(0.012)	(0.013)	(0.015)	(0.016)	(0.015)	(0.011)	(0.006)
Debt expectations (moderate)	0/1	0.168	0.231	0.561	0.448	0.330	0.139	0.313
		(0.011)	(0.013)	(0.016)	(0.016)	(0.015)	(0.011)	(0.006)
Public satisfaction delivery	0/1	0.117	0.036	0.409	0.292	0.317	0.224	0.232
		(0.010)	(0.006)	(0.016)	(0.014)	(0.015)	(0.013)	(0.005)
Trust in government (low)	0/1	0.615	0.637	0.332	0.359	0.463	0.703	0.518
		(0.015)	(0.015)	(0.015)	(0.015)	(0.016)	(0.014)	(0.006)
Trust in government (medium)	0/1	0.165	0.238	0.312	0.299	0.235	0.149	0.233
		(0.011)	(0.013)	(0.015)	(0.014)	(0.013)	(0.011)	(0.005)
Trust in government (high)	0/1	0.220	0.125	0.356	0.342	0.302	0.147	0.249
		(0.013)	(0.010)	(0.015)	(0.015)	(0.014)	(0.011)	(0.006)
Economic interest	0/1	0.393	0.389	0.319	0.405	0.382	0.529	0.403
		(0.015)	(0.015)	(0.015)	(0.016)	(0.015)	(0.016)	(0.006)
Political interest	0/1	0.363	0.326	0.304	0.347	0.366	0.319	0.338
		(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.006)
Satisfaction with current financial situation	0/1	0.482	0.494	0.566	0.506	0.572	0.641	0.544
		(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.015)	(0.006)
Short-term financial expectations	0/1	0.364	0.481	0.400	0.425	0.456	0.610	0.456
		(0.015)	(0.016)	(0.015)	(0.016)	(0.016)	(0.015)	(0.006)
Gender	0/1	0.543	0.556	0.502	0.569	0.516	0.545	0.539

	Min/ Max	BG	CR	CZ	HU	PL	RO	Total
		(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.006)
Age	18/88	49.84	44.084	47.686	47.274	45.879	46.294	46.835
		(0.494)	(0.484)	(0.543)	(0.459)	(0.550)	(0.504)	(0.208)
Education (primary)	0/1	0.016	0.072	0.060	0.106	0.235	0.022	0.086
		(0.004)	(0.008)	(0.008)	(0.010)	(0.013)	(0.005)	(0.004)
Education (secondary)	0/1	0.728	0.722	0.807	0.770	0.591	0.770	0.731
		(0.014)	(0.014)	(0.012)	(0.013)	(0.015)	(0.013)	(0.006)
Education (tertiary)	0/1	0.256	0.206	0.133	0.124	0.174	0.209	0.184
		(0.014)	(0.013)	(0.011)	(0.010)	(0.012)	(0.013)	(0.005)
Income (low)	0/1	0.192	0.220	0.118	0.106	0.120	0.239	0.166
		(0.012)	(0.013)	(0.010)	(0.010)	(0.010)	(0.013)	(0.005)
Income (medium)	0/1	0.195	0.503	0.245	0.177	0.264	0.243	0.271
		(0.013)	(0.016)	(0.014)	(0.012)	(0.014)	(0.014)	(0.006)
Income (high)	0/1	0.088	0.096	0.123	0.153	0.117	0.107	0.114
		(0.009)	(0.009)	(0.010)	(0.011)	(0.010)	(0.010)	(0.004)
Head of the household	0/1	0.298	0.341	0.375	0.585	0.403	0.442	0.407
		(0.015)	(0.015)	(0.015)	(0.016)	(0.016)	(0.016)	(0.006)
Employed	0/1	0.483	0.520	0.588	0.664	0.460	0.492	0.534
		(0.016)	(0.016)	(0.016)	(0.015)	(0.016)	(0.016)	(0.006)
Having children	0/1	0.295	0.308	0.371	0.285	0.373	0.306	0.323
		(0.0140	(0.015)	(0.015)	(0.014)	(0.015)	(0.014)	(0.006)

Note: The table indicates the sample means and standard deviations of respective variables. Column *Total* refers to the entire sample of observations without adjusting for country size.

