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# ***Legitimacy gaps, taxpayer conflict, and the politics of austerity in the UK***

[Short title: Legitimacy gaps and the politics of austerity]

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**Abstract:** Following the 2008 financial crisis, fiscal deficit reduction has become the name of the game for many Western states. This article uses focus group data to explore the legitimisation of austerity in the UK. It is argued that fiscal consolidation speaks to real concerns citizens have over unfair redistribution to supposed ‘undeserving’ groups. The undeserving rich and poor are stigmatized during times of austerity since they are assumed to take more than they give from the public purse – leaving taxpayers, the assumption goes, to pick up the bill. By speaking to this legitimacy gap between prudent normative expectations and the lived experiences of state profligacy, fiscal consolidation can appear to speak to the interests of ‘the taxpayer’ – a group conceptualised as a *sense of group position* that arises from collective sense-making rather than a pre-given constituency.

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## Introduction

The deteriorating public finances of many Western states were brought into sharp focus following the 2008 global financial crisis. With the culmination of both long-term trends and short-term effects, many fiscal deficits widened and sovereign debt swelled (Thompson 2013). The shift from a financial crisis to a debt crisis (Blyth 2013, Hay 2013), in which these issues climbed and eventually topped the political agenda, put considerable pressure on some indebted states to intervene. By 2010, many of these troubled states – which included France, Ireland, Italy, Greece, Portugal, Spain, and the UK, among others – responded to this pressure with clear and bold plans for fiscal consolidation. Although the specific plans differed in their composition and autonomy, this turn to ‘austerity’ was centred upon implementing tax rises and spending cuts in the name of short-term deficit reduction and long-term fiscal sustainability.

The politics of fiscal consolidation are potentially perilous. Politicians are under pressure to credibly commit to fiscal responsibility through implementing potentially unpopular policies while also ensuring their own survival at the ballot box (Posner and Blöndal 2012, 12). These political dynamics can also be contextualised in regards to funding the state – and the continued legitimisation of fiscal relations. States depend on extracting relatively large sums from citizens and other taxpayers in order to function. Since taxes are a set of ‘obligations to contribute money or goods to the state in exchange for nothing in particular’ (Martin *et al.* 2009, 2), ensuring the legitimacy of these relations is both difficult and of crucial importance. The post-2008 turn to fiscal consolidation raises an interesting puzzle in this respect: when ostensibly imposing losses on domestic populations via tax rises and spending cuts, how is fiscal consolidation legitimated?

The literature on post-2008 fiscal consolidation has typically avoided this puzzle to date. One prominent strand of the literature puzzles over whether fiscal consolidation works, when – if at all – it should be applied, and how it should be used when necessary (e.g. Hay 2013; Konzelmann 2014). A similar and overlapping strand analyses (and often critiques) the economic ideas used to justify fiscal consolidation (e.g. Lysandrou 2013; Dellepiane-Avellaneda 2014). Combining these two strands, Mark Blyth (2013) argues that fiscal consolidation is based on a premise that severely misdiagnoses what went wrong, an idea that has no substantive theoretical underpinning, and a strategy that has never worked in conditions akin to the contemporary global economy. While this literature analyses fiscal consolidation through a macroeconomic lens, there is another prominent strand that considers fiscal relations at the heart of austerity. These scholars pose important macro-level questions about the democratic implications of austerity (e.g. Schäfer and Streeck 2013). These analyses are sometimes situated within the context of previous attempts at consolidation (e.g. Dellepiane-Avellaneda and Hardiman 2015) or within tensions in an evolving democratic capitalism (e.g. Streeck 2014). However, legitimisation is not

directly confronted. A micro-level or everyday approach to fiscal relations – in which questions of legitimation are typically foregrounded (Hobson and Seabrooke 2007, 13-15) – is an appropriate starting point for confronting this puzzle.

The literature on welfare retrenchment has already grappled with the dynamics of this puzzle. This literature starts from the assumption that the electorate are more likely to punish governments for losses – such as benefit cutbacks – rather than reward them for providing gains such as lower taxes<sup>1</sup> (Starke 2006, 106). Politicians are therefore chiefly motivated by a desire to avoid blame for unpopular actions rather than to claim credit for popular ones. This was adapted by Paul Pierson (1994; 1996) to explain how the new politics of welfare retrenchment required political strategies in order to avoid blame. These include the strategy of ‘divide and conquer’: targeting cuts on weaker and less politically salient groups in order to assuage others. Posner and Blöndal (2012) extrapolate from this framework to suggest that fiscal consolidation is intrinsically unpopular due to the nature of ‘taking away’ benefits from voters. Wedge politics (Wilson and Turnbull 2001) effectively turns the blame-avoiding assumption on its head, and instead hints at how fiscal consolidation can be, in effect, a credit-claiming strategy. By building on existing social cleavages to create crosscutting constituencies of ‘winners’, wedge politics targets already stigmatised social groups as a way of creating a common cause and link political opponents to their support of the ‘losers’ (Wilson and Turnbull 2001, 385). This article extends this research by examining micro-level dynamics of legitimation.

The UK – the focus of this article – provides an illustrative case study in the legitimation of fiscal consolidation. The key economic priority of the Conservative-Liberal Democrat Coalition government when formed in 2010 was to reduce the fiscal deficit (Hay 2013). Unlike in the Eurozone periphery, fiscal consolidation in the UK could not be justified as a response to the imperatives of an external market crisis (e.g. sharp rise in bond yields), nor is it the implementation of a strategy imposed by external actors (e.g. the IMF-EC-ECB Troika)<sup>2</sup>. Opinion polls have consistently shown that a ‘vast majority’ accepted the necessity and inevitability of significant cuts in public expenditure (Dorey 2010: 414), with ‘widespread agreement among elites and the public alike about what should be done’ (Whiteley *et al.* 2015, 5; see also Whiteley *et al.* 2013). In the absence of obvious external actors to displace blame on to, the UK case offers unique insights into the politics of fiscal consolidation – especially in regard to how such strategies are conferred a degree of legitimacy.

