Media Frames, Partisan Identification and the Australian Banking Scandal

Pepper D. Culpepper, University of Oxford, UK;
Orcid: https://orcid.org/0000-0001-6227-0813

Taeku Lee, University of California, Berkeley, USA
https://orcid.org/0000-0002-5143-7654

pepper.culpepper@bsg.ox.ac.uk (corresponding author); taeku.lee@berkeley.edu

Media Frames, Partisan Identification and the Australian Banking Scandal

In 2017 a series of scandals led the Australian government to appoint a Royal Commission of inquiry into malfeasance in the banking sector. This article reports findings from a 2018 survey on attitudes to financial regulation and a survey experiment exposing respondents to different media treatments. Attitudes on financial regulation are clearly distinct from left-right positions on redistributive issues; we find no significant relationship between partisan identification and preferences for financial regulation. In the experimental treatment, all three of our frames catalysed anger and disgust from readers. However, neither of the two strong partisan frames was effective at changing policy preferences, either within the entire sample or with co-partisan identifiers. The non-partisan frame – which included messages associated with both left and right, and which linked them both to failures of regulation – was the only article that had any effect on policy preferences. Its effect was significant only with non-partisan identifiers.

Keywords: finance; framing; media; political economy; public opinion

Author Biographies

Pepper D. Culpepper is Blavatnik Professor of Government and Public Policy at the Blavatnik School of Government and Professorial Fellow of Nuffield College at the University of Oxford. His research focuses on the intersection between capitalism and democracy. In 2018 he was awarded a five-year Advanced Grant from the European Research Council to study the post-crisis politics of financial regulation. His book *Quiet Politics and Business Power: Corporate Control in Europe and Japan*, was awarded the 2012 Stein Rokkan Prize for Comparative Social Science Research. He is the author of *Creating Cooperation* (2003) and co-editor of *Changing France* (with Peter Hall and Bruno Palier, 2006) and of *The German Skills Machine* (with David Finegold, 1999).

Taeku Lee is George Johnson Professor of Law and Professor of Political Science at the University of California, Berkeley. His interests are in racial and ethnic politics; public opinion and survey research; identity and inequality; deliberative and participatory democracy. He is author of *Mobilizing Public Opinion* (2002), *Transforming Politics, Transforming America* (2006), *Why Americans Don't Join the Party* (2011), *Accountability through Public Opinion* (2011), and *Asian American Political Participation* (2011). Lee serves on the National Advisory Committee for the U.S. Census Bureau.

Introduction

Political scandals often bring public attention, and thereby the attention of policymakers, to a subject that has previously flown under the political radar. Scandals serve as focusing events that crystallize public concern about an issue and lead politicians to act on it, or to be seen to act on it (Baumgartner and Jones 1993, Entman 2012). Scholars of interest groups have shown that such focusing events can change the balance of power in regulatory politics, taking issues from quiet committee rooms into the spotlight, where public opinion is more likely to be able to influence the shape of public policy (Culpepper 2011).

At the end of 2017, a series of scandals in the banking sector led the Australian government to appoint a Royal Commission of inquiry into financial malfeasance. The evidence unearthed by the Royal Commission made banking a front-page news story for much of 2018 (Roddan 2019). While the Australian banking sector had escaped the worst effects of the global financial crisis of 2008, this homemade banking scandal put financial politics firmly on the political agenda.

We report evidence from a December 2018 survey through which we asked two questions about Australian public opinion on regulating banks. First, are attitudes about financial regulation independent of more established policy preferences, or are they simply derivative of left-right views on redistribution? If these attitudes are based on long-standing commitments to a set of priorities in the economy, then voters should not have great difficulty in forming views about financial regulation, and the issue should easily be absorbed into competitive party politics. However, if opinions are specific to bank regulation, then that leads us to wonder to what extent preferences are affected by the way media discussed the issue of banking during the Australian banking crisis.

Thus, our second question: can the media articles to which Australian readers are exposed influence their preferences for banking regulation? For this part of the inquiry, we conducted a survey experiment in which respondents were exposed to two partisan, uncontested frames and one non-partisan, contested frame. One partisan frame foregrounded the *victims* of the bank scandal; the other emphasized *regulatory failure* and *punishment.* The non-partisan frame featured information from both partisan frames in the same article – so the frames were giving two interpretations simultaneously – and it concluded with the non-partisan theme of *systemic capture.* We wanted to know if any of the frames would successfully change the policy preferences of respondents, and whether those effects depended on the partisan affiliation of the readers.

All three of our frames catalysed anger and disgust among readers of all partisan stripes. That emotion however, did not translate straightforwardly into effects on regulatory preferences. To our surprise, we found that that neither partisan frame was effective at moving opinion, either within the entire sample, or with partisan identifiers. Instead, the non-partisan frame – which contained countervailing messages associated with both the left and the right – was the only article that had any effect on opinion, and its effect was significant only with non-partisan identifiers.

In the next section, we situate our study within the context of theoretical literature on framing and partisan motivated reasoning. The third section summarizes our work on the structure of Australian opinion on economic and financial policy, showing that the opinions on the two are clearly distinct. We then move to an analysis of the affective and policy preference responses to our media treatments. The final section concludes.

Framing Theory and Partisan Motivated Reasoning

What political parties do and say on public policy leaves a clear mark on how citizens view policy issues (Gilens and Murakawa 2002). Yet banking scandals are typically not intrinsically partisan issues – parties of the left and right both inveigh against bankers who are perceived to break the rules of society, whether or not they are breaking laws. It is therefore not obvious whether people form their views about banking scandals based on their own partisan leanings or cues from party leaders, or whether instead the way the media reports banking scandals – since that is how much of the public gets its information – may have a significant influence on what people think about financial regulatory policy (Culpepper and Lee 2020 forthcoming).

Within political science, the question of how public opinion is shaped under such conditions and for such issue domains is most thoroughly considered in the literature on framing effects of media (see Leeper and Slothuus 2020 for a review). A frame is an interpretive lens – the media frames "an issue by encouraging readers or listeners to emphasize certain considerations above others when evaluating that issue" (Chong and Druckman 2007a: 637). Chong and Druckman (2007a) recognized that frames are in competition with each other, and in this competition strong frames beat weak frames. They identified strong frames as those that have three properties: they are available, accessible, and clearly applicable to the situation.[1] Druckman (2010) tested how people evaluated frames for their effectiveness, which was defined as applicability, in the case of public funding for

---

[1] Availability refers to whether or not respondents will have the capacity to understand these frames; accessibility refers to whether or not they have 'regular or recent exposure' to the consideration; applicability refers to whether or not, in a competitive context, these frames could fit the phenomenon (Chong and Druckman 2007a).

casinos. Only strong frames – in that case, economic security and public order – moved opinions in this study.

What happens when strong frames collide? In these cases, research has suggested that the role of motivated reasoning (according to partisan prior beliefs) immediately comes to the fore (Sniderman and Theriault 2004, Slothuus and DeVreese 2010). Druckman et al. (2013) found that under conditions of low political polarization between parties, strong frames beat weak frames, even when the respondent received a cue from her party in favour of the weak frame; but that when two strong frames collided, partisan identity dominated. In situations of high partisan polarization, when a weak frame is endorsed by the party of the respondent, the weak frame dominates the strong frame. Thus, in the presence of competing strong frames, where party positions are clear and patterns of competition are well-established, we might expect that partisan identity will triumph over any framing effects.

Party elites play an important role in this process by signalling to their co-partisans how they should think about an issue. Slothuus (2010) found that when party leaders switch frames, this led to a change in frames among followers, although not completely. Scholars have shown the potent role of crafted talk where partisan positions are clear, as political elites try to move public opinion toward a preferred elite position (Druckman and Jacobs 2015). Slothuus and de Vreese (2010) also find that the partisan bias in framing effects is stronger the more an issue lies at the heart of party differences and conflicts.

The question of when directed partisan motivated reasoning exerts a dominant influence on the interpretation of information in the media remains a research frontier (Bolsen et al. 2014). The important aspect of Australian banking misconduct, from this perspective, is that it was relatively new to the political agenda and, as a result, less likely to be closely associated with major party positions.

When an issue is new to the agenda, the public is uncertain of its stakes and of how competing positions relate to their values. In the formative stages of an issue, opposing sides may each contend that its position is consistent with the core values and priorities of the voters it is targeting (Chong and Druckman 2007b: 113).

This literature leads us to expect, in the case of Australian banking, that strong frames may indeed be able to influence preferences for financial regulation. The media discussion of the Banking Royal Commission in Australia provides an informative empirical context for exploring these questions.

We inductively identified frames of the coverage of the Banking Royal Commission that appeared in the media, based on a reading of articles in the press.[2] The two clearest frames that we identified were one that emphasized the victims of the 'fee for no service' scandal and one that emphasized instead the failings of regulators, as weak enforcers. In the *victim frame*, we focused on the malfeasance of Commonwealth Bank of Australia, the largest bank in Australia and a central player in the fees for no service scandal uncovered by the Royal Commission. Under *regulatory failing*, we focused on the Australian Securities and Investments Commission (ASIC), the primary regulator for consumer fraud and the equivalent of the American Securities and Exchange Commission (SEC), *and its failure to assign harsh penalties*.

---

[2] We checked our own inductive analysis having two independent readers perform the framing analysis independently, based on a random sample of the articles appearing on the Royal Commission and banking scandals between June, 2017 and November, 2018. The independent readers agreed on four frames: responsibility for regulatory/government failure; victims of banking misconduct; banking system failure; and role of banks in Australia/impact on markets. The first two frames are those we used in our media framing experiment.

Each of these two frames we considered strong, real world frames (Chong and Druckman 2007b). They also approximate the positions of the two main political parties in Australia – the Labor Party (on the left, in opposition) and the Liberal Party (on the right, and governing in coalition with the National Party). Before the appointment of the Royal Commission, the Labor Party had pushed for an investigation of the banking sector. The Liberal Party had claimed such an investigation was unnecessary, as it could be handled by ASIC, rather than a Royal Commission. Once the Royal Commission began its hearings, and the first scandals were revealed, both Labor and Liberal Parties primarily talked about the wrongdoing of the banks.