Table A 2. Description of the variables

Variable name	Measure
Public spending preferences	Six items measure the attitudes towards spending on social security, infrastructure, education, health, defense, and development. All six items were measured using a similar format in which respondents were asked whether the government should 'increase', 'maintain', or 'lower' the spending on a given policy. The final value of the variable is computed for each respondent as an average for all six questions. Responses are coded based on Likert intervals. Higher scores indicate support for greater spending.
Public debt expectations	Categorical variable taking three different values: "positive", "moderate", "negative". The variable is based on the four different questions: 1. "Higher public debt levels imply that I will have to pay more taxes in the future." 2. "Higher public debt levels imply that I will receive lower state pensions and/or lower welfare benefits in the future." 3. "The development of public debt over the past 10 years is worrisome." 4. "Public debt will increase strongly over the next 10 years." All questions are based on 6 points Likert scales. The final value of the variable is computed for each respondent as an average for all four questions.
Public debt knowledge	Dummy variable taking two values based on respondent's knowledge about public debt: "correct", and "incorrect". The values are coded as "correct" or "incorrect" based on the following question: 1. "Currently, how high is this percentage in your country?" The respondent hat to correctly identify the interval of public debt's level to be in the "correct" category. The interval of public debt level is verified by the actual level of debt knowledge in 2018 taken from World Bank database.
Short-term financial expectations	Dummy variable equal to one if the respondent expects a better financial situation over the next 12 months, zero otherwise.
Satisfaction with current financial situation	Dummy variable equal to one if the respondent is satisfied with his/ her current financial satisfaction, zero otherwise.

Variable name	Measure
Economic interest	Dummy variable equal to one if respondent states having an interest in economics. The variable is based on the following question: “I am very interested in economic questions.”
Politics interest	Dummy variable equal to one if respondent states having an interest in politics. The variable is based on the following question: “I am very interested in politics.”
Trust (high, medium, low)	Dummy variables are based on the following question (5 points Likert scale question): “How much you trust the government/ cabinet of ministers”? Omitted category: medium trust.
Public service delivery satisfaction	Dummy variable based on respondents’ answers to the following question: “How satisfied are you with the delivery of public services in these areas: a) social security (e.g., unemployment compensation, public pension, benefits for families and children) b) public infrastructure (e.g., road and town construction, railway network, public transport) c) Education (e.g., public kindergartens, schools, or universities) d) Health (e.g., public hospitals) e) Defence and public safety (e.g., police, justice system) f) Economic development (e.g., support for small- and medium-sized companies, investment allowances, financial support for disadvantaged regions)”. All questions are based on 6 points Likert scales. The final value of the variable is computed for each respondent as an average for all four questions.
Age	The age of the respondent.
Education (low, medium, high)	Dummy variables assessing the degree of education of each respondent (primary education level, secondary education level, primary education level). Omitted category: education medium
Employed	Dummy variable equal to one if respondent is employed, zero otherwise.
Female	Dummy variable equal to one if respondent is female, zero otherwise.
Manages HH finances	Dummy variable equal to one if respondent oversees managing household finances, zero otherwise.
Parent	Dummy variable equal to one if respondent has children, zero otherwise.
Income (high, medium, low, no answer)	Dummy variables which take value one for each net household income terciles (high, medium, low). For those respondents who did not give an answer an additional dummy variable is defined (refused income). Omitted category: income low

