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LIISA TALVING

Economic conditions and incumbent support: when and how does the economy matter?

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Economic conditions and incumbent support: when and how does the economy matter?

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Johan Skytte Institute of Political Studies, University of Tartu.

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To my father

ABSTRACT

Academic research lends significant empirical support to the expectation that there is a strong link between the economy and election outcomes. Voters hold incumbents responsible for developments in the national economy: public support for government parties drops when the economy preforms poorly and increases when the economy grows. However, not all elections are determined by the economy. The history has witnessed political leaders being voted out of office during periods of prosperity, and getting re-elected amidst deep recessions. Academic work on the topic, too, suffers from the lack of consistency in research results. Empirical evidence of economic voting is found often, but not always and not everywhere, and it remains unclear why that is.

The recent global crisis has further accentuated the concerns as to the instability of economic voting. The majority of Western countries experienced its deepest recession since 1930ies, leaving governments struggling to cope with dropping revenues, increased expenditure and record high borrowing, and forcing many of them to pursue painful austerity measures. According to classic economic voting theories, such remarkable economic instability should lead to major political consequences. Indeed, in a number of countries, governing parties witnessed landslide electoral defeat, but on several other occasions incumbents managed to maintain their position despite the unprecedented economic turmoil. This has highlighted the need to better understand the link between economic conditions and popular evaluations of political incumbents.

The instability in economic voting was the main motivation for writing this dissertation. If the link between economic conditions and elections does not exist, then voters' ability to assign responsibility for poor economic outcomes is limited, and this leaves leaders free to pursue whatever policies they please irrespective of their public consequences. The dissertation addressed the instability in economic voting from three different aspects, which were considered in three empirical chapters. Firstly, it tested the overall strength of the link between the economy and political support. Giving careful consideration to methodological issues, it explored the stability of economic voting in ten established Western European democracies, using individual-level data for five survey years between 1989–2014 and a total sample of more than 55,000 respondents. The analysis provided solid evidence that economic considerations have a strong effect on incumbent support. Citizens clearly withdraw support from governments during economic decline and rally behind incumbents when the economy flourishes. Outliers do exist, but overall, the economy matters to voters in developed democracies, in that citizens regularly observe national economic outcomes and shape their electoral decisions accordingly.

Secondly, the work examined the performance of economic voting in Europe in the wake of the financial and economic crisis. The aim of this section was to compare economic voting in ordinary versus extraordinary times, and to scrutinise the political consequences of the severe economic turbulence of 2007–2009. Theoretically, we should have witnessed strong sanctioning of political

leaders during the crisis as the impact of economic performance on government support is typically stronger during hard times. On the other hand, in the increasingly interwoven world economic voting could be becoming less pronounced because economic responsibility is more difficult to apportion. The findings, however, demonstrate that there is very little abrupt change in economic voting over time. The statistical relationship between the economy and voting remained remarkably constant, even after the most dramatic economic recession in our lifetime, suggesting that the economic voting mechanism is largely immune to external shocks.

The third, and final, empirical chapter revealed a new dimension of economic voting by shifting the focus onto national economic policies. I argued that when the clarity of economic responsibility is poor and when the economy is in recession everywhere, citizens may need additional sources of information than macroeconomic outcomes to help them form a reasoned opinion about the economic competence of incumbents. Using comparative survey data, which in this empirical chapter were extended to 24 European countries and more than 77,000 respondents, and utilising macroeconomic indicators novel to political science research, I showed that in addition to traditional retrospective economic evaluations, the policy context helps explain electoral outcomes. Citizens pay more attention to national fiscal policies after the crisis than they did before, and hold incumbents responsible for painful austerity programs. In fact, economic policies have emerged as one of the key predictors of individual vote choice next to more conventional determinants, revealing the new and multidimensional face of economic voting.

This dissertation contributes to the existing academic knowledge in that it provides methodologically and empirically solid evidence on the presence of a strong link between economic conditions and political support in general, and during the financial and economic crisis in particular. Theoretically, this work offers an innovative exploration of economic policy voting, which has emerged as a result of the crisis. The conclusions presented in the dissertation provide support for the judgement that there exists healthy democratic accountability in Europe. Of course, economic voting is only one of the many ways in which citizens give feedback to political leaders, but if voters maintain a capacity to monitor national policymaking and to react accordingly, then parties seeking electoral success are forced to take into account public interest and to act with the public benefit in mind when establishing and pursuing economic policies. For citizens, maintaining their right to demand accountability for how public policies are being executed – and being aware that such a possibility exists – empowers them to fulfil their role as democratic actors and to actively participate in the process of decision-making. This democratic mechanism, ultimately, helps determine national policy.

ACKNOWLEDGEMENTS

In my childhood home there was an old black-and-white drawing hanging on the wall, with an image of the Tartu Stone Bridge on it. Although the bridge was long gone – or perhaps because of it – looking at this picture always filled me with an unexplained feeling of being drawn to Tartu. The stories that I heard about the birth town of my father and about my parents' adventurous student years cemented this feeling of longing, and I always felt a little sense of missing out. But my Tartu-years were still to come. It was at the dinner table at Vello's and Eva-Clarita's place back in 2011 that Vello first suggested I consider entering the PhD program. It first sounded as a lot, but the seed was planted. When my then-boss, Andrus Saar, whose advice I always valued greatly, expressed his full support, I was soon ready to leave the life I had established behind and, at 30 years old, to become a student again. Needless to say, the next five years in Tartu turned out to be some of the best in my life. It has been a place to follow my dreams, to pursue my passion, and to find my balance. Tartu will always remain a very special place for me.

A number of people have helped make the experience unforgettable. Piret Ehin, my first supervisor, has supported me in so many ways along the way. She provided encouragement, inspiration and guidance, and, notwithstanding, even a space in her office (even if I sometimes found myself locked inside). For a young female starting out in academia, Piret represents a fascinating role model. Kristjan Vassil, my second supervisor, contaminated me with his passion and enthusiasm. Although at times demanding, his input and expertise helped advance my knowledge and my work, and I value this greatly. Importantly, both supervisors actively involved me in research projects, which provided me with opportunities that enabled me to focus on academic work.

I express my sincere gratitude to Vello Pettai for inviting me to Tartu, and for making sure I stay there. Eva-Clarita Pettai has been very helpful in guiding me through the practicalities of the doctoral program. Mihkel, thank you for being the most helpful person at the institute, always willing to discuss and give advice. Our talks in the coffee room gave a solution to a many of my methods problems, and always provided a good laugh. Kats, thank you for being the one to remind me that there is more to Tartu than work. Kadri, Urmas, Raul, Maili, Stefano, Thomas, Eoin, Ryhor, but also Mell and Elmer – my Tartu would not have been the same without you. I would also like to thank my other colleagues at the institute for providing a friendly and supportive environment. I am highly appreciative of the funding throughout my PhD project from of the Doctoral School of Behavioural, Social and Health Sciences and the Archimedes Foundation. I am also grateful to Ruth Dassonneville and Pedro Magalhães who provided insightful, detailed and constructive comments on the initial manuscript of my dissertation.