As the hearings progressed, however, the two parties diverged in their emphasis of discussing the results of the Commission. The Australian Labor Party's shadow treasurer, Chris Bowen, repeatedly voiced in the press that all victims must be heard from (*Australian Financial Review* 23/1/18, *Australian* 13/2/18). In the wake of the fee for no service revelations in April, the Labor leader Bill Shorten branded the banks 'graverobbers' (*Sydney Morning Herald* 21/4/18). As the hearings progressed according to the government-mandated one-year timetable – other Royal Commissions had been given longer mandates – Shorten stepped up his emphasis on having the victims heard from, announcing in the autumn a countrywide tour to hear from all victims (*Australian* 2/10/18, *Australian Financial Review* 7/9/18 and 27/10/18, *West Australian* 3/10/18).

The Liberal government, led by Scott Morrison (treasurer until August 2018, when he became prime minister) and Josh Frydenberg (Morrison's successor as treasurer), emphasized instead the shortcomings of ASIC, and the need for it to become a tough corporate enforcer. In the wake of the fee for no service revelations in April, Morrison announced increased penalties, which included up to ten years jail time, for white collar crime (*Canberra Times* 21/4/18). 'For people to have confidence in our financial system, they need to have

confidence in our regulators,' followed Financial Services Minister Kelly O'Dwyer. 'There is a case to answer now for ASIC' said Frydenberg in September, '…If ASIC knew about this activity, this unlawful conduct, why didn't they take action?' (*Australian Financial Review* 22/9/18). 'Strengthening our regulators in the financial services sector is part of the Coalition government's plan for a stronger economy, to ensure consumers a fair go and our financial institutions are held to account,' added Frydenberg (*Australian* 19/9/18).

We were interested in whether framing media coverage on the scandal in these ways moved emotions and whether they changed expressed policy preferences. We were not interested in creating an unreal laboratory environment, but instead in exposing readers to media treatments like those they would see in the Australian press. So we used language from actual Australian media articles, including in the policy recommendations we cued at the end of each article. The victim article ended with a call to break up the big banks, which came from a speech given by a former Labor government minister, Nick Sherry (we did not cite him by name or party affiliation). The regulatory failure article ended with a call for tougher regulatory action, including jail time, against banks; for this reason, we refer to it as the *punishment/regulatory failure* frame. In our media treatment this call was uttered by the head of the peak organization of consumers in Australia, but it was very close to language used by Scott Morrison, head of the Liberal Party, whose response to the fee for no service scandal was to criticize ASIC for not having done enough and to warn that 'this type of behaviour … can include jail time' (*Australian Financial Review* 19/4/18; *Australian* 21/4/18).

Our third article was structured so as to juxtapose the most compelling evidence associated with the two dominant partisan frames in a single article. It included the essential information of both critiques – the victim frame, highlighting the role of Commonwealth Bank of Australia, and the punishment/regulatory failure frame, highlighting the shortcomings of ASIC – using identical language as the previous articles, though shortened.

We set this up to be a situation of competing strong frames, with the expectation that these two frames would cancel each other out in terms of their political effects (Druckman et al. 2013). These are not pro or con frames, but they nevertheless result in very different diagnosis of the causes of the banking scandal and prescription of available policy solutions, as witnessed by their use by competing political parties.

We also associated this third, conflicted treatment with a distinctive policy prescription. In the final two paragraphs we chose a non-partisan phrasing that emphasized how the evidence of bank malfeasance and regulatory failure actually reflected a structural problem of a captured system, for which both major political parties were said to be equally guilty (this text draws verbatim from an article by the economics editor of the *Australian*, which leans politically to the right).

Our intent in constructing the article this way was to provide a third frame – that of *systemic regulatory capture* – on the back of the same information that the previous articles used to sustain their own frames. However, this frame seemed to us less strong than the other two, according to the criteria of Chong and Druckman (2007a) – both because it was presented on the back of two other strong frames saying 'on the one hand, on the other hand,' with respect to the analysis of the crisis, and because it was not a frame that appeared frequently in the Australian media coverage of the commission hearings. It was in that sense less readily accessible to Australian readers. This frame provides an interpretation of the crisis that blames both banks and governments, and it calls for more competition as the policy solution (all three articles appear in Appendix 1).[3]

---

[3] Each article also featured a picture related to the emphasis of the article. We included pictures because they increase verisimilitude – most press coverage that people read of the Australian banking scandal, whether online or in paper, featured accompanying pictures reinforcing a key aspect of the

Drawing on the literature on strong and weak frames (Chong and Druckman 2007a, Druckman et al. 2013), our theoretical expectation was that the victim treatment would generate the greatest effect on the attitudes of Australians, because it was a strong frame whose evidence clearly identified a perpetrator (Commonwealth Bank) and victimization. We expected the most dramatic effects on all financial regulatory issues, but especially on the issue with which this article concluded, that of breaking up banks.[4] We expected the other, unambiguous strong frame – punishment/regulatory failure – also to have a positive effect on attitudes to financial regulation, particularly on the policy options of taking banks to court or switching regulatory duties to the competition regulator, ACCC. We did not expect these effects to be dependent on partisan leanings, consistent with the finding that in situations of low polarization, strong frames trump partisan influences (Druckman et al. 2013).

Our expectation along this line was that the third article would be the least effective in changing either emotions or policy preferences, because of its mixed message – essentially,

---

article. The methodological drawback of including pictures is that they may include information beyond that included in the text, which is why we devoted considerable time to identifying pictures that reinforced the core message of the article. The victim-framed article features an editorial cartoon from the *Australian Financial Review*, showing grave robbers from Commonwealth Bank digging in a graveyard; it also reproduced a tweet that featured in an Australian press article about an individual victim. The regulatory failure article showed a sign held by protestors outside the commission hearings, featuring the slogan 'Jail-in for bankers not bail-in for deposits.' The non-partisan article on regulatory capture featured an editorial cartoon from the *Australian Financial Review*, which showed the head of ASIC, James Shipton surrounded by pigs that looked like piggy banks, representing the banks.

[4] Breaking up banks in the Australian context refers to separating retail banking from wealth management services, including pension investments.

we thought it likely that the evidence of both bank malfeasance and failures of regulatory oversight would cancel each other out. We thought it likely that in this case, partisan motivated reasoning would come to the fore – Liberal identifiers would prefer the Liberal solution of toughening the regulator and taking wayward bankers to court, and Labor identifiers would respond to the victim story favoured by the Labor Party and want to break up the banks.

These theoretical expectations can be boiled down to two general expectations about politics: strong frames should trump weak frames and strong frames should trump political (partisan) identification. Where two equally strong frames are present, readers should revert to using partisan identification to choose between them (Druckman et al 2013). We state these as a series of hypotheses.

H1a Strong frames are more likely than weak or contested frames to change preferences.

H1b Strong frames are likely to change preferences regardless of a reader's partisan affiliation.

H2 In the presence of competing strong frames, readers are likely to be influenced only by the strong frame of the political party with which they identify.

The structure of our study also allows us to test an alternative set of expectations: namely, that where we should look for framing effects to be most effective is not among the public in general nor among partisan identifiers. Instead, perhaps we should expect framing effects to be strongest among those who do *not* have a strong partisan identification.[5] Those

---

[5] In our survey of 1200 Australians, respondents were asked, "Generally speaking, do you usually think of yourself as Liberal, Labor, National, or what?" Roughly 31 percent (unweighted) opted for Labor, 24 percent for Liberal, 5 percent for National. About 9 percent volunteered their affiliation

voters who do not think of themselves in relation to political parties should, we might think, be most open to moving their opinions about financial regulation – which is a new area of political contestation in Australia. Among non-partisans, there are two alternative expectations that we try to test. One is that the unambiguous strong frames – the victim frame and the punishment/regulatory failure frame – will not have an effect with strong Labor or Liberal identifiers, but will have an effect on those who do not identify with a major party. These two strong frames convey the issue positions of Labor and Liberal party leaders found in media coverage of the financial scandal, but without the explicit attribution by party. As a result, these strong frames could work to inform preferences, but *only* in the absence of a political identity that might already be associated with that frame.

H3a   Strong frames are likely to change preferences only of non-partisan identifiers.

A second, substantially different expectation is that *non-partisans* are especially likely to find the regulatory capture frame compelling. On this alternative view, the capture article might work through emphasis – not by providing new information, but by providing a different interpretive lens than the other two articles on which it is based (cf. Leeper and Slothuus 2020). Its only new information, compared with the other two articles, is acquired in the penultimate paragraph, when it says that banks charge more than is necessary and that governments have allowed this (both of which are implicit in the earlier, more precise information about the Royal Commission). Its informational content is largely identical to the

---

with the Greens and an additional 6 percent mentioned some other political party. Exactly 25 percent gave no party affiliation; that quarter of respondents are analysed here as non-partisans.

two previous treatments. That particular emphasis is especially likely to appeal to non-partisans because it blames both major parties for the failing of the system.[6]

H3b   The preferences of non-partisan identifiers are likely to be influenced by a non-partisan frame that blames all major parties for the banking scandal.

Before turning to a test of these expectations, the next section of the article first explores the structure of Australian public opinion in the wake of the Banking Royal Commission hearings in 2018.

Financial Politics in Australia

To test these hypotheses, we fielded an online survey of Australians between 19 December 2018 and 2 January 2019. Financial politics were prominent in Australian politics at that time because the final hearings of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the Royal Commission, for short) had taken place at the beginning of that month. Federal elections were scheduled to take place six months later, in May 2019. The internet survey was commissioned from YouGov using their Australian internet panel, which defines a target sample for representativeness and then

---

[6] There is a second mode of reasoning by which non-partisans might find the third article more appealing. This interpretation draws on the work of Zaller (1992). Zaller argues that individuals who are moderately aware are likeliest to be responsive to new information and to change their policy preferences. If the reader did not know that it was governments that had allowed the growth of ever larger financial institutions – then it would be the case that this article contains new information to which non-partisans are more likely than partisans to be responsive. We are not able to adjudicate between these two interpretations, since they are observationally equivalent.

matches that target against sampled respondents. The final sample size was 1200. Additional details on the sample design are included in Appendix 2.

We asked respondents to distinguish among different aspects of economic policy, asking how important issues were to them personally. The table below shows the percentage of people who chose 'extremely important.'