Appendix B

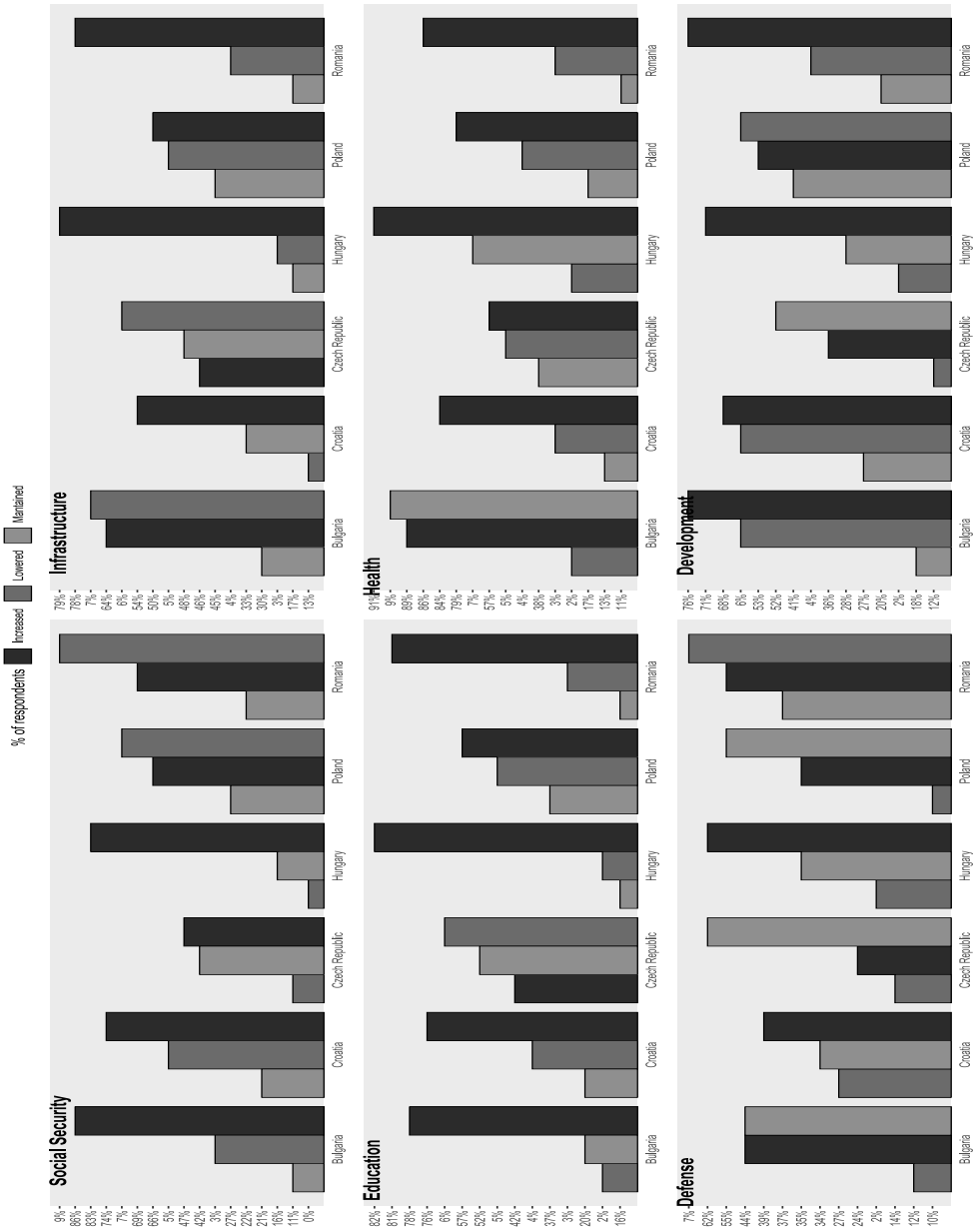

Figure B1. Preferences for public spending priorities – distribution of answer (%)
Source: OeNB Euro Survey 2018.Note: Respondents were asked:
In which areas should the level of state spending be increased,
maintained or lowered over the next 10 years?