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<sup>1</sup> Note the variation among cognate literatures in how the winners and losers from such reforms are discussed. The blame avoidance and welfare retrenchment literature typically writes of voter “losses” and “gains” (e.g. Weaver 1987, Pierson 1996), where as the political economy literature typically writes of redistributive effects. Although there are differences, this article uses the two vocabularies interchangeably.

<sup>2</sup> This did not stop the Coalition from drawing analogies with the Greek crisis. Regardless, in the UK case, fiscal consolidation appears as both a self-inflicted strategy to restructure the state itself, and a pre-emptive strike to both bolster market credibility and generate economic governing competence.

In line with the need for a micro-level or everyday focus, this article draws on six focus group discussions conducted in the West Midlands in the UK between May and September 2012. The focus groups were comprised either of middle-income homeowners or community volunteers respectively, and these participants were invited to discuss politics and the economy in an age of austerity. In contrast to the rational actor with predictable preferences, this research foregrounds the shared practices and common stocks of knowledge, i.e. intersubjectivity (Bloor *et al.* 2001; Calder 1977). Drawing on this focus group data, the central argument is that fiscal consolidation speaks to real concerns citizens have over unfair redistribution to supposed ‘undeserving’ groups. As the data highlights, there was a consistent legitimacy gap between the participants’ *prudent normative expectations* about how redistribution ought to work, and – on the other hand – their actual *lived experiences of profligacy* in engaging with the uses and abuses of ‘taxpayers’ money’ and redistribution. Fiscal consolidation is consequently conferred a degree of legitimacy – especially if losses are seen as being imposed on those undeserving groups – by ostensibly making life fairer for ‘taxpayers’. This assists in illuminating the question of legitimation.

However, the article does not treat ‘taxpayers’ as a pre-given constituency like voters, citizens or certain interest groups<sup>3</sup>. ‘The taxpayer’ is instead best understood as a *sense* of group position that arises from the everyday process of making sense of one’s own and others position in society and the wider fiscal order<sup>4</sup> (Blumer 1958; Kidder and Martin 2012). This particular order consists of the hardworking taxpayers who pay their own way, and the undeserving poor and rich who take more than their fair share from the public purse. This order is normative inasmuch that it does not reflect or represent actual flows of (re)distribution. Instead it is based on shared values regarding how redistribution *ought* to work. Participants consistently identified themselves and their fellow participants within the taxpayer group, which was constructed in opposition a morally undeserving rich and poor<sup>5</sup>. The key distinction between the taxpaying and undeserving groups was the extent to which people make a ‘fair’ contribution to state revenues and the extent to which people strive to meet this normative goal. Consequently, there was a sense that ‘taxpayers’ money’ was unfairly

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<sup>3</sup> It should be noted how this differs considerably from the assumptions about rational utility-maximising actors that tends to underpin the economics literature and ideas on fiscal consolidation – including, notoriously, “reverse Ricardian equivalence” that was used by policymakers to justify austerity.

<sup>4</sup> One of the oddities of the taxpayer as a group identity is that everyone in the UK does, of course, pay tax in some form even if it is just via value-added tax (VAT) and only around 30% of total revenues are via income tax. For the purposes of this article, a taxpayer is defined as someone who believes they deserve to be the recipient of state spending due to some sense of collective ownership over public finances. We can identify two important sources of this sense of ownership. On the one hand, Laura Paler (2013) has shown that the sheer act of paying a highly visible tax leads citizens to gaining a sense of ownership over the public purse. On the other hand, this sense of ownership is also historically specific. Take, for example, the way in which the media typically divide the cost of public services by each household or taxpayer; for example, that each British household is paying, *on average*, £X in interest payments on public debt per year.

<sup>5</sup> Populations can of course consider different types of gains from tax and spending, but this article focuses on this one way.

redistributed to the undeserving poor (through welfare transfers for example) and the undeserving rich (through bank bailouts for example).

This argument unfolds over three sections. The first section sets out the analytical framework and methodology. It outlines the two central concepts in the article: legitimacy gaps, and the taxpayer as a 'sense of group position'. It then describes and justifies the focus group method. The second section analyses the focus group data. It is shown how focus group participants consistently identified themselves as hardworking taxpayers. The conclusion summarises the argument and then briefly highlights how this legitimacy gap may have been addressed through high-profile Coalition economic policy interventions.

### **Analysing legitimacy gaps in state redistribution**

This section outlines the theory and methods of the article. The first part unpacks the two core conceptual frameworks used in the article – legitimacy gaps, and the taxpayer as a sense of group position – and contextualises them within the historical context of funding the state. The second part discusses how the alignment of focus groups with the assumption of intersubjectivity is an appropriate methodology for researching these dynamics. The section ends by outlining the research design.

#### **Legitimacy gaps**

Modern liberal states are walking a never-ending tightrope when it comes to tax. For these states to exist and continue in their current form they must extract relatively large amounts of money and goods from their citizens and other taxpayers, which is then partly redistributed both directly and indirectly to others (Steinmo 1996, 1). While organising this extraction is itself an administrative challenge, the real difficulty perhaps lies in ensuring the legitimacy of fiscal relations so that taxpayers consent to this forceful extraction (O'Connor 1973, 6). The balancing act analogy is therefore appropriate, for if this fails then the wider legitimacy of the modern state is at stake too. Yet in contemporary Western states, this balancing act has been so successful that we rarely acknowledge it. Since it is largely taken for granted, the issue normally lies outside the purview of normal politics. Exceptional times, with politicised budget deficits and talk of necessary austerity, take these fiscal relations and the issues of tax and spending to the top of the political agenda. During these exceptional times, ensuring consent among taxpayers to these fiscal relations through legitimation strategies is paramount.