Table 1. Salience of Different Elements of Economic Policy in Australia*

Cost of living	55.0%
CEO pay	38.4%
Unemployment	35.3%
Corporate corruption**	34.4%
Wealth inequality	31.9%
Taxation	28.5%

* Percentages are those respondents who identified an issue as 'extremely important.'

**Respondents were asked about 'financial scandals and corporate corruption.'

Pocketbook issues, as represented by the cost of living, clearly dominate other issues in the view of Australians. However, issues of financial malfeasance were, at least at the time of our survey, judged as pressing issues for a number of Australian respondents. More chose 'CEO pay' as important than 'unemployment', and likewise more chose 'financial scandals and corporate corruption' than they did 'wealth inequality'. Our first concern in this paper is to disentangle one prominent type of economic policy preference – those related to redistribution – from those that have to do with the regulation of banks.

We posed a series of policy items with five-point Likert responses possible (strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree, strongly disagree). We asked for respondents to declare their view on three policies typically classified as redistributive:

- o 'Government should do more to do more to reduce income differences between the rich and the poor.'

- o 'The minimum wage should be raised to allow every working person a decent standard of living.'

- o 'The tax rate on the wealthiest should be increased.'

For financial politics, we posed two general items about shareholder voting on executive pay (which is not specific to banks) and to attitudes about bank bailouts (which were not used in Australia during the 2008 financial crisis):

- o 'The amount a company pays its Chief Executive Officers, including bonuses, should be subject to a vote by its shareholders.'

- o 'Government should not bailout banks and other financial companies with taxpayer money when they fail.'

We then asked for views on five items related to policies that had been broached as part of the political discourse around the Banking Royal Commission – these dealt with both structural reform (in the Australian context, where banks often manage pension funds) and consumer protection, but also particular regulatory strategies for achieving the latter:

- o 'Big banks should be broken up, with retail banks legally separated from wealth management services.'

- o 'Financial regulators should take banks to court rather than negotiating settlements with them.'

- o 'Government should promote greater competition in banking by making it easier for other financial institutions to compete with the four biggest banks.'

- o 'Laws protecting banking consumers should be enforced not by the financial regulator ASIC, but instead by a regulator with more independence from banks, such as the Australian Competition and Consumer Commission

(ACCC).'

    o   'Officials of the financial regulator ASIC should be embedded in large banks to improve compliance with the law.'

A table of the distribution of responses to each item in the redistributive and regulatory policy battery of questions is included in Appendix 2.

In addition, we constructed indices of key political predispositions. One measured core values on equality using a six-item scale developed by Feldman (1988). This is an additive scale comprised of statements measures on a five-point Likert scale.

    o   Our society should do whatever is necessary to make sure that everyone has an equal opportunity to succeed.

    o   We have gone too far in pushing equal rights in this country.

    o   One of the big problems in this country is that we don't give everyone an equal chance.

    o   This country would be better off if worried less about how equal people are.

    o   It is not really that big a problem if some people have more of a chance in life than others.

    o   If people were treated more equally in this country we would have many fewer problems.

Responses to this five-item index perform well as a scale (α=0.74 for the Australia sample). Simply as a measure of construct validity and in view of the extant literature on public opinion and policy preferences, we expect views on this index to be highly correlated with views on redistributive politics.

Redistributive and Regulatory Attitudes in Australia

The first question we ask from our data is whether opinions on the policy preferences we collected can be meaningfully organized into two separate categories. To examine this issue, we rely on factor analysis. We conducted exploratory factor analysis with the principal-components factor method used to analyse the correlation matrices. We then conducted parallel analysis to compare eigenvalues produced by our data to those that would be expected from random data. Results confirmed two unique factors in each case, one loading primarily on survey items that were intended to measure redistributive policy preferences and the other loading primarily on items intended to measure preferences over financial regulation.[7]

Table 2.   Factor Loadings for Redistribution and Financial Regulation Items

|	*Factor 1*	*Factor 2*	*Communality*
Regulators should sue banks	0.878	–	0.664
ACCC should regulate, not ASIC	0.754	–	0.581
More competition in banking	0.751	–	0.571
Break up banks	0.688	–	0.533
Shareholder say on pay	0.514	–	0.342
No bank bailouts	0.423	–	0.313
Reduce inequality	–	0.876	0.739
Raise minimum wage	–	0.855	0.690

---

[7] Extracted factor scores were rotated using oblique rotation (promax option) based on our priors that these economic policy factors might not be independent and might be correlated. The components that load heavily on factor 2 are close to zero on factor 1. Most of factor 1 variables sit close to zero on factor 2 and the highest load (bailing out banks) is only 0.2.

Tax the rich		0.797	0.640
Eigenvalue	3.94	1.13	
Explained variance	43.82%	12.54%	

Figure 1 below shows the distribution of the rotated redistribution and financial regulation factor scales. Both scales show a high level of internal coherence (α=0.76 for redistributive attitudes and α=0.78 for financial regulatory attitudes).

**Figure 1.**   Distribution of Respondents on Redistribution and Financial Regulation Scales
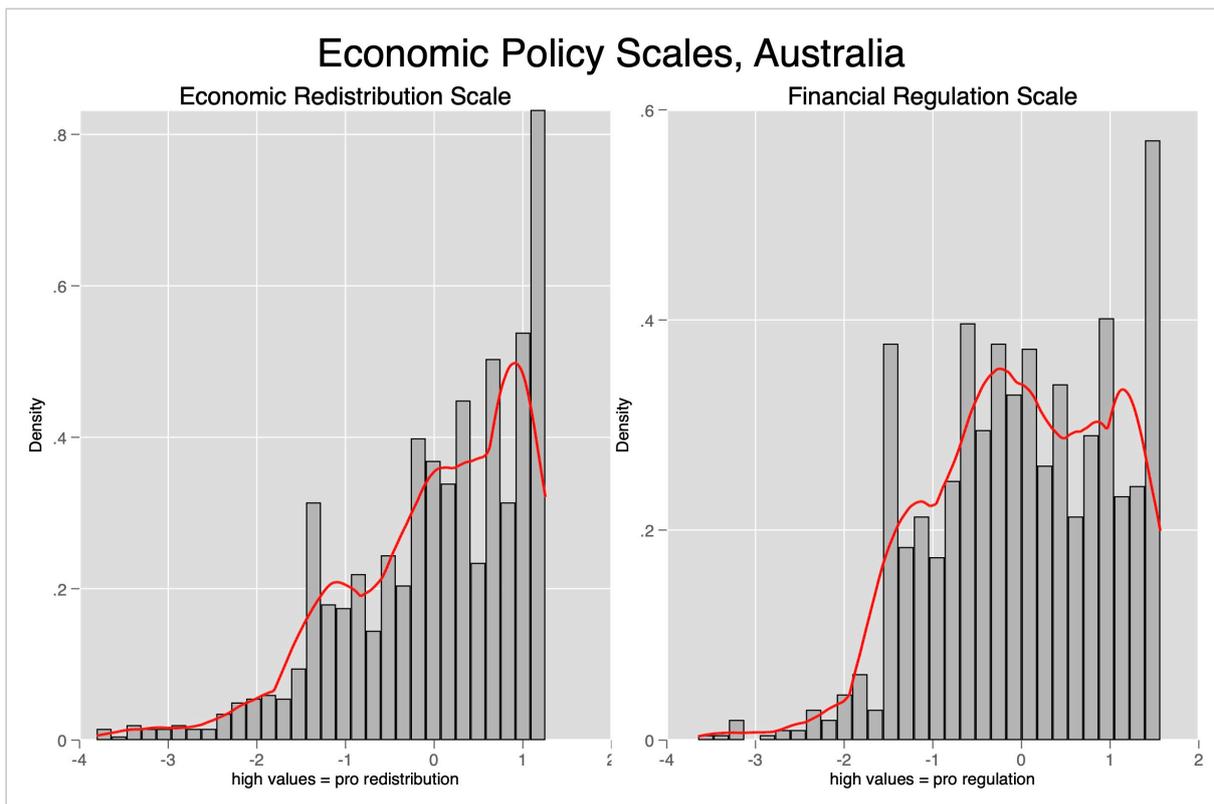
To learn more about the degree to which policy preferences over economic redistribution and financial regulation might differ, we first examine how these two factor scales correlate with our measures of prior political predispositions, in a simple bivariate

relationship (see Figure 2). With egalitarianism, as expected, there is a strong, positive

correlation between the two.

In contrast to the tight fit we observe with the redistributive factor, egalitarianism

shows only a modest bivariate correlation with our constructed measure of financial

regulatory policy. It is possible that the relative recency of the salience of the issue of

financial regulation in Australia – compared to countries such as the United Kingdom and the

United States, which had large and politically unpopular bank bailouts during the financial

crisis of 2008 – means that financial regulation has not yet fully been distinguished in most

voters' minds from the issues associated with egalitarianism, which would account for the

positive correlation we observe. Yet it is clear from the difference in fit with the

redistribution scale that there is much more going on in the area of regulatory policy than can

be explained merely by reference to predispositions for egalitarianism.