Appendix C

Table C 1. Robustness by excluding each country at a time

Public spending preferences overall	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Gender: Female	-0.0038	-0.0031	-0.0024	-0.0040	-0.0018	-0.0018
	(0.0031)	(0.0033)	(0.0030)	(0.0034)	(0.0031)	(0.0031)
Age	-0.0003***	-0.0003***	-0.0002***	-0.0003***	-0.0002**	-0.0002***
	(0.0001)	(0.0001)	(0.0001)	(0.0001)	(0.0001)	(0.0001)
Education (primary)	0.0096*	0.0111*	0.0131**	0.0207***	-0.0042	-0.0042
	(0.0056)	(0.0060)	(0.0058)	(0.0068)	(0.0069)	(0.0069)
Education (tertiary)	-0.0002	-0.0017	-0.0086**	-0.0075*	-0.0071*	-0.0071*
	(0.0042)	(0.0046)	(0.0044)	(0.0045)	(0.0042)	(0.0042)
Income (low)	0.0041	0.0003	-0.0051	-0.0043	0.0044	0.0044
	(0.0048)	(0.0049)	(0.0047)	(0.0048)	(0.0045)	(0.0045)
Income (high)	-0.0028	-0.0041	-0.0017	0.0084	-0.0016	-0.0016
	(0.0049)	(0.0053)	(0.0048)	(0.0056)	(0.0049)	(0.0049)
Head of the household	-0.0051	-0.0054	-0.0038	0.0044	-0.0049	-0.0049
	(0.0034)	(0.0036)	(0.0032)	(0.0038)	(0.0033)	(0.0033)
Employed	0.0009	-0.0002	-0.0004	0.0080**	0.0016	0.0016
	(0.0034)	(0.0036)	(0.0033)	(0.0041)	(0.0034)	(0.0034)
Having children	-0.0105***	-0.0063*	-0.0034	-0.0082**	-0.0048	-0.0048
	(0.0034)	(0.0036)	(0.0034)	(0.0037)	(0.0034)	(0.0034)
Debt knowledge (1/0)	0.0125 ***	0.0176***	0.0166***	0.0132	0.0110**	0.011***
	(0.0044)	(0.0050)	(0.0047)	(0.103)	(0.0044)	(0.0044)
Debt expectations	-0.0305***	-0.0372***	-0.0347***	-0.0130*	-0.0366***	-0.0026***
(negative)	(0.0049)	(0.0058)	(0.0056)	(0.098)	(0.0060)	(0.006)
Debt expectations	-0.0007	0.0028	0.0050	-0.0047	-0.0026	-0.0026
(positive)	(0.0096)	(0.0104)	(0.0091)	(0.101)	(0.0093)	(0.0039)
Future financial	-0.0007	-0.0007	-0.0035	-0.0488***	0.0003	0.0003
expectations	0.0034)	(0.0036)	(0.0033)	(0.094)	(0.0033)	(0.0033)
Current economic situation	-0.0065*	-0.0085**	-0.0042	0.021	-0.0107**	-0.0107***
	(0.0035)	(0.0037)	(0.0034)	(0.253)	(0.0036)	(0.0036)
Trust in Government (high)	-0.0055	-0.0039	-0.0060	-0.0038	-0.0082**	-0.0082
	(0.0042)	(0.0046)	(0.0041)	(0.118)	(0.0043)	(0.0043)
Trust in Government (low)	-0.0014	-0.0001	-0.0042	0.0048	-0.0050	-0.005
	(0.0039)	(0.0042)	(0.0038)	(0.114)	(0.0037)	(0.0037)
Economic interest	-0.0040	-0.0088**	-0.0075*	-0.0052	-0.0074*	-0.0074*
	(0.0041)	(0.0043)	(0.0040)	(0.119)	(0.0041)	(0.0041)
Political interest	-0.0066	-0.0040	-0.0014	-0.0180**	0.0013	0.0013
	(0.0041)	(0.0043)	(0.0040)	(0.119)	(0.0041)	(0.0041)
Public service delivery	0.0462***	0.0469***	0.0490***	0.0649***	0.0474***	0.0474***
satisfaction	(0.0080)	(0.0081)	(0.0087)	(0.0980	(0.0086)	(0.0086)
AIC	7569.937	7594.321	7118.317	7583.276	7120.225	6599.592
Nagelkerke	0.113	0.117	0.148	0.146	0.120	0.092
LogLik	-3761.968	-3774.16	-3536.158	-3768.638	-3537.112	-3276.796
Observations	5,035	5,028	5,035	5,035	5,018	5,024