Further, my deepest gratitude belongs to my family. My parents, who injected in me the interest in politics, raised me with curiosity about how the world works, and always trusted my wildest decisions. My sisters and nieces

who kept me grounded in reality every time I came home from Tartu, thank you!

One of the most pivotal moments during my studies, however, was a semester that I did not spend in Tartu, but at the University of Iowa instead. Not only was it fundamental in giving me a valuable international experience, but, more importantly, it introduced me to a wonderful mentor and friend, Michael S. Lewis-Beck. Being a student of economic voting, there are, of course, not many greater experts in the world that one could learn from. But Mike has also taught me through his dedication and his personality. For him, no question that a young scholar struggles with is unimportant. I still cannot believe how generous he was with time when I think of all the hours we spent in his office at the UI or in Prairie Lights discussing questions from the smallest coding decisions to underlying philosophical matters. Meeting Mike has immensely advanced my understanding of the field, enriched my work, and introduced me to opportunities in the academic world that would not exist otherwise. I am deeply indebted to him for helping me to evolve as a political scientist.

Finally, thank you, Thomas, for being my greatest support in everything I do. Above all, I am grateful for my decision to go back to school because this is how I met you.

Berlin,
September 2016

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1. INTRODUCTION

"When you think economics, think elections;
When you think elections, think economics."
(Tufte 1978: 65)

1.1. Background and rationale

The relationship between economics and elections has long been a major focus in the field of political science. Economic conditions are closely associated with electoral outcomes and are typically expected to have a strong influence on political support. This expectation rests on the assumption that incumbents have control over the state of the national economy and that handling the economy is one of the key responsibilities of those in power. Voters have been holding incumbents accountable for bad economic conditions since at least the Great Depression in the 1930s, but the link between the economy and the vote was cemented in the recent history by Bill Clinton's campaign strategist James Carville whose famous words, 'The economy, stupid!', emphasised the focus of the 1992 U.S. presidential elections. Originally targeted at an internal audience of closer colleagues, the phrase quickly gained popularity as an unofficial slogan for the entire Clinton campaign and has since found currency in political rhetoric everywhere. Most recently, the way in which economic conditions interact with support for political parties has received the attention of the public in the wake of the global economic and financial crisis of 2007–2009.

The most general concept defines economic voting as 'any change on voter's support for parties that is caused by a change in economic perceptions' (Duch & Stevenson 2008: 41). Academic research lends significant empirical support to the expectation that there is a strong link between the economy and election outcomes. A vast body of literature published over several decades confirms that voters tend to hold incumbents responsible for developments in the economy, and reward or sanction them accordingly. On average, economic variables have been found to explain about 20–30% of the variation in government popularity (Nannestad and Paldam 1994). The overall relationship between economic conditions and incumbent support is positive in direction: when the economy performs poorly, public support for government parties drops, whereas economic growth yields higher levels in support for the incumbent. These results generally hold on both the aggregate and individual levels. In aggregate-level research, the unit of analysis is the country or election. The outcome variable in these studies is typically the incumbent's share of the vote in national elections (or in presidential elections in the case of presidential systems of government, such as the United States). Macroeconomic indicators such as GDP growth, unemployment and inflation rate are used as explanatory factors. Individual-level studies, on the other hand, rely on survey data. In these analyses, the dependent variable is most commonly defined as vote choice or

vote intention for the incumbent government party (or parties), and the economy is measured via subjective economic perceptions (van der Brug, van der Eijk, and Franklin 2007).

Although the existence of the phenomenon of economic voting is firmly established, its stability can be problematic: economic changes do not always determine voter behaviour. Governments have been voted out of office during excellent economic times, and have survived or even consolidated their popularity when times are tough. In empirical research, too, economic effects are found in some countries at certain moments in time, but not always and not everywhere. In other words, we do not know enough about when citizens decide to link their evaluations of incumbents to economic performance and when they do not. This poses a puzzle for students of economic voting, giving rise to disputes over decisions on research design, datasets, variable operationalisation and statistical tools used in models of incumbent support. More importantly, however, the instability dilemma has broader implications, as it can be construed as a threat to democratic accountability. If the link between economic conditions and elections does not exist, then voters' ability to assign responsibility for poor economic outcomes is limited, and this leaves leaders free to pursue whatever policies they please irrespective of their public consequences (Nadeau, Lewis-Beck, and Bélanger 2013). In essence, economic accountability is an indication of healthy democratic interactions between citizens and political leaders.

The recent global crisis has further accentuated the concerns as to the instability of economic effects. Since the beginning of the crisis, the majority of Western countries have experienced its deepest recession since World War II (IMF 2009). Plummeting economic growth and rising levels of unemployment, accompanied by banking system crises and followed by the Eurozone debt crisis, have left European governments struggling to cope with dropping revenues, increased expenditure and record high borrowing. To tackle the excessive levels of public debt and deficit, many governments pursued painful reductions in public jobs, services and benefits, while simultaneously implementing tax increase. According to classic economic voting theories, such remarkable economic instability should be accompanied by major political consequences. Indeed, civil unrest and large-scale public protests have taken place in Greece, Ireland, Iceland, France, the United Kingdom, and in various Eastern European countries. In a number of countries, governing parties witnessed landslide electoral defeat. However, on several other occasions incumbents managed to maintain their positions despite the unprecedented economic turmoil. This has highlighted the need to better understand the link between economic conditions and popular evaluations of political incumbents. Have the traditional accountability mechanisms changed with the coming of the recent crisis?