Figure 2.   Correlation between Redistribution and Regulation Scales and Egalitarianism
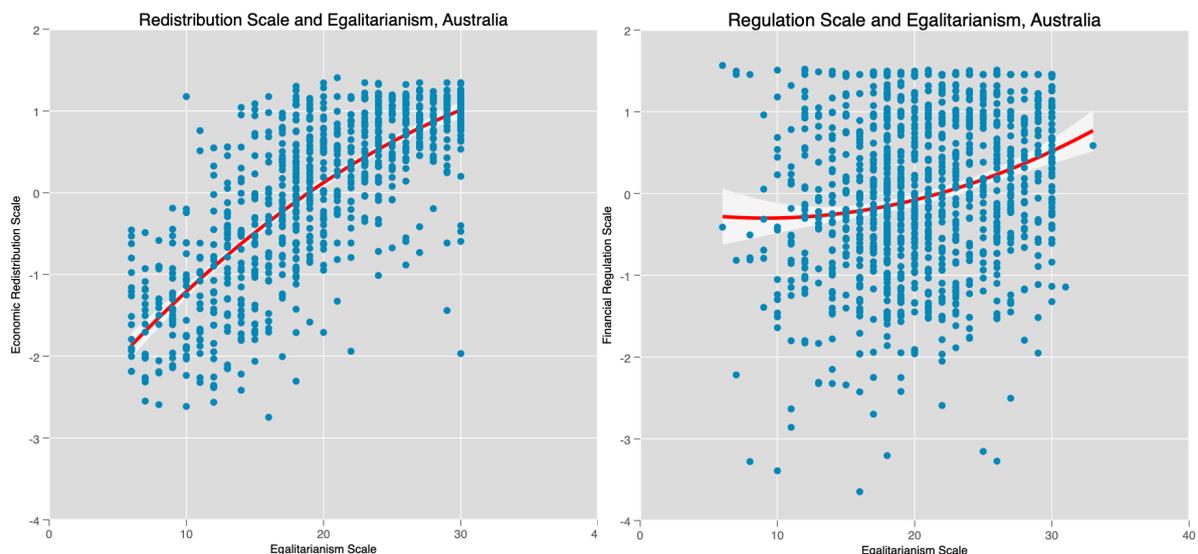
We ran regressions that incorporated our full battery of available demographic

information (age, gender, education, family income]); partisan identification; and

egalitarianism and outgroup resentment. This 'baseline' model includes those factors that are

generally deployed in explanatory models of the mass public's policy preferences.[8] In doing so, we found no statistically significant relationship between partisan identification with any of the Australian political parties and attitudes of financial regulation (these results are available upon request).

Media Effects and Our Survey Experiment

Respondents were randomly assigned to one of two control groups or one of three treatment conditions, which were manipulations of types of media coverage of the Banking Royal Commission. The number of respondents in each of the treatment and control conditions ranged from 233 in the systemic capture frame condition to 248 in the punishment frame. The sub-sample across the two control groups and three treatment conditions is well-balanced on various background markers (age, gender, education, income, party affiliation, political interest, and retrospective economic evaluation) with the lone exception that respondents in the systemic capture frame were slightly less highly educated compared to all other sub-samples.[9] Post-treatment measures included items on affect toward individuals and institutions, preferences on a range of redistributive and regulatory policy proposals, general predispositions on egalitarianism, and a racial/immigrant resentment scale.

Findings on Emotion

---

[8] This 'baseline' model in effect captures what Kinder (1998) referred to as the 'primary ingredients of opinion.'

[9] Our statistical analysis of average treatment effects for this systemic capture frame is unchanged when we control for this difference in educational background.

We first consider the effects of the media treatments on the aversive emotions of anger and of disgust. The graphs below portray effect size for the overall sample, and then broken down by partisan identifiers: Liberal/National identifiers (the two members of the right-leaning coalition government); Labor (the primary party of the left); and those who declare no party affiliation. The effect was measured in comparison to a control group that was asked the following question: 'People have different sorts of feelings when thinking about economic news. For the next items, please tell us how much thinking about economic news makes you feel the following.'

In addition to the control group, those exposed to what we call the bank prime were asked a modified form of the control question: 'People have different sorts of feelings when they read news about banks and bankers. For the next items, please tell us how much you feel the following when you think about banks and bankers generally.' The goal of the bank prime was to see if the mere mention of bankers had any effect on emotions or policies, during this moment of a politically salient banking scandal.

As we see in the two graphs depicted below, the mere mention of bankers was enough to raise the feelings of anger and disgust of Australians, compared to the economic news control group. All three treatment articles caused substantially greater anger and disgust – and the effects are indistinguishable between anger and disgust. The victim frame and the systemic frame raised both anger and disgust by about one point, on a five-point scale, in comparison with those asked to think about economic news. The punishment/regulatory failure frame also raised anger and disgust substantially, though somewhat less than the other two articles.

These effects were virtually identical across all three groups of political identifiers: Liberal/National, Labor, and non-partisan. There is no evidence of motivated emotive response among the different groups. Liberals and Labor supporters have identical anger and

disgust reactions to the Liberal frame (punishment/regulatory failure) and to the Labor frame (victims).

Non-partisans showed the same broad pattern of emotional response as the partisan identifiers of the major parties. They got slightly angrier in response to the punishment frame than did either Labor or Liberal supporters, and they showed higher levels of disgust in response to the systemic frame than did the major party identifiers. However, these are statistically insignificant differences. All three treatments provoked highly negative emotional responses across all types of political identifiers. There is no evidence of motivated affective response in these data: all three articles generate a significantly negative emotional response among people of all partisan stripes.

Figure 3. Effect of Treatments on Anger by Partisanship
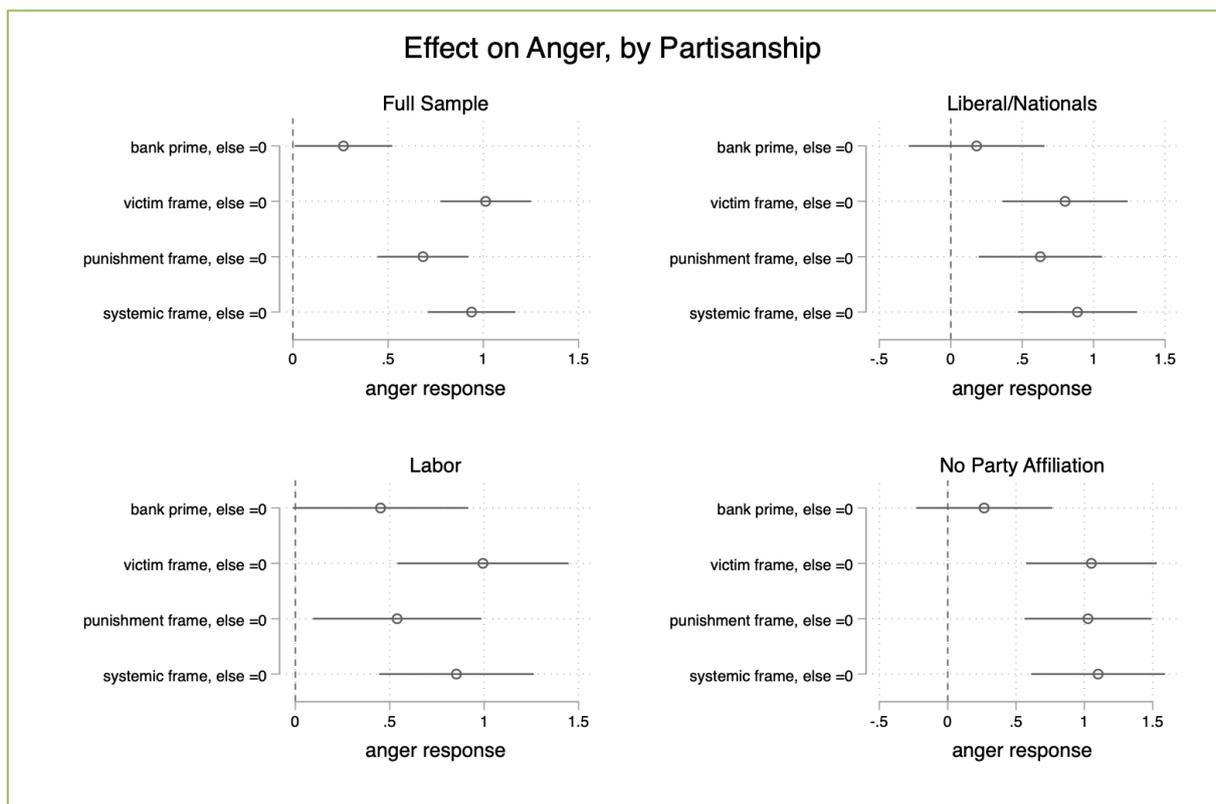
**Figure 4.**   Effect of Treatments on Disgust by Partisanship
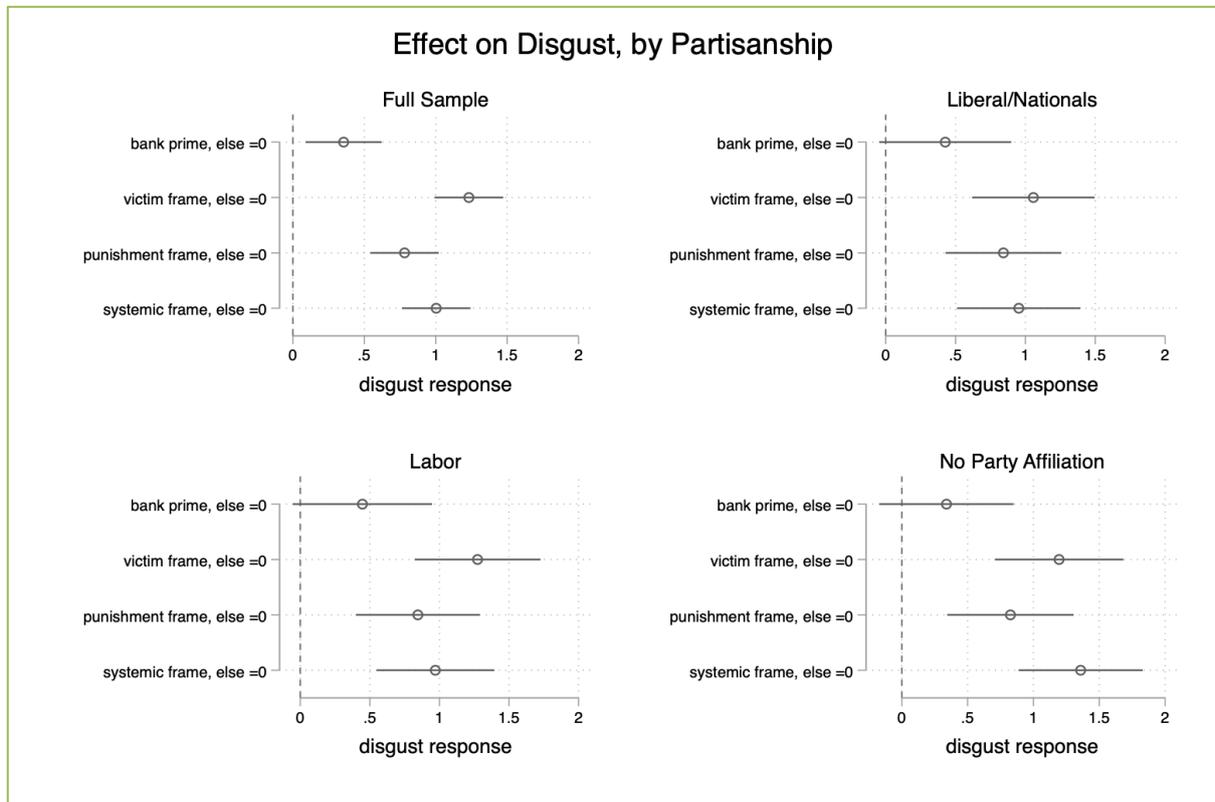
Findings on Framing Effects with Respect to Policy Preferences

We have seen that the mention of bankers generates aversive emotions, and that all three media treatments generate strong reactions among across the Australian political spectrum. Do these treatments have any effect on policy preferences?