Source: Authors' calculations based on OeNB Euro Survey 2018. Ordered probit models: Model (1): Excluding Romania from the sample. Model (2): Excluding Bulgaria from the sample. Model (3) excluding Czech Republic from the sample. Model (4): Excluding Hungary from the sample. Model (5): Excluding Poland from the sample.
Note: Average marginal effects with standards errors in parentheses;
*p<0.1;**p<0.05;***p<0.01

Table C 2. Robustness with binary probit models

Public spending preferences overall	**(1)**	**(2)**	**(3)**
Gender: Female	-0.0165	0.0218**	-0.0052
	(0.0117)	(0.0111)	(0.0058)
Age	-0.0013***	0.0014***	-0.0001
	(0.0004)	(0.0004)	(0.0002)
Education (primary)	0.0434**	-0.0353*	-0.0090
	(0.0209)	(0.0198)	(0.0101)
Education (tertiary)	-0.0073	-0.0166	0.0264***
	(0.0154)	(0.0145)	(0.0086)
Income (low)	0.0020	-0.0036	0.0007
	(0.0167)	(0.0159)	(0.0084)
Income (high)	-0.0093	0.0138	-0.0043
	(0.0185)	(0.0176)	(0.0091)
Head of the household	-0.0165	0.0120	0.0042
	(0.0123	(0.0117)	(0.0062)
Employed	-0.0027	0.0124	-0.0100
	(0.0124)	(0.0117)	(0.0063)
Having children	-0.0261**	0.0197	0.0061
	(0.0132)	(0.0126)	(0.0067)
Debt knowledge (1/0)	0.0667***	-0.0569***	-0.0096
	(0.0148)	(0.0140)	(0.0074)
Debt expectations (negative)	-0.1280***	0.0693***	0.0547***
	(0.0125)	(0.0121)	(0.0065)
Debt expectations (positive)	0.0082	0.0025	-0.0082
	(0.0377)	(0.0359)	(0.0157)
Future financial expectations	-0.0088	0.0129	-0.0044
	(0.0129)	(0.0122)	(0.0064)
Current economic situation	0.0026	-0.0144	0.0111*
	(0.0128)	(0.0122)	(0.0064)
Trust in Government (high)	-0.0343**	0.0248	0.0078
	(0.0167)	(0.0157)	(0.0085)
Trust in Government (low)	-0.0216	0.0387***	-0.0151**
	(0.0146)	(0.0138)	(0.0074)
Economic interest	-0.0256*	0.0169	0.0076
	(0.0148)	(0.0140)	(0.0073)
Political interest	-0.0192	0.0268*	-0.0085
	(0.0150)	(0.0141)	(0.0078)
Public service delivery satisfaction	0.2064***	-0.2085***	0.0083
	(0.0132)	(0.0122)	(0.0073)
Nagelkerke	0.121	0.113	0.069
LogLik	-3467.039	-3208.321	-1182.509
Observations	5,988	5,988	5,988

Source: Authors' calculations based on OeNB Euro Survey 2018.
Binary logit models: Model (1): Dummy variable where 1 = increased, and 0 = otherwise. Model (2): Dummy variable where 1 = maintained, and 0 = otherwise. Model (3) Dummy variable where 1 = lowered, and 0 = otherwise.
Note: Average marginal effects with standards errors in parentheses;
*p<0.1; **p<0.05; ***p<0.01