Consent to fiscal relations, however, cannot be reduced to the aggregated cost-benefit analysis of individuals (e.g. Ross 2004). Since taxes are a set of 'obligations to contribute money or goods to the state *in exchange for nothing in particular*' (Martin *et al.* 2009, 2, emphasis added) tax consent is far from black and white. It is virtually impossible for taxpayers to know what the public goods and services they benefit from, or indeed exactly how much tax they pay. For these reasons, there are number of biases. Public goods (such as pavements or the legal system) are typically taken for

granted because of negativity bias and loss aversion. These cognitive heuristics ensure that people tend to remember – and therefore form their ‘preferences’ on – negative experiences in which something beneficial is taken away rather than a time when something positive is provided (Weaver 1987). There is also an inevitable focus on the high profile and emotionally charged forms of direct redistribution, such as welfare benefits. Generally speaking, then, people make sense of whether they are getting a fair share of this pie through their everyday knowledge, experiences, and the media<sup>6</sup> (on which, see Gamson 1992). Understanding how reforms chime with a collective sense of fairness is therefore as instructive as an aggregated cost-benefit analysis of individual preferences.

Leonard Seabrooke’s (2007) legitimacy gap concept captures these dynamics well. A legitimacy gap exists ‘when there is space between claims to fairness and rightfulness of policy actions by those governing, and the conferral of these claims evident in the expressive practices of the governed’ (Seabrooke 2007, 796). In other words, it is a gap between expectations and what is experienced as delivered, to the extent that it can be considered unjust in line with shared values<sup>7</sup> (Beetham 1991, 6-19). Governments may intervene with policies that seek to assuage these gaps – by promising to make the economy fairer in line with expectations that can be justified by shared values – and therefore halt the erosion of their legitimation. Legitimacy gaps, then, are driven by conflicts over how the economy *ought* to work.

Since the fiscal deficit is a central symbol in the battle over austerity in the UK – itself an intensely political marker of crisis that must be seen within historical shifts in the organisation of state power (Sinclair 2000) – the sustainability of public spending has become politicized (Stanley 2014a). Conflicts over the uses and abuses of ‘taxpayers’ money’ have come to the fore, with concerns over seemingly unfair redistribution to those deemed undeserving of it particularly prominent. There is a sense that certain social groups – say the undeserving poor or rich – take more than their fair share from the public purse. From this process a legitimacy gap may emerge, since these lived experiences do not match up with shared values about how redistribution ought to work.

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<sup>6</sup> Gamson concludes – perhaps surprisingly for a scholar who made his name in analysing the power of media discourses – that the media is not the most important resource but is roughly equal among three. Unfortunately, due to limitations in space and resources, it was only possible to incorporate two from three of Gamson’s sense-making triumvirate. Although the role of the media in disseminating information is undoubtedly crucial, it should be remembered that legitimation cannot be reduced to the internalisation of an elite-driven narrative (on which, see Beetham 1991: 106).

<sup>7</sup> Ted Hopf (2002), who used focus groups to analyse the politics of post-communist transition, provides an illuminating distinction between whether political change is “legitimised” or “naturalised”. Naturalisation occurs when a population’s acceptance of a regime and its politics is borne from an “unthinkability” of any alternatives (Hopf 2002: 403) but legitimation occurs if changes can be fully justified in an open and pluralist discussion. Given the nature of the focus group discussions, it would be implausible to argue that austerity was naturalised rather than legitimated.

### **The taxpayer as a sense of group position**

Herbert Blumer's *sense of group position* theory can help in analysing these dynamics. Blumer's key insight is that 'social life depends on the working-out of an abstract, but stable and shared, image of the world' (Kidder and Martin 2012, 125). Blumer argued that race prejudice, for example, was experienced as a sense of group position rather than a set of individual feelings that members may have for those in another group (1958, 3). This meant recasting racism as a sociological process of group formation rather than as a psychological problem (1958, 3). There are two important features for our purposes. First, to characterise another group is also to define one's own group (1958, 4). A sense of group position emerges from this necessarily relational experience (1958, 4). The resulting order, however, is not intended to reflect the 'objective relations' between groups, rather 'it stands for 'what ought to be' rather than 'what is' ... it is a sense of where the two groups *belong*' (1958, 5). Second, this order is necessarily *abstract* because the groups are defined as an entity or whole (1958, 6). This is important, for it suggests that these relations take place in 'the area of the remote and not of the near ... it is not the experience with concrete individuals in daily association that gives rise to the definitions of the extended, abstract group' (1958, 6).

Kidder and Martin (2012) use this theory to show how the taxpayer can be understood not merely as a person who contributes to state revenues, but as a specific sense of group position constituted *in opposition to* undeserving others. Their interview participants typically categorised themselves as an abstract category of person, 'the taxpayer': virtuous, hard-working citizens who were contrasted against undeserving poor (2012, 126). 'Without exception', Kidder and Martin explain, the participants 'saw themselves in the former group, and they asserted the moral principle that those who have worked for their money should be rewarded and their efforts protected from idlers' (2012, 126). Those 'idlers' were often characterised through stereotypes, such as welfare cheats and fat-cat bankers (2012, 126). In producing this sense of group position, the participants portrayed tax as depriving hardworking taxpayers and therefore as a threat to the moral order (2012, 124). This qualitative work reflects quantitative studies that show the pervasiveness and persistence of an 'deservingness heuristic' in both Europe and the US (Van Oorschot 2000; Aarøe and Petersen 2014).