Theoretically, the most severe economic shock of our time gives us reason to expect increased punishment of incumbents for weak economic outcomes. Previous findings indicate that the impact of economic performance on government support is stronger during hard times and less intense when the economy is

performing well (Mueller 1973). On the other hand, there is evidence that in the increasingly interwoven world economic voting is becoming less pronounced. The sanctioning appears stronger when responsibility is relatively easy to apportion (Powell and Whitten 1993), but as national economies become more interlinked and interdependent, the capacity of national governments to shape macroeconomic outcomes diminishes. Especially in the European Union (EU), the world's largest single market, national economic policies are closely coordinated to support stability and growth. Nineteen countries share a common currency, the euro, together forming the euro area. All EU member countries are part of the Economic and Monetary Union (EMU), through which the European Central Bank (ECB) manages a common monetary policymaking in the Eurozone, aimed at maintaining price stability and the efficiency of the internal market. Member states outside the euro area coordinate their monetary policy with the ECB. Similarly, EU trade policy is administered exclusively at the EU level. Member state governments have more control in other economic policy areas, such as fiscal policy, which nevertheless is also monitored centrally. The national policy response to the global crisis was partially regulated as well through increased European-level financial supervision, bailout agreements and stabilisation funds. In a system such as this, economic responsibility is divided between various levels of governance. However, when accountability is blurred the tendency of voters to hold governments responsible for economic outcomes decreases as it is harder to assign credit or blame (see Hellwig and Samuels 2007; Duch and Stevenson 2010). Should we, then, expect to see less intense punishing in times of crisis than at other times? A number of studies have examined the aftermath of the crisis in specific European countries or regions, but have arrived at varying conclusions. Some researchers have found support for the thesis of retrospective economic voting, and some have not, while others conclude that the effect is mediated by other indicators. In the scarcity of individual-level comparative studies with large geographical and temporal scope, our understanding of how recent drastic economic developments have shaped economic voting remains limited.

The global crisis has raised awareness of another aspect of economic voting, which thus far has received little attention in the academic studies: namely, government economic policies. The complex accountability situation has forced voters, who have to date typically relied on economic outcomes to evaluate incumbent performance and form their vote preference, to search for other indicators to help them judge government economic competence. One such indicator is the feasibility and effectiveness of government countermeasures to the crisis. The economic hardship associated with the crisis triggered debates over government role in the economy. Despite attempts to coordinate the response to the crisis at the European level, there was no entirely unitary reaction to the plummeting economy. In some countries, governments opted for fiscal expansion, while in others radical retrenchment policies were introduced. In cases one set of policies followed the other. Either way, government efforts to handle the crisis emerged at the centre of public discourse and were suddenly monitored

more closely than ever before. This allows to assume that economic policies adopted in reaction to the crisis are likely to have framed voter evaluations of government performance and influenced political support patterns. The scholarship on economic voting has, in recent years, paid more attention to voter policy reactions (see Clarke et al. 2013; Magalhães 2014a; Karyotis and Rüdig 2015; Kavanagh 2015; Whiteley et al. 2015), but empirical evidence remains fragmented and inconclusive. Analyses typically focus on a single election or country, and arrive at conclusions that provide limited and not generalizable insight to patterns of public attitudes towards crisis policies.

1.2. Objectives and structure of the dissertation

This dissertation aims to fill gaps in the literature by advancing knowledge on the relationship between the fortunes of the economy and voting behaviour. The work has three main objectives, which are addressed in three separate empirical chapters. The first empirical chapter explores the overall relationship between the economy and incumbent support and tests its robustness. To do so, I estimate a basic model of economic voting across all major Western European democracies over the preceding 25 years. The use of such an exhaustive and heterogeneous dataset – including the years during and after the global crisis – enables the present author to explore the stability of economic effects regardless of extremely diverse political and economic circumstances. Careful consideration is given to issues of variable measurement, model specification and methodological challenges in order to address previous debates in the academic literature over differences in statistical modelling. In the second empirical chapter, I examine more specifically the performance of economic voting in Europe in the wake of the financial and economic crisis. The aim of this section is to compare economic voting in ordinary versus extraordinary times, and scrutinise the political consequences of the severe economic turbulence. Empirically, I consider two scenarios: increased economic accountability during the recession due to negative asymmetry, and decreased economic effects due to blurred economic responsibility. In the third, and final, empirical chapter I aim to reveal new nuances of economic voting by shifting its focus onto national economic policies. It argues that when the usual path of economic voting is disrupted, economic policy voting can occur. Using novel economic measurement for national fiscal policies, I investigate voter reactions to government policy choices and observe the dynamics in voter policy response over time.

In order to carry out a systematic analysis of economic effects, I employ a cross-sectional time-series comparative framework in all three empirical chapters. The purpose of such a design stems from the desire to map universal patterns of voting behaviour and avoid the results being affected by election-specific idiosyncrasies. While single-election studies undeniably provide valuable insights into how economic conditions influence vote choice, the aim of this dissertation is rather to draw broader conclusions. Although all countries are

unique, this study is not designed to pick up on these specific nuances. Instead, it attempts to analyse the subject matter by generalising, classifying and summarising, with the explicit purpose of understanding the broader sweep of voter attitudes and opinions. A comparative approach essentially imposes strong requirements onto the data used. In order to be suitable for cross-sectional analysis, questionnaires, sampling procedures and survey methods should be consistent across studies. The analysis here employs individual-level data from the European Election Studies (EES) Voter study, a high-quality dataset with nationally representative samples from the EU member states, which has been carried out every five years since 1979 as a post-election study to analyse political behaviour in European parliamentary elections. Questions measuring vote intention and economic evaluations, both essential for testing economic effects, appear almost identical from one survey to the next, as do sampling and interviewing techniques. The selection of countries and time points in the three empirical chapters of the dissertation differs depending on the specific focus, but all chapters rely on highly comparable large-scale data and cover a heterogeneous set of political and economic contexts. Throughout the analysis, special attention is paid to variable operationalisation, coding decisions, model specification and statistical tools, as well as to providing robustness checks to results where necessary and possible.

The monograph is structured as follows. The next chapter (Chapter 2) provides a theoretical framework to the dissertation, by first giving an overview of theories of voting behaviour and then more particularly introducing the theory of economic voting. It highlights the main findings in both classic and contemporary studies on economic effects, before outlining their limitations and the theoretical expectations tested in this analysis in order to contribute to the existing body of knowledge. The subsequent chapter, Chapter 3, presents the research design utilised in this study. It first explains the decision to use the comparative approach and then provides an overview of analysis levels, data and case selection, key variables, and analysis methods. Turning to the empirical part of the dissertation, Chapter 4 explores the overall link between the economy and the vote. It tests the robustness of the economic vote in a demanding contextual setting as well as against various methodological and coding choices, thereby addressing the concerns that economic voting effects are often overestimated and dependent on model specification. Chapter 5 discusses the performance of economic voting under the complex circumstances of the global financial and economic crisis, and seeks to reveal whether patterns of economic effects have transformed with the severe economic hardship. Chapter 6 shifts the focus to economic policies. It first explores voter overall reactions to alternative government policies and then considers the possibility that policy effects on political support vary depending on the economic cycle. Finally, Chapter 7 summarises the main conclusions of the dissertation, discusses their wider implications and proposes suggestions for future research.