Table C 3. Robustness with binary logit models

Public spending preferences overall	**(1)**	**(2)**	**(3)**
Gender: Female	-0.0158	0.0211*	-0.0053
	(0.0117)	(0.0111)	(0.0058)
Age	-0.0013***	0.0014***	-0.0001
	(0.0004)	(0.0004)	(0.0002)
Education (primary)	0.0433**	-0.0339*	-0.0089
	(0.0207)	(0.0196)	(0.0099)
Education (tertiary)	-0.0093	-0.0141	0.0268***
	(0.0155)	(0.0145)	(0.0091)
Income (low)	0.0017	-0.0026	0.0008
	(0.0168)	(0.0161)	(0.0085)
Income (high)	-0.0095	0.0137	-0.0039
	(0.0184)	(0.0175)	(0.0091)
Head of the household	-0.0170	0.0127	0.0044
	(0.0124)	(0.0118)	(0.0062)
Employed	-0.0018	0.0118	-0.0109*
	(0.0124)	(0.0117)	(0.0064)
Having children	-0.0263**	0.0199	0.0064
	(0.0132)	(0.0125)	(0.0068)
Debt knowledge (1/0)	0.0671***	-0.0571***	-0.0091
	(0.0146)	(0.0137)	(0.0073)
Debt expectations (negative)	-0.1268***	0.0686***	0.0574***
	(0.0123)	(0.0119)	(0.0067)
Debt expectations (positive)	0.0070	0.0051	-0.007
	(0.0366)	(0.0350)	(0.0143)
Future financial expectations	-0.0096	0.0139	-0.0034
	(0.0129)	(0.0122)	(0.0064)
Current economic situation	0.0025	-0.0147	0.0119*
	(0.0129)	(0.0122)	(0.0064)
Trust in Government (high)	-0.0346**	0.0253*	0.0078
	(0.0165)	(0.0154)	(0.0086)
Trust in Government (low)	-0.0203	0.0389***	-0.0189**
	(0.0146)	(0.0138)	(0.0075)
Economic interest	-0.0262*	0.0173	0.0085
	(0.0148)	(0.0141)	(0.0072)
Political interest	-0.0191	0.0267*	-0.0079
	(0.0150)	(0.0141)	(0.0078)
Public service delivery satisfaction	0.2022***	-0.2026***	0.0092
	(0.0127)	(0.0116)	(0.0074)
Nagelkerke	0.121	0.113	0.072
LogLik	-3467.218	-3208.183	-1179.564
Observations	5,988	5,988	5,988

Source: Authors' calculations based on OeNB Euro Survey 2018.
Binary logit models: Model (1): Dummy variable where 1 = increased, and 0 = otherwise. Model (2): Dummy variable where 1 = maintained, and 0 = otherwise. Model (3) Dummy variable where 1 = lowered, and 0 = otherwise.
Note: Average marginal effects with standards errors in parentheses;
*p<0.1; **p<0.05; ***p<0.01