To summarise thus far: in lieu of perfect information about tax and spending, people use different cultural and social resources to make sense of whether they are getting value for money from the state. One way people make sense of whether their lived experience of tax and spending matches shared normative expectations is through assessing the deservingness of others. Abstract categories of people are either deemed deserving and hardworking and therefore included within the hardworking taxpayer group, or they are deemed undeserving and therefore excluded from that group and subsequently stigmatised. The taxpayer is therefore best understood as a sense of group position rather than an identity or interest group. These group dynamics are not directly linked to the level of taxation paid, but rather are a product of social conflict over how redistribution *ought* to work. This is one example in which a

legitimacy gap – between the experiences and expectations of redistribution – may widen. By intervening on behalf of ‘taxpayers’ to close that gap and therefore uphold the way society ought to be ordered, states may receive legitimation for otherwise unpopular fiscal consolidation.

### **Focus groups and the study of intersubjectivity**

This theory of legitimacy gaps in state redistribution is underpinned by the assumption of intersubjectivity. Intersubjectivity ‘refers to the common-sense conceptions and ordinary explanations shared by a set of social actors ... [It] is thus defined socially, not individually’ (1977, 358). This contrasts with the rational choice assumptions made by the literature on welfare retrenchment and blame avoidance whereby the interests of different constituencies can be mapped based on aggregated individual interests. However, a sense group position, such as ‘the taxpayer’, cannot be readily reduced to material interests because they arise from conflicts over redistribution ought to work. These dynamics can be foregrounded by instead making the assumption of intersubjectivity.

Qualitative methods are a natural fit with this assumption. Justifications and the process of identification can be seen and heard first-hand through interviewing people. Focus groups are a form of qualitative interview that have a particular advantage for our purposes here because they generate data on the process of *collective* meaning making. As Michael Bloor and his co-authors point out, focus groups ‘generate data on the group meanings that lie behind such collective assessments, on the group processes that lead to such assessments, and on the normative understandings that groups draw upon to reach such assessments’ (2001, 17). Consequently, focus groups are not seen as a way of ‘mining’ objective beliefs lodged in the minds of individuals (Kvale and Brinkmann 2009, 48-9), but rather as a way of revealing previously taken for granted assumptions that underpin our rarely articulated but common sense stock of knowledge (Bloor *et al.* 2001, 5). This typically occurs not through systematic question and answering but through encouraging ‘sociable public discourse’ (Gamson 1992, 19) or ‘retrospective introspection’ (Bloor *et al.* 2001, 5) in which the researcher guides and facilitates discussion.

This intersubjective foundation has important implications for sampling. The degree to which people share similar cultural artefacts is closely related to common patterns of socialisation: ‘The key variable is the degree of personal contact and similarity of socialisation, which is basic to all social groupings’ (Calder 1977, 358). Focus groups should therefore consist of participants who have a lot in common. This is indeed why the classic focus group literature consistently recommends using homogenous participants (Morgan 1997, 35; Krueger and Casey 2000, 10; Wilkinson 2004, 179). If specific sub-groups are the most methodologically consistent, then it also makes sense to sample theoretically: that is, ‘theorising – albeit at an early stage – about the dimensions that are likely to be relevant in terms of giving rise to differing perceptions or experiences’ (Barbour 2007, 58). For this reason, homeowners from middle-income

areas were selected as a theoretically likely group to justify austerity<sup>8</sup>, while volunteers in impoverished areas were selected as a theoretically likely group to oppose austerity. Middle-income homeowners also have the advantage of corresponding closely to ‘Middle England’, a key electoral constituency that politicians are said to target with policies and rhetoric (Watson 2009; Holland 2011). This research design provides scope for analytical generality of findings<sup>9</sup>.

Six focus groups, with a total of 39 participants, were conducted between May and October 2012 (see appendix for details). The first sub-group was recruited via the electoral register, while the second sub-group was recruited via local advertisements and word of mouth. All participants were offered a £20 gift voucher as an incentive. The groups contained a mix of those employed in the public and private sectors – as well as unemployed – and a mix of genders and ethnicities. A limited facilitation approach taken by the author, meaning that questions and interventions were limited to allow the discussion to flow relatively freely. Towards the end of each group it was always asked whether they believe austerity is necessary. Each discussion was recorded and transcribed verbatim. Analysis was conducted in NVivo, and illuminating and paradigmatic examples from this are used to illustrate the analysis below. The next section moves on to using this focus group data as the foundation for analysis.

### **Taxpayers vs. the undeserving poor and rich**

**Caitlin:** I think we’ve got too much debt. And the cuts are being made in ... for normal ... normal? [‘The average?’] Yeah the average person. And personally, I think it always hits the middle-income families. Always. Because you’re either up there with your £29m bonus, or you’re down there and you do get help – I’m not saying everyone – but you do get a lot of benefits and help. But if you’re in this middle bit, you don’t quite get your child benefit, you don’t quite get help with your university fees, you don’t get that...

[Focus group A4]

**Rose:** You’ve got to have a bit of incentive. Its no good ... it’s a shame, because it’s the middle people who do out go and get the work, and I’m not saying that people are unemployed because they want to be, but what I’m saying is that there is a big sector of people who are in the middle – like I was a single-parent once, working. I was worse off than some single parents, not

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<sup>8</sup> This targeted sub-group of homogenous participants was selected as “middle-income homeowners” in order to get a balance between breadth and specificity, and within the available resources for research. As such, it would then be methodologically inconsistent to sub-sample, say, public-sector workers without designating them as a sub-group in their own right – as this would violate the assumption of intersubjectivity that underpins the research design.

<sup>9</sup> It is important to note the differences between empirical generalisability and analytical generality. Neopositivist research will typically use empirical generalisability to “scale up” a series of individual preferences from a representative sample in order to make claims about a wider population. Since the level of analysis in this alternative methodology is not the individual, a different method is required based on the *logical or analytical generality of ideal-typical patterns* (on which, see Stanley 2014b, 110-128).

working. So where is my incentive? And then you've got families where it's my husband is working but I'm not at the moment. We struggle.