1.3. Overview of results and main contributions

The first task of the dissertation is to evaluate the overall magnitude of the economic vote. Using a demanding data pool that covers highly diverse political and economic conditions across European countries over time, including the period during and after the worldwide crisis, I demonstrate in Chapter 4 that a strong relationship exists between economic perceptions and vote intention. Furthermore, economic effects appear remarkably robust against challenges provided by a number of statistical and methodological tests. The findings of cross-national time-series analysis provide statistically solid confirmation that voter political preferences in Western Europe are related to subjective judgments of government economic performance. The dissertation, then, firstly contributes to the existing knowledge by providing vigorous empirical support to the traditional expectation that there is a positive link between economic conditions and political support, as economic optimism leads to rewarding incumbents in elections.

Secondly, it compares economic voting in times of non-crisis to that in the worldwide economic turmoil of recent years. The current literature on crisis-time voting relies primarily on single-country or regional studies, which have shed valuable light on the effect of the crisis on political outcomes. Heavily influenced by national idiosyncrasies, however, these studies fall short in providing us with a full picture. The results are election-specific, greatly dependent on particular political and economic circumstances, and thus often inconsistent in temporal or geographical comparison. Determined to reveal larger patterns of economic voting in times of crisis, I employ in this study a broader comparative framework. The benefit of such an approach is that the findings are not a product of distinct circumstances peculiar to a specific country or moment in time. Instead, it enables me to create general knowledge that adds to the broader understanding of the electoral decision-making of an economic voter. By utilising the time-series-cross-section setup, this dissertation, attempts to fill a gap in comparative studies exploring economic voting in the wake of the global crisis. Using survey data covering over two decades and ten Western democracies, Chapter 5 presents a systematic test of the stability of economic effects over time. The results demonstrate that the statistical relationship between the economy and the vote is not more or less pronounced during the crisis compared to ordinary times, but instead remains strikingly stable. The positive link between economic opinions and incumbent support remains robust despite the severe economic hardship.

Thirdly, the dissertation moves beyond the traditional mechanism of economic voting and explores how government economic policies influence incumbent support levels. Using data on 24 European countries from before, during and after the recession, and utilising novel measurement of national economic policies, I show that post-crisis incumbent support is not determined by economic perceptions alone; rather government policy choices also significantly shape public support for political leaders. Up until now, this novel angle

of voter calculus has received little attention in the economic voting literature. The results indicate that citizens generally react negatively to a government's decision to pursue contractionary policy measures. Moreover, the public's response to austerity measures is especially unfavorable in the post-crisis period, suggesting that five years after the worst point of the crisis voters are tired of radical reductions.

In recent decades, a significant amount of scholarly attention has been paid to economic effects on voting behaviour. As our knowledge on the basic mechanisms advances, the surrounding context in which parties and voters operate is growing more and more sophisticated. This calls for students of economic voting to scrutinise the traditional patterns of electoral behaviour to see how these respond to contextual changes. This monograph aims to uncover the mechanisms of how economic crises influence popular support for governing parties. It contributes to the current literature in three major aspects: empirical, methodological and theoretical. In empirical terms, it uses extensive datasets and emphasizes the importance of a comparative framework when studying economic effects, especially in the rapidly changing environment, where research findings can easily be affected by national singularities. With regard to the methodology, it uses a large variety of robust statistical and methodological tests to show that there is a solid statistical relationship between economic conditions and government support, and that this relationship has remained stable over time. Finally, as for the theoretical dimension, it moves the analysis beyond the simple link between two variables, economic conditions and voting, and introduces the effect of national economic policies on voter attitudes. The latter becomes increasingly important in a globally integrated world, where governments have less control over national economic outcomes, and perceptions of economic conditions alone do not provide enough information for a voter to assess incumbent performance. This work carries no intention of contradicting the existing beliefs in the field. Rather, it wishes to draw attention to new nuances of classic political support patterns, and thereby further our understanding of both economic voting in particular and political behaviour more generally.

2. THEORETICAL BACKGROUND

The first systematic studies of voting behaviour originate from nearly a century ago. Since then, political scientists across the world have sought to explain how voters form their electoral decisions. Early studies of voting behaviour focused primarily on sociological and socio-psychological explanations of voter preferences. In the 1970s, the attention shifted to rational choice, and economic conditions surfaced as a significant predictor of electoral outcomes. Today, popular conventional wisdom has it that voters tend to hold incumbents responsible for a country's poor economic performance and punish them at the polls. The topic has emerged anew amid the global economic and financial crisis when the economy surfaced as the most salient issue in most Western democracies and was expected to be a significant factor in voter considerations. The drastic changes in the socioeconomic environment have led students of economic voting to reassess conventional assumptions about responsibility attribution. Specifically, recent scholarship on the topic has been concerned with the question of whether the relationship between the economy and voting may have changed in the context of the economic crisis.

This chapter first provides a general overview of existing knowledge on individual voting behaviour. The second section explains in detail the theory of economic voting and highlights the main findings in classic and modern works before discussing the main limitations of previous studies. The chapter then turns its attention to describing the most frequently used empirical approaches in the study of economic voting and provides an overview of new research dimensions in the field. Finally, the last section introduces the contributions that this dissertation aims to make to the ever-growing body of literature on the economic vote.

2.1. Classic theories of voting behaviour

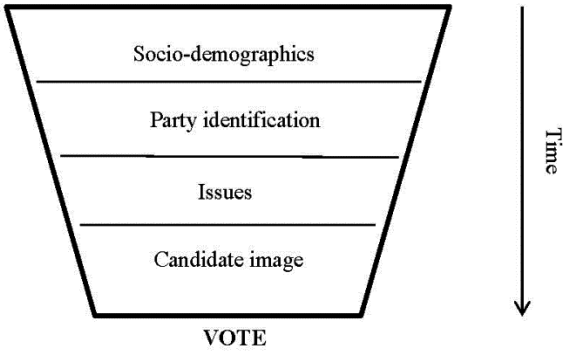
Understanding voting behaviour is one of the focal concerns of the field of political science. Elections are a key link in democratic systems between voters and political leaders: they provide a mode for the electorate to hold governments accountable for their decisions and influence the policymaking process. Studies on elections and voting date back to the beginning of the 20th century with preliminary historical and journalistic analyses, which gradually developed into a more empirical and systematic approach (see Niemi and Weisberg 1992; Lewis-Beck, Nadeau, and Elias 2008). Due to limited data availability, early electoral research relied on aggregate-level election results as the primary source of information. Inferences about individual behaviour based on macro-level data can, however, easily lead to an ecological fallacy (Robinson 1950). Assuming that citizens are characterised by the same parameters as the groups that they belong to may lead to mistaken conclusions. With the rise of survey research in the United States in the 1930s, attempts were therefore made to

understand vote choice at the individual level (see Niemi and Weisberg 1992; Lewis-Beck, Nadeau, and Elias 2008).