We expect that on redistributive policies, which are distinct from policies on the regulation of banking, we should see no effect. That is exactly what we find. Within the whole sample, the effects of the three media treatments are all indistinguishable from zero. Turning to the partisan breakdown, we see greater variation than in the case of emotions, but all the articles have zero effect on our scale of redistributive policies.

Figure 5.   Effect of Treatments on Redistributive Policy Preferences

Redistribution Scale, by Partisanship
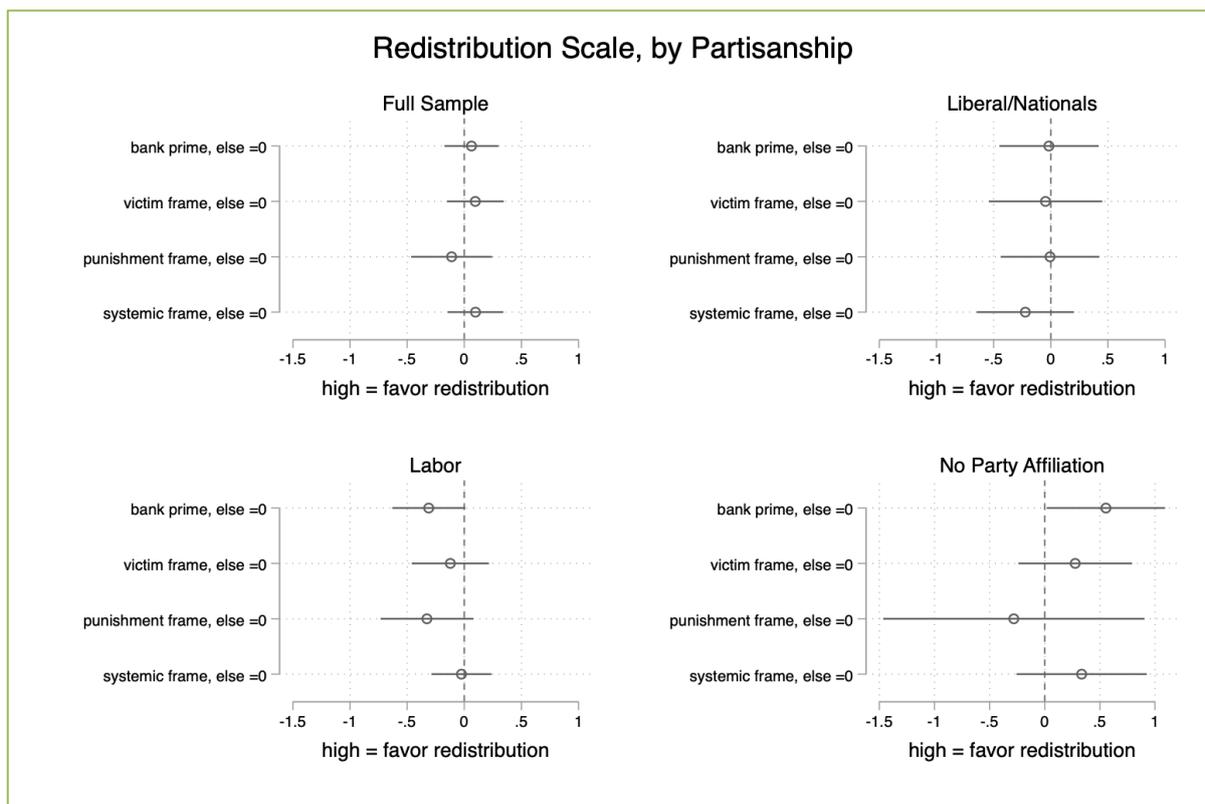
On our combined scale of financial regulatory policies in Figure 6, there are no statistically significant effects of any of the frames on the full sample. However, there is substantial difference among partisan identifiers in the area of financial regulatory policy. There is no significant effect of the victim frame or the punishment/regulatory frame on either the whole sample or any group of partisan identifiers within the sample. Hypotheses 1a and 1b are thereby disconfirmed. *The two unambiguously strong frames which we found present in the Australian media had no effect on financial regulatory preferences*, at least in the context of our survey experiment.

Among supporters of the Liberal/National coalition government, there are no significant effects, and all treatments are negatively signed; those who identify with the

coalition parties are less supportive of financial regulation whether they are asked to think about banks or whether they read one of our three article treatments. Supporters of the opposition Labor Party are unaffected by the bank prime or the punishment and systemic frames; Labor Party-identifiers who read the victim frame (which is close to the position of the Labor Party) appear to move in favour of financial regulation, but this effect is not statistically significant.

Among the non-partisan identifiers as well, neither of the uncontested strong frames – the victim frame or the punishment/regulatory failure frame – has a significant impact on regulatory preferences. Hypothesis 3a is also disconfirmed.

Figure 6.   Effect of Treatments on Financial Regulatory Policy Preferences
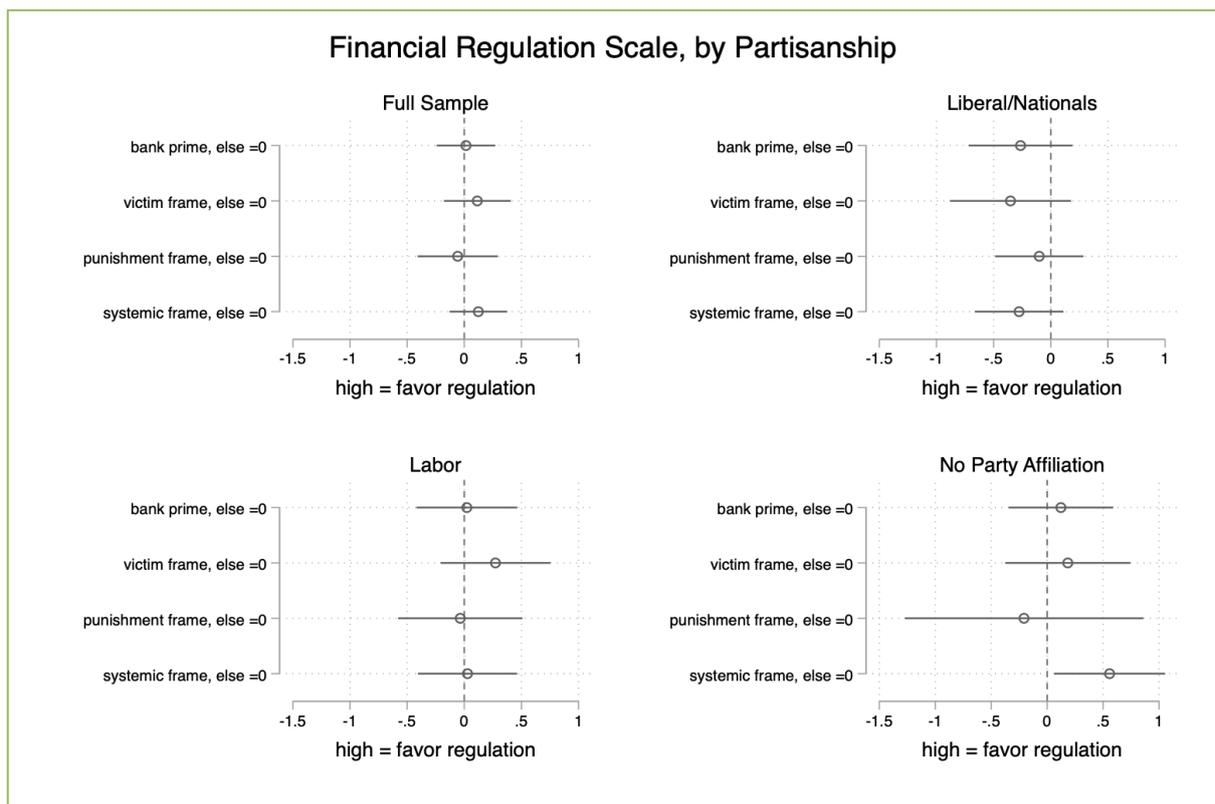

However, among *non-partisan identifiers we find significantly positive effects of the systemic article on financial regulatory policy preferences*. Recall that most of the systemically framed article repeats information from the victim and punishment/regulatory

frames, and neither of those articles has an effect on their policy preferences that is distinct from zero. The one distinctive feature of the systemically framed article, in contrast to the two strong frames, is its dismissal of the efforts of governments and both left and right to regulate banks. This frame, which blames the outcome of the banking scandal on a bipartisan unwillingness of past governments to challenge banks, clearly has an effect on the regulatory preferences of non-partisan identifiers. Hypothesis 3b finds confirmation in these data.

The previous data aggregated responses on a variety of policy issues into a single scale of financial regulatory policy, with higher numbers indicating that respondents favoured more regulation. We need to break down the scale into its constituent elements in order to consider Hypothesis 2, which holds that in the presence of competing strong frames, partisan identifiers will fall back on the views of the party with which they identify. If we consider the systemic article to be a juxtaposition of the victim frame with the punishment/regulatory failure frame, we would expect Labor- and Liberal-identifying readers to react differently to the systemic frame. Those identifying with the Liberals should be moved toward the identified Liberal position of having ASIC take banks to court; those identifying with Labor should advocate breaking up the banks, as advocated by the former Labor Minister Sherry.