[Focus group B1]

As the above epigrams from the focus groups highlight, in identifying groups that unfairly benefit from current fiscal relations, a sense of group position was produced. In the middle of this order lie hardworking taxpayers, whose taxes go to support the undeserving poor but also, in the current political climate, the undeserving rich – politicians who fiddle expenses and bailed out bankers. This sense of group position was often produced when participants made wider points about the 'squeezed middle' and the unfairness of current economic and fiscal relations, therefore suggesting a legitimacy gap in state redistribution.

The dynamics at the heart of this sense of group position have parallels with a number of British societal trends identified in other scholarly work. Despite widespread evidence of income and wealth inequality widening (Piketty and Zucman 2014), the idea that British society is mostly classless with the exception of morally questionable outliers at both the top and bottom is increasingly widespread. New Labour stoked this idea of a classless society. Ruth Levitas (1998) argues that New Labour moved away from a view of social exclusion as intertwined with material poverty, and instead towards a view that distinguishes between those who are socially integrated (mostly in terms of labour market attachment and employment) and those who are excluded as a 'moral underclass'. Contemporary sociology research has shown how those stuck in a low-pay-no-pay cycle – i.e. those who may have first hand experiences of being impoverished – were keen to dissociate from the 'undeserving poor' (Shildrick and MacDonald 2013). In the process these people denounced their own poverty, since that term has become associated with stigma and shame.

Peter Taylor-Gooby (2013) has used the British Social Attitudes survey to demonstrate how these trends are reflected in public opinion. Overall, he shows how most people are clearly less likely to support the state in redistribution or tackling poverty with the use of public finances. While support for higher spending on the poor peaked in 1989, the general trend since then has been clearly downwards (2013, 35). Meanwhile, the percentage of respondents agreeing that government should 'spend more ... on the poor, even if it leads to higher taxes' has steadily declined from over half in 1993 to around a quarter in 2009 (2013, 34). Most interestingly, the number of people who believed benefits were too high more than doubled during the lifetime of the New Labour government, from around 30 to 60 percent (2013, 35). We can speculate on the relationship between this increase and shifts in the governing practices of New Labour, in which the moral underclass discourse was matched with an 'increasingly authoritarian position on welfare dependency' in which 'the reduced burden on the taxpayer of social assistance' was consistently highlighted (Watson 2013a, 11).

The sense that there is an undeserving rich who are – paradoxically perhaps – also receiving unfair redistribution has been forged in part by recent events. In particular

the bank bailouts following the global financial crisis and the MPs' expenses scandal created much ire because of the role of 'taxpayers' money' in supporting elite social groups. We will now look at how this sense of group position was produced in the focus group discussions, by looking at each constituent social group represented in this normative order.

### **The undeserving poor**

The discussion about the undeserving poor was not explicit. The subtext for these sorts of discussions, which evaluated the fairness of different groups contributions to society, was unmistakably fiscal. If there are people out there living off welfare benefits, the logic goes, then 'the taxpayer' must be paying for it. That is money that could otherwise line the pockets of the 'squeezed middle' and give 'hardworking families' a boost in securing their own life chances. A moral distinction between the taxpayer and a morally undeserving other is required to fulfil this logic. This process is apparent in this excerpt:

**Rose:** ... I bring up my kids not to do that. Why should they get away with it? When people are doing wrong and blaming the society, then getting away with it. Why do they get a hand? Why is it the guilty people who get the goodies, and the innocent people who get punished all the time? And a bit more took off them? It's not right. If you're in prison, you get free education, free TV, free hair, free everything. You can get a degree in prison! It don't cost you 9 grand! And they'll pay you while you're in there, so you come out with a little bit of money.

[Focus group B1]

Some participants contested the moral abstract order, by pointing attention to how 'there isn't much incentive for people to actually, sort of, get up and get on and feel that it is worthwhile for them really' (Caitlin, focus group A4). However, it becomes clear from the assumptions underpinning more detailed discussions that the perverse incentives of the welfare state are not an excuse for not contributing:

**Michael:** But you do get this stereotype, and you think well ... if they can get more money sitting on their backsides on welfare or whatever they get, then you can't blame them, but they haven't got that inbuilt is it ... pride? That you have to go and work for a living – do anything, rather than be on the dole...

[Focus group A4]

The subtext to comments such as this is that while incentives are an important factor, people of the correct moral fibre have the personal strength, will power and dignity to avoid these lifestyles.

When the undeserving poor were the focus of discussions, the stereotype of the scrounger tended to be contested. Typically, a participant would respond to these

stereotypes by appealing instead to the structural impediments facing the unemployed. For instance:

**Lynn:** [inaudible] There's no work, the jobs, and especially with working with [inaudible] in the area, you find that ...

**Rose:** There's nothing around

**Lynn:** There's this perception of young people that they're lazy and they don't actually want to go to work so they're on benefits, but actually, through my role in my job and through meeting people around you see that there are a lot of good kids out there who do actually want to work and there is just nothing out there.

[Focus group B1]

**Caitlin:** Problem is that there is no jobs. The government are on the one hand saying oh we're going to cut benefits and you've got to get a job, and on the other there are no jobs! So...

[Focus group A4]

This is perhaps unsurprising given the focus groups are a social situation in which the participants were unfamiliar with their fellow discussants. The representation of the undeserving poor cannot be appreciated until we look at how people tended to place themselves within the 'the taxpayer' group, which as suggested requires an 'other'. This is considered below, after analysing how the focus groups discussed the undeserving rich.

### **The undeserving rich**

The undeserving rich typically consisted of two groups: bankers and politicians. Although these two groups might not usually be categorised together, there were three elements that they both shared as evident in the focus group discussions: crisis culpability, otherworldliness, and redistribution. The first of these themes – culpability for causing the crisis or crises of 2008 and beyond – is the most straightforward to outline. For instance, Damien [focus group A1] captured the mood in arguing that regardless of political allegiances 'the politicians have to take a big responsibility for not taking ... for not foreseeing the possibilities of the collapse'. Equally, bankers were blamed for the crisis too. For instance, preceding a lengthy discussion in which a consensus of sorts was built, Nicholas [focus group A2] is clear on this topic: 'That, given the way you ask the question ['who or what is to blame?'], who do we blame for it [...] forgive me [Duncan, who works for a bank], but I think the level you possibly point at is the banks'.