Pioneering developments in academic voting studies took place at Columbia University in the 1940s, where a team of researchers using new survey techniques developed novel theoretical frameworks to study voter considerations. Investigating prospective voters during the 1940 U.S. presidential campaign, Paul Lazarsfeld and his colleagues (Lazarsfeld et al. 1948, 1954) focused on sociological characteristics of the electorate to explain political preferences: education, ethnicity, social class and religion (for an overview, see Bartels 2012b). The authors emphasised the role of social networks and interpersonal relations rather than the mass media in shaping individual vote choice. According to this sociological approach, decisions determined by social affiliation are attitudinal and emotional rather than calculated. Pointing out the main shortcomings of the Columbia model, later work has argued that it focused only on selected communities, and, more importantly, fails to explain why differences between social groups occur (see Niemi and Weisberg 1992; Lewis-Beck, Nadeau, and Elias 2008).

The next major milestone in voting studies emerged at the University of Michigan in the 1950s. National election surveys conducted over a course of an entire decade at the Survey Research Centre of the university gave rise to what is now considered the landmark of electoral research, *The American Voter* (see Niemi and Weisberg 1992; Lewis-Beck, Nadeau, and Elias 2008; Bartels 2012b). The authors of this seminal book famously introduced a funnel of causality, a subsequent chain of events that leads to vote choice, with party identification being the key characteristic in the model (Campbell et al. 1960). The axis of the funnel represents the dimension of time. Located at the narrow end are the immediate determinants of vote such as campaign issues or voter perceptions of the candidate, and at the wider end are the broader underlying factors such as social divisions and party loyalty (see Figure 1). Events in the funnel follow one another, forming a causal chain that culminates in a political act.

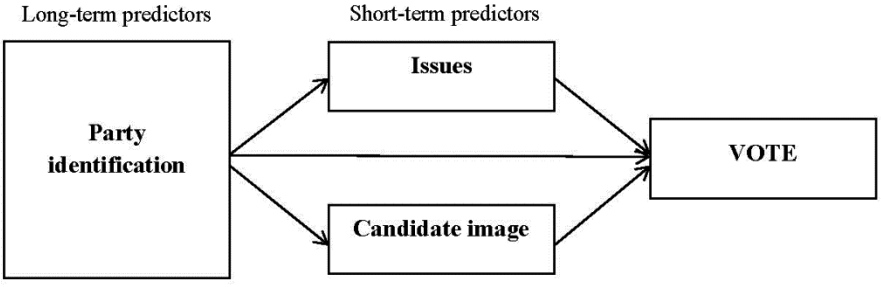
Figure 1. Funnel of causality.



Source: Lewis-Beck et al. 2008: 23.

In their later work, the Michigan researchers distinguished between long-term and short-term forces of vote choice. Long-term influences are typically 'inherited' from one's social background, while short-term factors more often result from the mass media, political campaigns, and conversations with family and friends. The authors reasoned that although social groups differ in their voting patterns, socio-demographic variables that were emphasised by the Columbia school are stable in nature and hence fail to explain change from one election to the next (Campbell 1964). Instead, the Michigan model highlights the psychological factors, where party identification is the basis for political division. In an attempt to address both stable party loyalties as well as sharp electoral fluctuations, the authors suggest that while party attachment itself is long-lasting, it influences more immediate voter attitudes, primarily towards issues, candidates and parties, which can substantially change between elections and therefore explain short-term shifts in electoral outcomes (see Figure 2). The Michigan model traces strong ideological patterns, but concludes that voter knowledge on specific policy agendas appears remarkably limited (Campbell 1964).

Figure 2. Long-term and short-term predictors of vote choice.



Amid the turbulent political developments of the 1960s and '70s, the Michigan approach was challenged by revisionists suggesting that issue orientations play a much larger role in political preferences than the socio-psychological model had anticipated, whereas the significance of party identification had previously been overestimated (Nie, Verba, and Petrocik 1979). Public turmoil over civil rights and the war in Vietnam demonstrated distinctly that citizens are not only familiar with policy issues, but are also willing to involve themselves and act upon their concerns (Bartels 2012). The explanatory power of party loyalty, on the other hand, was called into question with critics arguing that the importance of partisanship cannot be applied to multi-party systems (Budge, Crewe, and Farlie 1976), and, moreover, the connection individuals have to political parties is weakening (Nie, Verba, and Petrocik 1979). Key (1966) disputed the Michigan model claiming that voters are more rational and responsible than

they are given credit for, and that they base their political decisions on available options rather than merely on psychological leaning.

The idea of a voter as a calculating being began to gain currency in the 1970s when the rational choice model gained popularity. Grounded in the concept of utility maximisation proposed by economist Anthony Downs (1957), this approach places personal self-interest and cost-effectiveness at the centre of the voters' decision-making process. It regards the act of voting as similar to consumer behaviour in the market economy. Using the available information and measuring costs against benefits helps people arrive at an outcome that maximises their personal advantage. For example, individuals decide whether to turn out to cast their vote based on a comparison of the potential costs and benefits of this act. If the perceived costs are higher than the expected benefits, rational citizens are likely to abstain. Additionally, the decision is dependent on the perceived probability of an individual vote affecting the electoral outcomes (Downs 1957). The notion of a rational voter was later criticised for only been able to apply to a small group of well-informed citizens but failing to explain mass behaviour (see Green and Shapiro 1994). People all over the world do vote, despite the real costs of voting typically exceeding the expected benefits, and despite a single vote very rarely having a pivotal influence on overall electoral outcomes. This constitutes the paradox of voting, which is argued to have 'eaten' the rational choice theory (Fiorina 1990).

One of Downs' seminal contributions to political science was the introduction of spatial models of electoral choice. According to this idea, voters are arranged along a one-dimensional ideological continuum. The policy stances of all parties and candidates are placed on the same continuum, and individuals vote for those whose political positions are ideologically closest to their own (Downs 1957). A rival theoretical framework was proposed by Stokes (1963), who underlined the importance of 'valence'. Whereas proximity-based voting focuses on distances between voters' positions on key issues and those of politicians, the valence theory emphasises the role of candidate image, partisan attachments, and evaluations of party performance (Clarke and Whitten 2013). In spatial models, key issues divide the electorate because people share different opinions. A classic example of a spatial issue is taxation – some voters prefer to pay lower taxes even if this causes cuts in public services, and others are willing to accept higher tax levels because these lead to better public services (Clarke et al. 2009). Valence issues, on the contrary, are characterised by strong consensus: everyone shares a similar ideal. The economy is one such issue – the majority of citizens typically prefer low unemployment and viable economic growth (Clarke et al. 2009). Stokes (1963) argues that valence politics (i.e. performance politics) is about who delivers these publicly preferred outcomes, and vote choice is driven by individual judgements of the competence and performance of rival parties on valence issues.