Figure 7. Effect on Preference to Sue Banks among Liberal/National Identifers and Preference to Break up Big Banks among Labor Identifiers
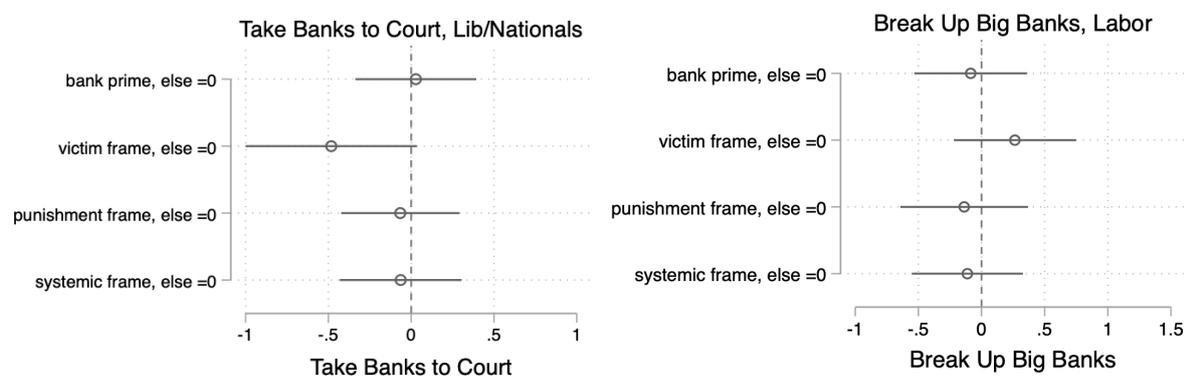

The left-hand plot in Figure 7 shows the effect of all treatments on those who identify with the Liberals or the Nationals on the preference to have the regulator ASIC sue banks. The punishment/regulatory failure frames and systemic frames have zero effect on Liberal partisans. The right-hand plot in Figure 7 shows the effect of all treatments on those who identify with Labor on the preference to break up large banks. The systemic frame again has zero effect on these voters. Hypothesis 2 is disconfirmed.

While the systemic frame had no effect on the preferences of Liberal or Labor identifiers on these particular issues, it *did* move the preferences of non-partisan identifiers. It is worth reiterating this point because the two strong treatments each ended by advocating a specific policy solution: the victim frame concluded with advocacy of breaking up the banks, and the punishment/regulatory failure frame concluded with advocacy of stiffer regulatory punishment on banks. Non-partisan readers were unmoved by the information presented in these two articles, when attached to these policy solutions. Yet reading about the same information in the context of the systemic frame – with no explicit policy prime either in
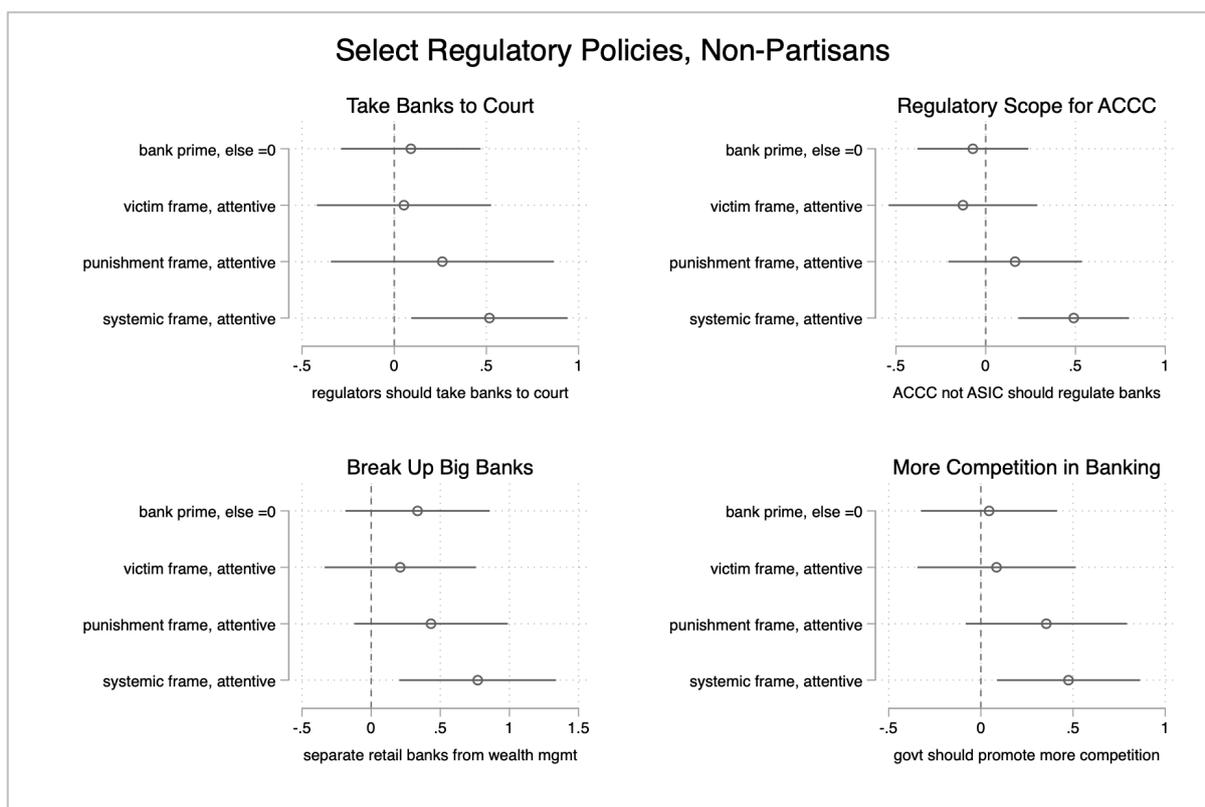
favour of the option of breaking up the banks or taking the banks to court – nevertheless led them to advocate these punitive solutions. Figure 8 presents these data in graphic form.

Figure 8.   Effect on Preferences to Break Up or Sue Banks, Non-Partisans
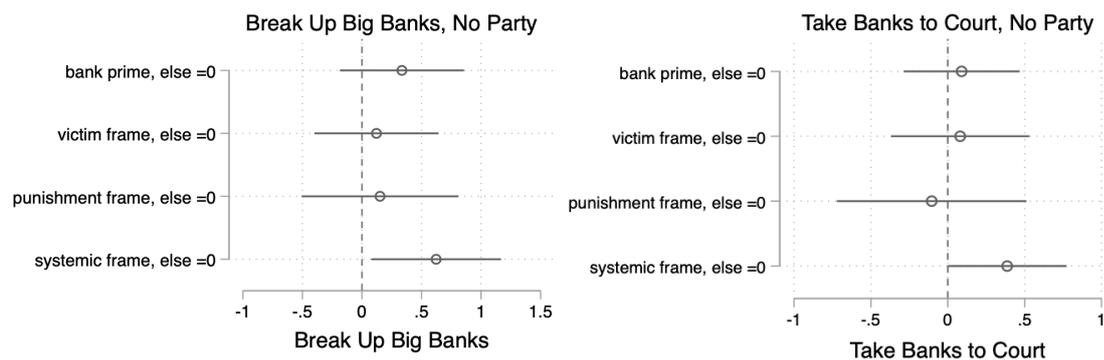
We included factual manipulation checks on our treatments. As shown in Figure 9, using data only from attentive respondents – those who passed the manipulation checks – increases the strength of the positive findings of the effect of the systemic capture frame on policy preferences. In other words, if we eliminate inattentive survey-takers, our findings are even stronger in the direction presented. However, we tailored our factual manipulation checks to include material unique to each of the three treatments, and that feature yielded significantly different rates of success on the manipulation check across the different treatments, which raises the concern that this creates a non-random selection effect. There are also an increasing number of methodological concerns raised with the use of manipulation checks (e.g., Berinsky et al 2014; cf. Kane and Barabas 2018). We therefore rely on the full sample results rather than the stronger results that use only attentive respondents.

Figure 9.   Effect on Select Policy Preferences, Attentive Non-Partisans

Select Regulatory Policies, Non-Partisans

Take Banks to Court

bank prime, else =0

victim frame, attentive

punishment frame, attentive

systemic frame, attentive

-.5   0   .5   1

regulators should take banks to court

Regulatory Scope for ACCC

bank prime, else =0

victim frame, attentive

punishment frame, attentive

systemic frame, attentive

-.5   0   .5   1

ACCC not ASIC should regulate banks

Break Up Big Banks

bank prime, else =0

victim frame, attentive

punishment frame, attentive

systemic frame, attentive

-.5   0   .5   1   1.5

separate retail banks from wealth mgmt

More Competition in Banking

bank prime, else =0

victim frame, attentive

punishment frame, attentive

systemic frame, attentive

-.5   0   .5   1

govt should promote more competition

Conclusion

Financial regulation has historically been an area of quiet politics – the technical complexities of banking, as well as the lack of obvious distributive implications of regulatory politics for average voters, means that it is an area in which few politicians have traditionally been willing to fight for votes rather than to listen to the affected interest groups, particularly the banks themselves. (Culpepper 2011). The global financial crisis of 2008 made financial regulation salient in a number of countries, and this salience often resulted in the passage of significant new legislation that constrained banks (Massoc 2020). Because banks in Australia were limited in their ability to pursue the high-risk strategies that led to the financial crisis, it appeared that Australian banks might avoid the backlash against finance that has rippled

across the politics of the rich countries since 2008 (Bell and Hindmoor 2015) – and that its banking politics might remain quiet.

The appointment of a Royal Commission, and its subsequent revelations about the extent of malfeasance in the Australian financial sector, dynamited this misconception (see e.g., Roddan 2019). Banking regulation was front page news for many days in Australia in 2018, as the public reacted with outrage to repeated tales of consumer mistreatment and of regulators who were seemingly incapable of controlling financial misconduct. The investigation of Westpac for more than 23 million violations of money laundering laws, revealed in November 2019, kept the banks on the front pages. The explosion of interest in the area of financial scandal creates the possibility for political scientists to examine whether the public has developed a view about financial regulation and whether the tenor of media coverage might influence public preferences for financial regulation.

Our survey evidence demonstrates that Australians have views on financial regulation that are distinct from their preferences on the more established political terrain of redistribution. Moreover, we found no statistically significant relationship between party identification of respondents and their views on financial regulation, including controls generally deployed in explaining the mass preferences of the public. Financial regulation is not an area in which political parties have yet staked out distinct preferences, and public opinion reflects this fact.