Appendix D

Table D 1. Robustness with country individual probit models

Public spending preferences overall	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Gender: Female	0.0017	-0.0020	-0.0046	0.0053	-0.0089	0.0048
	(0.0073)	(0.0036)	(0.0073)	(0.0043)	(0.0074)	(0.0130)
Age	-0.0001	-0.0001	-0.0002	-0.0002***	-0.0006**	-0.0003
	(0.0002)	(0.0001)	(0.0002)	(0.0001)	(0.0002)	(0.0004)
Education (primary)	-0.0102	-0.0035	0.0035	-0.0059	0.0299***	0.0289
	(0.0254)	(0.0149)	(0.0146)	(0.0061)	(0.0131)	(0.0293)
Education (tertiary)	-0.0252*	-0.0020	0.0136	-0.0063	0.0145	-0.0263
	(0.0157)	(0.0045)	(0.0105)	(0.0056)	(0.0108)	(0.0200)
Income (low)	-0.0052	0.0022	0.0124	-0.0034	-0.0089	0.0023
	(0.0091)	(0.0053)	(0.0111)	(0.0059)	(0.0117)	(0.0212)
Income (high)	0.0119	0.0047	0.0111	-0.0120	-0.0005	0.0123
	(0.0135)	(0.0066)	(0.0136)	(0.0083)	(0.0112)	(0.0197)
Head of the household	0.0058	-0.0025	0.0049	0.0044	-0.0003	-0.0049
	(0.0080)	(0.0044)	(0.0084)	(0.0038)	(0.0077)	(0.0033)
Employed	-0.0085	0.0010	0.0084	-0.0021	0.0003	0.0290**
	(0.0074)	(0.0040)	(0.0089)	(0.0030)	(0.0077)	(0.0174)
Having children	0.0132	-0.0054	-0.0158*	-0.0048	-0.0172**	-0.0327***
	(0.0111)	(0.0045)	(0.0089)	(0.0036)	(0.0080)	(0.0140)
Debt knowledge (1/0)	0.0296*	0.0027*	0.0175	0.0006	0.0262**	-0.0256**
	(0.0044)	(0.0052)	(0.0126)	(0.0041)	(0.0119)	(0.0154)
Debt expectations	-0.0459**	-0.0122**	-0.0285***	-0.0097 *	-0.0242***	-0.0527 ***
(negative)	(0.0208)	(0.0060)	(0.0118)	(0.0057)	(0.0090)	(0.0173)
Debt expectations	0.0486	0.0066	0.0012	-0.0154	0.0495	-0.0137
(positive)	(0.0378)	(0.0134)	(0.0384)	(0.0114)	(0.0339)	(0.0297)
Future financial	0.0188	-0.0038	0.0082	-0.0006	-0.0044	-0.0169
expectations	(0.0132)	(0.0043)	(0.0091)	(0.0033)	(0.0078)	(0.0138)
Current economic	-0.0103	0.0011	-0.0099	-0.0001	0.0137	-0.0311*
situation	(0.0058)	(0.0046)	(0.0086)	(0.0036)	(0.0097)	(0.0142)
Trust in Government	-0.0236	-0.0156*	-0.0048	0.0055	-0.0021	-0.0014
(high)	(0.0148)	(0.0080)	(0.0129)	(0.0050)	(0.0100)	(0.0156)
Trust in Government	0.0012	-0.0112*	-0.0021	-0.0061	0.0077	0.0158
(low)	(0.0100)	(0.0060)	(0.0086)	(0.0049)	(0.0102)	(0.0176)
Economic interest	-0.0006	0.0014	0.0052	-0.0022	-0.0020	- -0.0032
	(0.0082)	(0.0050)	(0.0098)	(0.0040)	(0.0084)	(0.0182)
Political interest	0.0056	0.0013	-0.0160	0.0016	-0.0238**	0.0152
	(0.0095)	(0.0050)	(0.0105)	(0.0041)	(0.0106)	(0.0193)
Public service delivery	0.0495*	0.0218*	0.0169	0.0205*	0.0305***	0.0982***
satisfaction	(0.0266)	(0.0050)	(0.0198)	(0.0050)	(0.0130)	(0.0297)
Nagelkerke	0.173	0.108	0.070	0.204	0.160	0.107
LogLik	-534.722	-557.835	-774.4916	-418.5152	-782.2023	-927.8541
Observations	1,011	1,000	1,007	1,000	1,017	1,000

Source: Authors' calculations based on OeNB Euro Survey 2018.
Ordered probit models: Model (1): Romania. Model (2): Bulgaria. Model (3) Czech Republic. Model (4): Hungary. Model (5): Poland. Model (6): Czech Republic.
Note: Average marginal effects with standards errors in parentheses;
*p<0.1; **p<0.05; ***p<0.01