Downs (1957) also proposed that in order to make a rational electoral decision, voters consider incumbents' past performance to predict their future behaviour. The final vote choice is reached based on a comparison of the

expected performance of competing parties. Key (1966) advanced these assumptions further suggesting that citizens use their vote to either reward or punish incumbents according to the impressions they have of incumbent policies and performance. Building on Key's propositions, Fiorina (1978) was the first to formulate the idea of retrospective voting: citizens vote based on their assessments of the incumbent party's performance during its time in office, with specific consideration given to *economic* performance. Through the sanctioning-rewarding mechanism, elections provide an important form of political accountability as they enable citizens to hold political leaders responsible for their actions. This framework of retrospective voting is nowadays considered the foundation of contemporary economic voting theory.

2.2. The theory of economic voting

Since the 1970s, economy as a determinant of electoral behaviour has grabbed the attention of students of political science. Grounded in the idea of a reasoning voter, economic voting resembles issue-based voting but focuses on one issue only – the economy (Stegmaier and Lewis-Beck 2013). The overarching theoretical argument of economic voting is that citizens hold governments responsible for economic outcomes, and depending on economic circumstances either reward or punish them accordingly. Incumbents gain popularity when the economy is improving and lose votes when the economic conditions worsen. Two decades ago, the literature in the field of economic voting numbered more than 200 papers and books; today that number has increased manifold (see Nannestad and Paldam 1994; Lewis-Beck and Stegmaier 2007). The interest in economic effects has been further accentuated by the global financial and economic crisis of 2007–2009, and today the topic enjoys a spotlight at major political science conferences and in the special editions of leading academic journals.

While being broadly grounded in the classical voting behaviour literature, the theory of economic voting is more specifically rooted in rational choice models. In the rational choice approach, individuals are believed to be strategic utility maximisers who make decisions as to their electoral action on the basis of what they expect to gain: they will choose the potential outcome that benefits them the most and costs them the least (Evans 2004). Downs (1957) emphasises that voters do not consider parties *per se*, but focus specifically on the incumbent government. They calculate what the government will provide should it stay in office and what the opposition is offering as an alternative. Whichever provides the higher benefit wins the vote. According to Downs (1957), voters attempt to predict the government's future economic performance in order to make a calculated decision. Key (1966) builds on this concept, stating that, as the future is unknown, voters rather evaluate government performance retrospectively. These ideas provide a theoretical foundation for subsequent developments in studies on the economy and election results.

Systematic work on economic voting started with Kramer (1971), who, analysing aggregate-level congressional vote and macroeconomic indicators, demonstrated that incumbent support is related to national economic performance. Other early studies using aggregate data, most notably by Tufte (1978), arrived at similar conclusions, indicating that economic developments have a significant impact on election results. Fiorina (1978) was among the first to shift the research focus to the individual level. He established the theory of retrospective economic voting, demonstrating that vote choice is primarily determined by an individual's evaluations of the government's past economic performance. The dispute over the relevance of retrospective *versus* prospective voting is still ongoing in the academic literature (see Stegmaier and Lewis-Beck 2013), but the dominant belief is that voters primarily react to past economic events rather than pre-empt future ones. Kiewiet (1983) added another essential dimension to the literature by showing that individuals vote based on their perceptions of the national economy rather than their personal financial grievances.

Early work on the economy and elections primarily concerned the United States. Pioneering in taking this tradition to Europe was Lewis-Beck (1988), who first demonstrated that European voters, too, are consistently stimulated by their perceptions of the wellbeing of national economy. A significant amount of economic voting research in Europe has been carried out in the United Kingdom (see Goodhart and Bhansali 1970; Butler and Stokes 1974; Clarke et al. 2004) and in France (see Lafay 1977; Lewis-Beck 1980; Lewis-Beck, Nadeau, and Bélanger 2012), but a vast amount of work also exists on Denmark (see Nannestad and Paldam 1997), the Netherlands (see van der Eijk and Niemöller 1987; Middendorp and Kolkhuis Tanke 1990) and other European nations. Country-specific studies have shown that economic effects vary extensively across time and space. This has highlighted the need to empirically compare countries and elections instead of merely investigating single cases (Duch and Stevenson 2008). Amongst comparative studies, works by Lewis-Beck (1986, 1988), Powell and Whitten (1993), Anderson (1995), van der Brug, van der Eijk and Franklin (2007), and Duch and Stevenson (2008) are, among others, notable contributions to the field.

2.2.1. Main findings in macro-level studies

The effect of the economy on incumbent support has been studied both at the aggregate level, where the unit of analysis is the country or an election, and at the individual level, where the entity is the individual. Due to limitations in data availability, early research on economic voting was conducted using macro-level time-series data, such as national macroeconomic indicators, and with either aggregated government popularity or the electoral outcome as the dependent variable. These types of models are often jointly referred to as VP-functions, where 'V' refers to *vote* and 'P' to *popularity* (Stegmaier and Lewis-Beck 2013). Early studies on vote and popularity found that political support is

strongly influenced by macroeconomic conditions (see Goodhart and Bhansali 1970; Mueller 1973). Voters are familiar with and react to changes in general economic indicators. When the economy performs well, incumbent support increases, and when the economy deteriorates, incumbent support suffers. In the literature, this has become known as the responsibility hypothesis: voters hold the government responsible for economic developments and sanction or reward them accordingly. Mueller (1973) added that economic effects are asymmetric – voters are more inclined to punish the incumbents for poor economic outcomes than reward them following prosperity.

The pioneering macro-level analyses used two economic indicators to predict political support: unemployment and inflation rate (see Goodhart and Bhansali 1970). Later on, economic growth was added to the original 'big two' (for an overview see Stegmaier and Lewis-Beck 2013). Other aggregated factors such as national debt, interest rates or personal income have demonstrated much weaker links with the economy. Macro indicators typically consist of time-series data that is observed monthly or quarterly. In later studies, however, objective macroeconomic measures were sometimes replaced with aggregated subjective perceptions of how the economy is performing (see Norpoth 1996). Because VP-functions estimate incumbent support through both economic and political variables (see Equation 1), various political controls are also often included in such models (see for example foreign policy in Mueller 1973), although the focus still remains on the impact of economic factors. The dependent variable is ordinarily defined as an aggregate measure of vote or popularity. In linear formulation, the VP-function is expressed as follows:

$$VP = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e \quad (1)$$

where VP is the vote for or popularity of the incumbent expressed as a percentage of all voters, $\beta_0 - \beta_2$ are the coefficients to be estimated, X_1 refers to economic variables, X_2 to political variables and e is error.