We attempted to test the effect of two prominent frames that featured in the media discussion around the Royal Commission: one focused on the victims of bank malfeasance and one focused on the failings of the regulator ASIC to punish bank malfeasance severely. These frames were associated with the two major political parties, the Labor Party (victims) and the Liberal Party (punishment/regulatory failure). Although both frames successfully created strongly aversive reactions of anger and disgust, neither affected policy preferences

for either redistribution or financial regulation. This effect held even among political identifiers of the respective parties. The absence of partisan effects here, we note, is limited to the substantive positions that Labor and the Liberals have taken, since our media frames do not explicitly label these views by party.

A non-partisan frame that presented information associated with both the victim and the punishment frames, but then interpreted that information through the lens of a system in which governments of both partisan persuasions were captured by the banks, also created anger and disgust across all respondents. Yet it not only moved their emotions; it also moved the preferences of non-partisan identifiers on financial regulatory policy, though it had no effect on either Liberal or Labor identifiers. Despite being presented in the context of a conflict between strong frames of victimization and punishment, the systemic capture frame was the only one that moved political preferences.

We would be very cautious in generalizing from this single study. But we suspect that the fact that only a non-partisan message of systemic capture was able to move public opinion on the issue of Australian financial regulation means that neither of the two major parties will easily be able to turn financial regulatory reform into a vote-winning issue, even though our results suggest that persuasive frames focused on the capture of politics by banking interests can move opinions of potential swing voters on financial regulation. Certainly in the 2019 election, the Labor Party did not make the issue of financial reform central to its unsuccessful electoral campaign, despite the salience of the issue. It would be ironic if the message of financial reform, which so powerfully captured public attention throughout the Royal Commission hearings slides back off the agenda into the realm of quiet politics. If that is the case, those voters who found their opinions moved by an account based on the failures of the two parties to regulate banks may well be reinforced in that opinion.

References

Baumgartner, Frank. and Jones, Bryan. 1993. *Agendas and Instability in American Politics.* Chicago: University of Chicago Press.

Bell, Stephen. and Hindmoor, Andrew. 2015. *Masters of the Universe, Slaves of the Market.* Cambridge, MA: Harvard University Press.

Berinsky, Adam J., Michele F. Margolis, and Michael W. Sances. 2014. "Separating the Shirkers from the Workers?" *American Journal of Political Science* 58(3): 739–53.

Bolsen, Toby, James N. Druckman, and Fay Lomax Cook. 2014. "The Influence of Partisan Motivated Reasoning on Public Opinion." *Political Behavior* 36: 235-62.

Chong, Dennis and James N. Druckman. 2007a. "Framing Public Opinion in Competitive Democracies." *American Political Science Review* 101(4):637-55.

Chong, Dennis and James N. Druckman. 2007b. "Framing Theory." *Annual Review of Political Science* 10:103–26.

Culpepper, Pepper D. 2011. *Quiet Politics and Business Power.* New York: Cambridge University Press.

Culpepper, Pepper D. and Lee, Taeku. 2020. "The art of the shitty deal: media frames and public opinion on financial regulation in the United States." *Socio-Economic Review* forthcoming.

Druckman, James N. and Lawrence Jacobs. 2015. *Who Governs? Presidents, Public Opinion, and Manipulation*. Chicago: University of Chicago Press.

Druckman, James N., Erik Peterson, and Rune Slothuus. 2013. "How Elite Partisan Polarization Affects Public Opinion Formation." *American Political Science Review* 107: 57-79.

Entman, Robert M. 2012. *Scandal and Silence*. Cambridge: Polity Press.

Feldman, Stanley. 1988. "Structure and Consistency in Public Opinion." *American Journal of Political Science* 32(2): 416-440.

Gilens, Martin and Naomi Murakawa. 2002. "Elite Cues and Political Decision-Making." In *Research in Micropolitics* 6, edited by Michael X. Delli-Carpini, Leonie Huddy, and Robert Y. Shapiro. Amsterdam: JAI Press.

Hicks, Raymond and Dustin Tingley. 2011. "Causal Mediation Analysis." *The Stata Journal* 11(4): 1-15.

Imai, Kosuke, Luke Keele, and Dustin Tingley. 2010. "A General Approach to Causal Mediation Analysis." *Psychological Methods* 15(4): 309-334.

Imai, Kosuke, Luke Keele, Dustin Tingley, and Teppei Yamamoto. 2011. "Unpacking the Black Box of Causality." *American Political Science Review* 105(4): 765-789

Kane, John and Jason Barabas. 2018. "No Harm in Checking: Using Factual Manipulation Checks to Assess Attentiveness in Experiments." *American Journal of Political Science* 63(1): 234-49.

Kinder, Donald. 1998. "Opinion and Action in the Realm of Politics. In *The Handbook of Social Psychology*, edited by D.T. Gilbert, S. Fiske, and G. Lindzey. New York: Oxford University Press.

Leeper, Thomas and Rune Slothuus. 2020. "How the News Media Persuades." In *Oxford Handbook of Electoral Persuasion*, edited by Elizabeth Suhay, Bernard Grofman, and Alexander Trechsel. New York: Oxford University Press.

Massoc, Elsa. 2020. "Banks, power, and political institutions: the divergent priorities of European states towards 'too-big-to-fail' banks." *Business and Politics* 22(1): 135-160.

Roddan, Michel. 2019. *The People vs the Banks*. Melbourne, Australia: Melbourne University Press.

Slothuus, Rune. 2010. "When Can Political Parties Lead Public Opinion?" *Political Communication* 27: 158–77.

Slothuus, Rune and Claes H. de Vreese. 2010. "Political Parties, Motivated Reasoning, and Issue Framing Effects." *Journal of Politics* 72(3): 630-645.

Sniderman, Paul, and Sean M. Theriault. 2004. "The Structure of Political Argument and the Logic of Issue Framing." In *Studies in Public Opinion*, edited by W. Saris and P. Sniderman, 133–65. Princeton: Princeton University Press.

Taber, Charles and Milton Lodge. 2006. "Motivated Skepticism in the Evaluation of Political Beliefs." *American Journal of Political Science* 50(3): 755-69.

Zaller, John R. 1992. *The Nature and Origins of Mass Opinion*. New York: Cambridge University Press.

Appendix 1: Media Treatments

VICTIM FRAME

After scandal, is it time to break up the big banks?
30 November 2018

The banking royal commission concluded its hearings today. The commission heard in April that Commonwealth Bank planners charged clients fees after they died, in some cases for more than a decade. The rogue planners were let off with a warning from the bank and were not reported to ASIC, the corporate watchdog.

CBA's charging of fees to dead clients or their families affected more than 2000 accounts, and resulted in $3.9 million flowing into the bank's coffers.
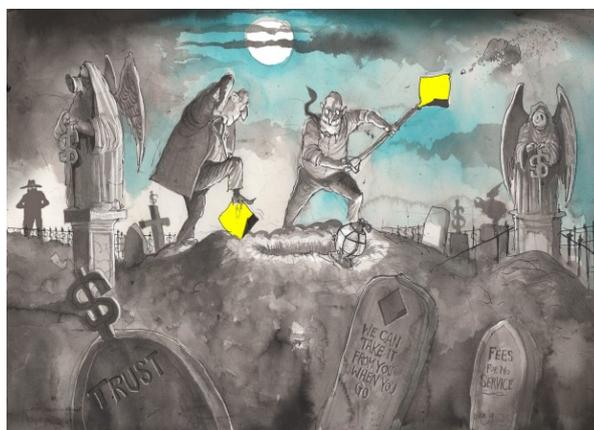
The issue of fees for no service became a flashpoint for the royal commission after financial services giant AMP admitted lying to ASIC 20 times over its handling of the issue. The scandal has already resulted in the banks paying out substantial compensation, with CBA refunding $119 million to its customers, much more than any other institution. The head of CBA's wealth management arm admitted in her testimony that the bank would be the "gold medallist" of fees for no service.

Banks' self-serving flogging of products to customers should be canned by the royal commission and they should be broken up.

Australia needs a tougher corporate cop

30 November 2018

The banking royal commission concluded its hearings today. Last week ASIC Chairman James Shipton admitted several mistakes in the watchdog's handling of misconduct by the big banks.

The Australian Securities and Investments Commission has come under fire at the commission for not taking enough enforcement action and being too close to the companies it regulates, particularly the big four banks. The commission heard an email detailing Commonwealth Bank's embarrassment at making only a $300,000 community benefit payment over the offences at one of its subsidiaries. CBA executives worried that the penalties were so weak, they made the bank look bad.

The financial services giant AMP admitted lying to ASIC 20 times over the issue of fees for no service. Lying to the regulator is illegal under the Corporations Act and can attract criminal penalties.
If ASIC chooses to pursue them in the courts, that is. Looking only at enforcement outcomes against financial services providers, just one in 10 outcomes involves potential jail time.

Consumer Action Law Centre chief executive Gerard Brody has called on the regulator to be "bold" in pursuing tougher penalties against financial institutions and senior executives.

"Australians want to see more than just a slap on the wrist for corporate crime. Hefty fines, disqualifications and jail time are needed to deter wrongdoing," Mr Brody said.

ASIC is captured by the big banks
30 November 2018

The banking royal commission concluded its hearings today. The commission's final two weeks of hearings included testimony from the heads of banks and regulatory agencies. Commonwealth Bank boss Matt Comyn spoke about the bank's role in the fees for no service scandal. The commission also heard from ASIC Chairman James Shipton, who admitted several mistakes in the watchdog's handling of misconduct by the big banks.

The commission heard in April that Commonwealth Bank planners charged clients fees after they died, in some cases for more than a decade. The head of CBA's wealth management arm admitted in her testimony that the bank would be the "gold medallist" of fees for no service.

The Australian Securities and Investments Commission has come under fire at the commission for not taking enough enforcement action and being too close to the companies it regulates, particularly the big four banks.

Governments, of either political persuasion, don't appear to want tough regulators. The vast revenues of large financial institutions, which underpin exorbitant bonuses and ridiculous corporate excess, are built mainly on charging significantly more than is necessary. At the same time, governments have permitted the growth of ever larger and more powerful financial institutions.