Depicting bankers and politicians as living in another world – i.e. otherworldliness – was the second key element that united the undeserving rich category. Although numerous examples were provided of how both politicians and bankers tended to be

unjustly enumerated, it was particularly notable how they were united their otherworldliness. As Maureen [focus group A1] put it: ‘I think they’re flying round the world ... I don’t think they live in the same world as us’. It gave the sense that they were distant and living in a different world, or in a ‘bubble’ as one participant put it [Linda, Focus group B1]. This otherworldliness when combined with crisis culpability sometimes led to explicit moral judgments:

**Damien:** I think there’s a moral, sort of, vacuum at the top. As to how to resolve that, I don’t have an answer to that. But I do think that the politicians and bankers must suffer from a guilt complex of some kind.

[Focus group A1]

This sense of otherworldliness and distance is a crucial lubricant in the wheels of group position formation (Blumer 1958).

The third theme of redistribution is perhaps the most important. When discussing the fairness of tax and spending it is normally welfare and the poor that are invoked. Two events are crucial in understanding the link between redistribution and the undeserving rich: the MP’s expenses scandal and the bailout of the financial sector. The former of these events occurred when British newspaper *The Telegraph* revealed abuse of the parliamentary expenses system by MPs. This had a considerable impact upon British politics, with Flinders (2012) convincingly arguing that a moral panic ensued in which politicians were cast as folk devils. These events were referenced in the focus group discussions:

**Michael:** But you just think, Christ. How can these people be allowed... I think ever since the whole expenses scandal there’s been a massive backlash and there still is ... Ridiculous. Imagine fleecing the people who put you in power.

[Focus group A4]

The sense that taxpayers were cheated was most explicit when Rose [Focus group B1] compared the expenses scandals to those who fraudulently claim welfare benefits.

Bank bailouts are the key event that makes categorising bankers as the unjust recipients of state redistribution possible. The following excerpt highlights this, in particular how a small minority of undeserving rich people have benefitted from the perverse redistribution of income from the middle:

**Jerry:** ...nothing quite gets me as angry about thinking about just how lightly the sort of top 5% have actually got off so far in this, with this recession. I ... y’know ... it’s such a cliché, but you also feel like saying, it just has to be true, about how, y’know, bankers have moved to protect themselves and we’ve all paid for it. The whole financial sector, y’know, it’s terrifically ... it makes me angry, and feel powerless as well.

[Focus group A1]

Sometimes these discussions explicitly linked bank bailouts, taxpayers' money, and austerity (the discussion was preceded by questioning why the UK has so much debt):

**Kyle:** ...with Northern Rock you had people queuing outside of Northern Rock, we took a slightly different view and we sort of spent all of our money on it [laughter].

**Nicholas:** And they're still doing so.

[Focus group A2]

However, it should also be noted that on some occasions participants told others how they believe bank bailouts were a necessary move to shore up the economy [e.g. Lynn, Focus group B1].

### **The taxpayer**

The 'us' to the undeserving 'them' is 'the taxpayer'. To quote Rose [Focus group B1], 'We pay the highest taxes in the world. Why haven't we got any money left?' This sense of group position – a mass of hard-working taxpayers, contrasted against a free-riding super-rich and poor – leads to a legitimacy gap: The bottom cannot pay, the top find loopholes; the middle thus over-contributes, while receiving less bang for their buck:

**Kyle:** But it is true though, isn't it? You can only squeeze out Middle England so much, because they're the ones who are paying it. 'Cos the bottom don't pay it, and the top... find ...

**Linda:** ...clever ways round it.

[Focus group A2]

But before exploring this fully, a quick note about the characteristics of this group position is required.

Identity formation is normally constituted in opposition to an 'other'. The sense of a morally undeserving rich, in this case, provides the basis for an opposing hardworking 'us':

**Michael:** It's hard, sometimes, but other times, it's absolutely simple. They [politicians] just... deserve everything [i.e. criticism] they get really. And I think that [MPs expenses] probably has a bigger impact upon anything we've seen in society recently. There's a two-tier system, those that have, and those that work hard. Maybe.

[Focus group A4]

Michael returns to this theme of ‘haves and have-nots’ in making a more explicitly relevant point about how the ‘middle’ are being squeezed because they are the ones who are morally sound:

**Michael:** I think you hit the nail on the head – it’s the middle ground that are squeezed. And those people – us, maybe – fit into the middle ground. Who will take the time to do that, who will do what we’re told, because we respect authority and we think if we don’t fill these forms in something bad will happen. But there are people out there who don’t, and they exploit the system completely, and I think there’s very much this society has changed a little bit.

[Focus group A4]

In both the previous and the following excerpt, it is interesting to note that when this abstract order was discussed, participants were keen to include the other participants in the ‘us’:

**Nicholas:** But I think that ... when people introduced themselves, and [Kyle], you’re self-employed, I’m self-employed, [Duncan], you obviously get up and go out for a living – I sell used cars. I used to sell expensive motor cars...’

[Focus group A2]

Nicholas then goes on to outline how through graft and craft he realigned his business model to changing market conditions to ensure he still made money. The point this anecdote was to highlight how it was these people – ‘60 million people living in this country, and everyone morning they get up: They’ve got to eat; they’ve got to buy clothes; they go to work; and they’re all spending money’, i.e. the hardworking taxpayer – are the ones being ‘squeezed’. It is notable how broad this abstract group of people are, and also how Nicholas was keen to emphasise that all participants in that focus group discussion were members – suggesting that inclusion is highly valued.