Later findings have proposed certain adjustments in macro-level models of economic voting. Nannestad and Paldam (1994) draw attention to voters' myopia: voters tend to have a short time horizon when evaluating economic events; the memory of an economic voter typically no longer than one year. As the effects of specific events dissolve rather fast, the studies of aggregated time-series data sometimes include a short lag structure (see Nannestad and Paldam 1994; Stegmaier and Lewis-Beck 2013). Nannestad and Paldam (1994) have also argued that in addition to the decay of economic effects, governments face a slow general deterioration of support over time, also known as the cost of ruling. They suggested that a government loses an average of 1.7 percent of votes during one election period (Nannestad and Paldam 1994). This has required researchers of economic voting to add government time in office as an additional control variable in the model specification (Stegmaier and Lewis-Beck 2013). Such adjusted and improved macro-models commonly confirm strong associations between the economy and political support.

2.2.2. Main findings in micro-level studies

The fundamental shortcoming of national-level macro-studies is the danger of making an ecological fallacy. Drawing empirical inferences about individual-level behaviour from aggregated data may lead to spurious results because mathematically ecological correlations (i.e. group correlations) are not equal to corresponding individual correlations (Robinson 1950). Robinson (1950) used an example of the illiteracy rate in the United States to illustrate this claim. He demonstrated that at the state level the correlation between illiteracy and the proportion of immigrants is positive (the more immigrants in the state, the lower the illiteracy level), but the correlation at the individual level is negative (immigrants tend to have higher illiteracy rate than native inhabitants). He explains this paradox by arguing that immigrants have a tendency to settle in states where the literacy rate is on average higher. In a similar manner, merely using aggregate-level data to conclude that citizens consult macroeconomic conditions when casting their vote may be incorrect (Stegmaier and Lewis-Beck 2013). The need to avoid making this mistake – and the growing availability of survey data in the 1930s – led to the shift of academic focus to individual-level studies, where subjective economic evaluations are used to predict incumbent vote.

Two central arguments constitute an underlying foundation for micro-level studies on the economic vote. Firstly, economic effects tend to be sociotropic rather than egotropic: voters are more inclined to vote based on their perceptions of national economic wellbeing rather than their pocketbook and self-interest (see Kinder and Kiewiet 1981; Kiewiet 1983). Kinder and Kiewiet (1981) explain this seemingly irrational altruistic behaviour via the culture hypothesis. In the United States, the absence of pocketbook voting refers to the prevalence of individualistic values in the society, which determines that citizens are not eager to blame the government for their personal economic misfortune. Despite severe critique of these findings (see Kramer 1971) and the lack of an alternative, widely accepted explanation to why voters are sociotropic (see Kiewiet and Lewis-Beck 2011), studies carried out over the past decades in various political systems confirm that personal experiences are generally politically unimportant, recording this as one of the most standard findings in economic voting studies.[1] The second fundamental argument was proposed by Fiorina (1978), who stated that economic voting is retrospective rather than prospective: voters usually react to past economic events more so than they preempt future ones. While the effects of retrospective sociotropic evaluations on vote are undeniably strong, more recent studies lend some support also to the thesis of prospective economic voting (for an overview, see Stegmaier and

[1] Contradictory evidence of strong pocketbook voting has been found in Denmark (Nannestad and Paldam 1997), where the phenomenon is attributed to the collectivist welfare society. Later studies, however, find no confirmation for the tendency (see Borre 1997; Lewis-Beck, Stubager, and Nadeau 2013), suggesting that the results of Nannestad and Paldam may be due to unusual survey design and measurement decisions.

Lewis-Beck 2013). However, the evidence on prospective economic effects is far more volatile across studies, and thus the retrospective approach remains dominant.

The magnitude of economic effects varies depending on the political and institutional context. Previous studies indicate that the punishing-rewarding mechanism is more visible when responsibility for economic outcomes is clear (see Powell and Whitten 1993). On the contrary, when power is divided between several actors, voters struggle to assign praise or blame for economic realities and appointing of accountability is blurred. Lewis-Beck (1986) demonstrates that the clarity of responsibility is less in countries with multiparty coalitions, leading to weaker economic effects in studies on these countries. Voters have also been found to hold governments less responsible for economic outcomes in cases where there exist few party alternatives, unstable or minority governments, bicameral system of government, or where there is low internal party cohesion and strong political opposition (see Nannestad and Paldam 1994; Powell and Whitten 1993; Anderson 2000). The clarity of responsibility argument also extends beyond the domestic dimension. Globalisation and growing economic integration send signals to voters about national governments having less control over and less responsibility for economic results, and this weakens the link between the economy and the vote. Economic responsibility is muted for example in highly internationalised countries, in the system of multilevel governance, and in open and interdependent economies (see Fernández-Albertos 2006; Hellwig and Samuels 2007; Costa Lobo and Lewis-Beck 2012).

Studies imply that the electoral success of political parties can be affected by different economic circumstances depending on which area of the economy they are associated with. Left and right governments tend to have dissimilar views on economic policy, and voters support the party which seems to care the most about the most pressing issue of the day. According to one explanation, left-wing parties, whether in government or opposition, primarily gain from high unemployment as they are elected to resolve this issue. Following the same logic, parties that position themselves on the right on the ideological spectrum benefit from rapid economic growth (see Rattinger 1991). This is known in the economic voting literature as the clientele hypothesis. Building on a similar logic but in a reverse direction, Powell and Whitten (1993) proposed the saliency hypothesis and argue that governments are instead punished for the most salient issue. For example, voters expect left-wing governments to be more competent in reducing the unemployment level and, judging their performance in the office, hold them responsible when unemployment increases. By the same token, right-wing governments suffer from negative economic growth, a field for which they are seen as being talented. Either way, this ownership of economic issues may shape the way incumbents are held accountable for economic developments.

2.2.3. Limitations and challenges of the theory

Numerous studies published over the past couple of decades indicate a solid link between the economy and voting. Yet, the research also faces some substantial challenges. One of the main concerns in the economic voting literature is instability: instead of being universal, economic effects tend to be conditional (for an overview, see Anson and Hellwig 2015). The results lack stability not only between nations but also in the same country over time (see Lewis-Beck and Paldam 2000; Dorussen and Taylor 2003). In the United States, empirical findings generally confirm consistent economic influences on political support, but in other countries the magnitude of the economic vote fluctuates more remarkably and this poses empirical and theoretical challenges to the entire field. Authors often attribute this 'instability dilemma', identified by Paldam (1991), to imprecise modelling. Lewis-Beck and Paldam (2000) argued that the instability is only apparent and can be taken account of by adequate specification of institutional conditions, for example whether we are looking at a country with a two-party or a multi-party system. In both cases economic effects can be identified, but only with proper modelling of institutional conditions (Lewis-Beck and Paldam 2000). Van der Brug, van der Eijk and Franklin (2007) believed the inconsistencies to be the result of the operationalisation of the dependent variable. They suggested that the volatility in findings is due to models only concentrating on electoral choice and, especially in multi-party systems, failing to take into account the competition between parties and different alternatives that voters consider before making the final decision. Whatever the cause of the problem, it remains an open discussion whether improvements in model specification and variable measurement provide a remedy for the instability in the findings.