Waiting for governments to create effective regulators appears unlikely, and will always be an inferior outcome to genuine competition in any case.

Appendix 2: Sampling Methodology

YouGov is an online survey firm that generates representative samples using an approach called sample matching. The selection into YouGov's online panel is not probability-based (i.e., non-random selection), but applies a two-stage match process where a target sample is defined in the first stage and members of that target sample are matched to the pool of potential respondents in YouGov's online panel. In our project, YouGov interviewed 1244 respondents who were then matched down to a final sample of 1200 respondents based on gender, age, and education. The sampling frame was constructed using stratified sampling from the 2011 ANU Poll sample with selection within strata by weighted sampling with replacements (using the person weights on the public use file). Propensity scores were used to weight matched cases to this sampling frame. Matched cases and the frame were combined using logistic regression; the propensity score algorithm included age, gender, and education. The field period for the survey was 19 December 2018 to 2 January 2019.[10]

Because this methodology is not strictly probability-based, we take the further step below of comparing our YouGov Australia sample properties to samples from the 2016 Australian Election Study and the 2016 Australian Bureau of Statistics' Census of

---

[10] We thank an anonymous reviewer for raising the important point that the field dates for our data collection overlap with the summer holiday season. The field dates were chosen a result of wanting to get the survey as soon as possible after the final hearings of the Banking Royal Commission, when we judged the issue would have maximum salience. While proximity to the summer holidays may have affected recruitment rates and completion rates for the online panellists, there are no priors we can think of on how the field dates would bias how respondents answer our questions or react to our media treatments.

Population and Housing. The AES uses a dual sampling frame: half of the sample is based on a stratified random sample of the Australian Election Roll; the other half is based on a stratified sample of an address-based list from the Geocoded National Address File. The table shows that our YouGov Australia sample is significantly younger and somewhat more likely to have attended University than the AES sample. There is also a notable difference in party affiliation: the YouGov sample is substantially less likely to affiliate with either Liberal-National coalition party and likelier to affiliate with Labor, the Greens, or with no party at all. Compared to Australian Census data, both YouGov and AES are comparable on sex; YouGov is closer to Census parameters on age (although the comparison here is between an adult sample and the general population); both surveys are skewed toward more highly educated Australians.

Table A1.   Sample Characteristics, YouGov, AES, Census*

	YouGov	**AES**	**Census**[**]
Median age	45 years	59 years	37 years
Female	51.2%	51.0%	50.7%
Education: No qualification	21.6%	25.4%	44.1%
Education: Bachelor degree	25.5%	17.7%	16.8%
Education: Post-bachelors[***]	14.2%	16.1%	7.5%
Party: Liberal or National	28.9%	43.3%	
Party: Labor party	31.5%	26.9%	
Party: Greens	9.1%	5.2%	
Party: other / none	30.5%	24.6%	

* all YouGov and AES figures are unweighted.

** figures from the Australian Census are for the entire population; figures for
YouGov and the Australian Election Study are for the adult population.

***YouGov and the Australia Election Study categories of educational attainment are
not matched, so the table shows figures for the low end and high end of the scales.

A2. Sample Balance

	N	Control (Economy) Mean / SE	N	Control (Bank) Mean / SE	Δ	N	Punishment Frame Mean / SE	Δ	Victim Frame Mean / SE	Δ	N	Systemic Frame Mean / S
	243	1.54 (0.03)	235	1.51 (0.33)	0.04	248	1.51 (0.03)	0.03	1.53 (0.03)	0.02	233	1.47 (0.03)
...on	243	3.02 (0.09)	235	2.87 (0.09)	0.15	248	2.98 (0.09)	0.03	2.88 (0.09)	0.13	233	2.67 (0.09)
	243	4.25 (0.16)	235	4.27 (0.17)	-0.02	247	4.09 (0.16)	0.16	4.28 (0.16)	-0.02	233	4.02 (0.16)
	243	45.84 (1.13)	235	46.56 (1.12)	-0.72	248	46.59 (1.13)	-0.74	46.61 (1.08)	-0.77	233	46.30 (1.10)
...ective Econ ...on	227	3.26 (0.07)	235	3.32 (0.07)	-0.07	240	3.37 (0.07)	-0.11	3.39 (0.06)	-0.13	226	3.38 (0.07)
...arty Strength of ...cation	243	0.63 (0.06)	235	0.53 (0.06)	0.10	248	0.54 (0.06)	0.09	0.64 (0.07)	-0.01	233	0.70 (0.07)
...Party Strength of ...cation	243	0.42 (0.06)	235	0.57 (0.07)	-0.14	248	0.48 (0.06)	-0.06	0.44 (0.06)	-0.02	233	0.48 (0.06)

41

Interest	242	2.58 (0.08)	235	2.65 (0.08)	-0.06	248	2.54 (0.08)	0.05	2.59 (0.08)	-0.01	233	2.61 (0.07)

A3. Responses to Individual Redistribution and Financial Regulation Items

	disagree strongly	disagree somewhat	neither	agree somewhat	agree strongly	valid
inimum wage	1.6%	3.3%	12.5%	31.7%	50.9%	1176
rich	5.1%	8.1%	15.2%	27.2%	44.5%	1163
inequality	3.5%	8.1%	15.2%	30.4%	42.8%	1165
faire principle	15.8%	21.2%	23.4%	27.7%	12.0%	1142
p banks	3.9%	9.8%	30.8%	27.4%	28.2%	1024
ompetition in banking	1.6%	3.1%	19.6%	36.3%	39.4%	1122
ors should sue banks	1.7%	4.3%	19.9%	31.0%	43.1%	1120
lder say on pay	1.9%	3.5%	11.5%	28.8%	54.3%	1134
regulate, not ASIC	0.7%	0.2%	17.0%	34.5%	45.5%	1093
ASIC in banks	2.1%	5.3%	21.4%	36.4%	34.8%	1098
banks	3.4%	7.6%	16.8%	27.1%	45.2%	1,139

42

Appendix 3: Mediation Analysis

We use causal mediation analysis to examine whether the two parts of our analysis – the affective response and the policy response of non-partisans to our media frames – are potentially linked (Imai et al. 2010; Imai et al. 2011). Causal mediation analysis allows us to test whether the media story framing financial scandal in terms of regulatory capture directly moves policy preferences over financial regulation or whether the effect that we find for non-partisans is mediated by negative emotions. Specifically, we examine both anger and disgust as possible mediators, as shown in Table A4. The two aversive emotions tell us essentially equivalent stories, in which the effect of the treatment article (systemic capture) on the outcome of regulatory preferences among non-partisans is mediated. The average causal mediation (ACME) of anger (0.25) or of disgust (0.32) on regulatory preferences is driving effectively all the preference change we see among non-partisans.

Table A4.　　　Anger and Disgust as Mediators of the Impact on the Systemic Frame on Regulatory Preferences of Non-Partisans[*]

	Effect on Mediator	Effect on Regulatory Preferences
Treatment	0.92 (0.14)	-0.19 (0.10)
Anger		0.28 (0.02)
ACME (anger)		0.25
Direct effect		-0.19
Total effect		0.06

ρ at which ACME = 0		0.35
Treatment	1.00 (0.13)	-0.26 (0.11)
Disgust		0.31 (0.03)
ACME (disgust)		0.32
Direct effect		-0.27
Total effect		0.05
ρ at which ACME = 0		0.41
* Mediation analysis conducted using *medeff* and *medsens* in Stata (Hicks and Tingley 2011).		

Causal mediation analysis relies on a strong assumption of sequential ignorability – in effect, a "no unmeasured confounder" assumption that requires both that the treatment is independent of outcome variables and mediating variables and that the mediator is independent of the outcomes of interest and relevant pre-treatment covariates (Imai et al. 2010). We therefore conduct a sensitivity analysis of these results, as shown in Figures A1 and A2. Our sensitivity estimate (rho, the correlation of relevant error terms) shows the level of rho at which our results would the mediation effect would be indistinguishable from zero (for anger, 0.35 and for disgust 0.41); these levels of rho, suggest the potential fragility of our mediation results. Thus caution is in order

concluding that policy preference shifts are generated by triggering aversive emotional

states in the systemic capture frame for non-partisans.

Figure A1.   Sensitivity of the Mediating Effect of Anger
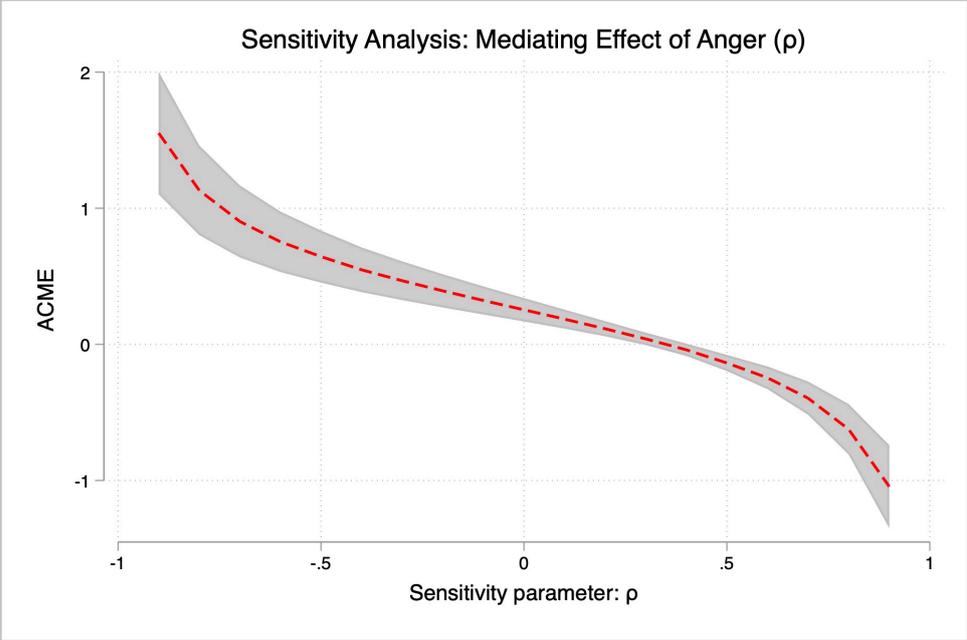
Figure A2.   Sensitivity of the Mediating Effect of Disgust