The notion of a middle mass being ‘squeezed’ in these hard times is crucial. This sense can be best understood through fiscal relations: the middle is not sufficiently rewarded for contributing to society and essentially supporting others; it is all ‘take, take, take’ [Caitlin, Focus group A4]:

**Caitlin:** And you do get a bit resentful. I’m standing out here in the cold selling all this, and all my income tax is just going to someone who doesn’t want to work, someone who is just sitting at home and going off on a holiday to Mallorca for 2 weeks. And I’ve stood out in the cold funding their holiday in the sun. And you do sort of get a bit...

**Michael:** And they think it’s their right, rather than the...

**Caitlin:** But perhaps there is no incentive for them to get up and ... do ... as you say, it’s easier to do that, and if you’re of that way then...

[Focus group A4]

However, the most explicit expression of this sense of group position in an explicitly fiscal sense is from Kyle:

**Kyle:** ... and so you can't get it [tax to finance the fiscal deficit] off these guys because they [inaudible] or they'll find a way of being in the Channel islands or wherever it might be, and you're not going to get it off the people at the bottom, because we don't ask for it half the time but we're certainly not going to get it from the bottom end, so it is Middle England who are having to pay more and more. And everybody, most British people, aspire to be moving up and up and up, the aspiration is that you get up there and then you're back down here again, and you're back up there and the next thing you know you're back down. How do you do it? And we all struggle with that I think.

[Focus group A2]

It should be noted, however, the moral abstract order did not always directly lead to tax resistance. In another instance, it led to an argument that the deficit should be made up by taxing big corporations who do not make a fair contribution:

**Lucy:** And I think the money should be found – tried to be found – from elsewhere. And I don't think it should be found by taxing – obviously I don't think it should be found by taxing people like me – [inaudible] [...] there are bigger targets to aim at.

[Focus group A3]

However, despite this variation – 'tax the mega-rich' – both the group position and the justification of austerity are both still produced.

## **Conclusion**

When ostensibly imposing losses on domestic populations via tax rises and spending cuts, how is fiscal consolidation legitimated? By exploring how members of the British public make sense of the turn to austerity, this contributes a micro-level and partial analysis of how fiscal consolidation can be conferred a degree of legitimacy. Fiscal consolidation chimes with the shared values of a self-identifying hardworking taxpayer group – thereby appearing to close a legitimacy gap between the experiences and expectations of this group. The argument has two parts.

First, focus group participants consistently placed themselves within a moral abstract order when making sense of austerity. A morally undeserving rich and poor was deemed to be receiving an unjust proportion of public goods. The participants almost exclusively identified against these undeserving traits, and thus occupied a large middle ground in between these two positions by asserting their own hard-working virtues. This process helped form 'the taxpayer' as a sense of group position. The

potency of the group position is found in its moral, rather than socioeconomic, foundations. Due to the nature of distinction in the order – which is not about poverty or wealth *per se* but rather whether one seeks to work hard and better themselves – almost everybody would identify as a part of it. It is in this sense vehemently inclusive. Few people would happily self-identify either as a welfare scrounger or as a corrupt elite.

Second, when this group position is produced, a legitimacy gap over redistribution emerges. This is a gap between what is experienced as delivered and what is deemed fair in line with shared values. In other words, there was a consistent gap between the participants' *prudent normative expectations* about how redistribution ought to work, and – on the other hand – their actual *lived experiences of profligacy* in engaging with the uses and abuses of 'taxpayers' money'. Simply put, if one believes the undeserving are receiving an unjust level of public goods, then one will question the fairness of contributing towards that from one's own pockets. The existence of this legitimacy gap suggests that sections of the British public were responsive to a state strategy that seeks to trim back the state, lessen the burden of taxation, and reorientate redistribution in line with how it ought to work – or, perhaps more accurately, who it ought to work for. The article therefore offers a partial explanation of how fiscal consolidation can be conferred a degree of legitimacy.

The focus group participants are not alone in invoking deservingness when talking about austerity. After all, the sight of politicians claiming to reward 'hardworking families' over the interests of other groups has become commonplace over the last few decades. It is interesting to note how some of the more high-profile austerity-era policies of the Coalition government have seemingly spoken to the concerns of 'the taxpayer'. Although almost all government departments have been forced to significantly cut their budgets, the attempted reform of welfare has been the most high profile.

Although many of the changes are essentially piecemeal in nature, the Coalition government's welfare retrenchment program will make the lives of Britain's poorest worse (Taylor-Gooby 2012, 64). Changes to the Working Tax Credit will impact disproportionately upon women by privileging a traditional single earner model in middle-income families (MacLeavy 2011, 356), meanwhile the 'bedroom tax' will disproportionately impact upon those who are disabled (Meers 2014). Although the composition of fiscal consolidation has focussed on expenditure rather than revenue, there have also been high profile attempts at tackling tax evasion and avoidance. Although not as high profile as welfare reforms, this rise is noticeable due to previous sacrosanct nature of tackling the wealthy – but this shift may be best explained by changes in the international sphere (Hakelberg 2014) rather than a deliberate domestic strategy. Nevertheless, appeals to tax evasion and avoidance have been surprisingly prominent in elite justifications for fiscal consolidation. On the other hand, other policies have sought to improve the life chances of (and win votes from) 'hardworking families'. Most notably, these include the first-time homeowner 'Right

to Buy' scheme, pension annuity reform, the NHS 'ring fence', and, in the run up to the 2015 election, the Conservative pledge to introduce a legally sanctioned 'tax lock' that prevents any increases in income tax.

Whether these interventions have adequately helped close any gap between prudent normative expectations and lived experiences of profligacy is difficult to gauge. Based on the analysis in this article, we can speculate the following: these interventions may generate a degree of legitimacy for fiscal consolidation by seemingly improving 'the taxpayers' lot through ensuring that both the undeserving poor and rich are seen to make a fair and even contribution to the pool of public goods. This is one way of explaining the puzzle of why fiscal relations have been conferred legitimacy despite the promise of tax rises and spending cuts for all.

Rather than Pierson's 'divide and conquer' strategy, whereby existing social conflicts over resources are used to play off constituencies against one another in order to *avoid blame*, this legitimisation strategy is perhaps best characterised as a form of *credit-claiming* 'wedge politics'. Both strategies involve rewarding salient constituencies while imposing losses on others to reduce the political dangers of fiscal consolidation. Yet, while dividing and conquering is built on more traditional forms of social conflict – capital vs. labour (Gourevitch 1986), or between well-entrenched interest groups (Pierson 1996, 144) – 'wedge politics' involves conflict of a different sort. Rather than reducible to one's structural position in the economy, conflict within this particular case centres on meaning; specifically, what it *means* to be a taxpayer and therefore claim some sort of ownership over 'taxpayers' money'. As it turns out, what it means to be a taxpayer is not necessarily reducible to flows of revenue but is imbued within (i) the everyday process of making sense of one's place in society in relation to others and (ii) judgements about the deservingness of those other groups. By intervening on behalf of 'taxpayers', the government can in effect claim credit for fiscal consolidation, rather than bury it in risky and obfuscating blame avoidance strategies.

This contributes to existing literature on the post-2008 turn to fiscal consolidation, which tends to focus on macroeconomic and democratic implications and can sometimes categorise 'austerity' as an issue of just state expenditure. When expenditure is rightly put in context of revenue it is typically done on a macro-level (Streeck 2014), whereby micro-level or everyday issues of legitimisation are sidelined. A 'fiscal sociological' perspective – whether explicitly framed as so (e.g. Martin *et al.* 2009) or, as it is in this article, done implicitly (e.g. Watson 2013b) – can bring these relations to the fore. The politics of taxing and spending – and their *relation* to one another on both macro *and* micro levels – is what lies at the heart of the politics of austerity.

It is important to appreciate the idiosyncrasy and context of the British case examined here. Although the 'deservingness heuristic' is an established empirical fact across a range of Western societies (Aarøe and Petersen 2014), the UK has a well-embedded history of individualism that was further reinforced by the economic reforms of the

1980s and beyond. The sense of group position is in many ways ideological in nature – in the sense that it is a way of being that if accepted systematically favour the interests of a dominant social group over another. That this sense of group position does not correspond to the flows of redistribution is not a meaningful critique for the emergence of ‘the taxpayer’ group position seen in the data. In contrast, historicising these relations – in particular, the emergence of ‘the taxpayer’ and of ‘taxpayers’ money’ – to understand their political and social sources is of the highest importance. However, the way in which Coalition politicians have drawn upon this is a different matter. Justifying the restructuring of the state and the imposition of consequent losses on the poor in the name of ‘hardworking families’ and ‘the taxpayer’ is cynical politics of the highest order – even if it does resonate with shared values over how redistribution ought to work.

## Appendix

<b>Name</b>	<b>Date</b>	<b>No. of participants</b>	<b>Location, all in West Midlands (with postcode)</b>	<b>Average property value<sup>i</sup></b>
A1	May 2012	6	Kings Heath (B14)	£147,147
A2	June 2012	4	Sutton Coldfield (B72)	£241,081
A3	July 2012	3	Solihull (B90)	£226,423
A4	July 2012	3	Moseley (B13)	£210,109
A5	September 2012	10	Aston (B6)	£89,433
A6	October 2012	10	Shard End (B33)	£109,315

<b>Focus group A1. Kings Heath, Birmingham, May 2012.</b>		
<b>Name<sup>ii</sup></b>	<b>Age</b>	<b>Occupation</b>
Paul	51	Agricultural researcher
Damien	47	English tutor
Denise	52	Teaching assistant
Maureen	52	Unemployed
Waheed	52	Unknown
Jerry	50	NHS manager
<b>Focus group A2. Sutton Coldfield, Birmingham, June 2012.</b>		

<b>Name</b>	<b>Age</b>	<b>Occupation</b>
Duncan	46	Banker
Kyle	50	Driving instructor
Linda	56	Housewife
Nicholas	51	Car trader
<b>Focus group A3.</b> Solihull, Birmingham, July 2012.		
<b>Name</b>	<b>Age</b>	<b>Occupation</b>
Sarah	52	Child-minder
Lucy	50	Part time sixth form lecturer / carer
Rachel	51	IT support at local college
<b>Focus group A4.</b> Moseley, Birmingham, July 2012.		
<b>Name</b>	<b>Age</b>	<b>Occupation</b>
Caitlin	48	Part time researcher and craftsperson
Mandy	60	Retired teacher
Michael	38	Broadcast journalist
<b>Focus group B5.</b> Aston, Birmingham, September 2012.		
<b>Name</b>	<b>Age</b>	<b>Occupation</b>
Lynn	46	Community organizer
Felix	36	Unemployed / volunteer
Jo	20	Volunteer
Rose	42	Volunteer

Linda	N/A	Unknown
Shauna	40	Events / community work
Eric	58	Unknown
Poonam	N/A	Retired
Beemal	34	Unknown
Jill	27	Mother

**Focus group B6.** Shard End, Birmingham, October 2012.

<b>Name</b>	<b>Age</b>	<b>Occupation</b>
Joanna	N/A	Unknown
Louise	37	Unknown
May	46	Care worker
Jamie	18	College student
Yangun	18	Retail assistant
Jilly	30	Unknown
Jo <sup>iii</sup>	20	Volunteer
Clare	N/A	Volunteer
Mary	77	Retired
Nicola	18	Student

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<sup>i</sup> Source: Zoopla Zed-Index. Based on first half of postcode of location of focus group discussion. Date of data: 1st February 2013. Only used for rough indication.

<sup>ii</sup> Names have been changed to ensure anonymity.

<sup>iii</sup> This participant appeared in two focus groups.