Another major concern in economic voting studies is that of endogeneity. Kramer (1983) claimed that election surveys are not a suitable instrument for investigating economic voting because the results can be spurious. This is believed to be due to partisan bias. Voter economic evaluations can be affected by voter's pre-existing political preferences: those in favour of the incumbent government tend to view economic circumstances more positively, whereas opposition supporters are inclined to be more negative in their evaluation of incumbent performance. The differences in responses, therefore, may not reflect different economic circumstances but rather a judgment of economic conditions that has little to do with the reality (van der Brug, van der Eijk, and Franklin 2007). In other words, the causal arrow between two variables, the economy and political support, could be reversed. A number of authors claim that economic effects in previous studies have therefore been overstated (see Wlezien, Franklin, and Twiggs 1997; Evans and Andersen 2006; Anderson 2007). While the debate over endogeneity issues continues, a number of studies have addressed this critique by employing a complex method of variable exogenisation and have succeeded in finding confirmation for solid retrospective eco-

nomic effects (see Lewis-Beck, Nadeau, and Elias 2008; Fraile and Lewis-Beck 2012; Nadeau, Lewis-Beck, and Bélanger 2013).

Related to the partisan bias is the question of economic awareness. The majority of individual-level studies rely on subjective economic perceptions rather than on factual economic conditions, but doubts have been raised over how much the lay public really knows and understands about the economy. If voter knowledge on economic conditions is framed by their ideological preference, these perceptions are likely to constrain their understanding of the issues (see Nannestad and Paldam 1994; van der Brug, van der Eijk, and Franklin 2007). Consequently, some authors have suggested that subjective economic indicators should not be employed in studies of the economic vote (see van der Brug, van der Eijk, and Franklin 2007). Several other studies, however, have provided evidence that subjective economic assessments are shaped by actual economic circumstances (see Conover and Feldman 1986; Page and Shapiro 1992; Lewis-Beck and Nadeau 2009). It has been demonstrated, for instance, that voters actively respond to changes in unemployment and can estimate it rather accurately (Paldam and Nannestad 2000). Observing economic conditions does not require deep understanding from voters of economic and political issues. Even though citizens often lack thourough knowledge, they typically "know what life has been like during incumbent's administration" (Fiorina 1981: 6). Haller and Norpoth (1997) looked at media effects on economic awareness and concluded in a similar manner that even without following economic news stories, people are able to paint an overall picture that mirrors the economic reality. In their large-scale comparative study on voter economic competency, Duch and Stevenson (2010: 113) demonstrated that individuals are reasonably well-informed about and understand the volatility of the macro economy, and that voter beliefs "are grounded in economic reality".

The logic of economic voting relies on the assumption that economic effects are homogenous; that is, all voters react to economic events in a similar manner. This, however, is usually not the case. Studies have found that some groups of people are more affected by and more responsive to economic changes than others. Economic effects appear more pronounced for example among women (Welch and Hibbing 1992), more experienced and informed citizens (Duch, Palmer, and Anderson 2000), those with higher levels of political trust (Duch 2001), more vulnerable citizens (Singer 2011; 2013; Palmer, Whitten, and Williams 2013) and more politically knowledgeable voters (Godbout and Bélanger 2007). These patterns could further undermine the cross-national stability of empirical findings because some countries may have more voters in categories that react more strongly to changes in economic conditions (van der Brug, van der Eijk, and Franklin 2007). Stegmaier and Lewis-Beck (2013), on the other hand, suggested that while there may be some heterogeneity in the economic vote, with proper controlling for relevant indicators we are still able to make meaningful generalisations about the main economic effect.

Finally, the literature on how the economy affects electoral results is rich in established democracies, but much less is known about economic voting in new,

developing and transitional democracies. Earlier studies not only sidestepped systematic analysis on this part of the world, but also attempted to replicate the findings of studies on advanced democracies, primarily those on Western Europe and the United States, thus failing to take into account the unique contextual environment of newer democracies (Tucker 2006). Fortunately, recent years have seen scholars pay more attention to economic accountability in countries undergoing turbulent economic and political changes. Studies of the economic vote have emerged on Latin America (see Remmer 1991; Benton 2005), Africa (see Bratton, Bhavnani, and Chen 2012), Southern Europe (see Freire and Costa Lobo 2005), Eastern Europe (see Pacek 1994; Fidrmuc 2000; Tucker 2006; Roberts 2008), and on particular countries in each of these geographical locations (for an overview, see Stegmaier and Lewis-Beck 2013). Findings often demonstrate a link between economic conditions and election results, although its strength shows considerable regional variation. Less well-understood are economic effects in Asia and the Middle East as regions, the current literature being comprised of mostly studies with single countries as their focus (see Chowdhury 1993; Meyer and Malcolm 1993; Horowitz and Kim 2004; Akarca and Tansel 2007).

2.2.4. Studying economic voting

In order to estimate the association between economic variables and political support, quantitative econometric data analysis is typically used. Both macro and micro-level approaches most often employ either linear regression if the outcome variable is continuous, or logistic regression if the dependent variable is dichotomous. Regression analysis applies statistical functions to estimate the relationship between two variables. Data structure in such analyses is ordinarily cross-sectional, i.e. characterises different populations at a single time point, time-series, i.e. observes one population over time, or both. If data are clustered, e.g. the answers are correlated because the respondents come from the same country, multilevel modelling is often used. In spite of various similarities, there are, naturally, also vast differences across studies, most notably in how the variables are operationalised and how multivariate models are specified.

The first research decision of many is whether to define incumbent support via vote or popularity. Vote choice is measured as an actual political decision executed by individuals. At the macro level this can be done by using aggregated election results, and at the individual level by asking respondents in post-election studies who they voted for in most recent elections. Popularity is measured in population surveys by asking individuals who they would vote for if the elections were held tomorrow or whether they approve of the work the government has done. Macro-level popularity-functions utilise an aggregated estimate of these figures. Despite voting being considered the ultimate dependent variable in political behaviour (Campbell et al. 1960), political popularity actually shows better fits with the economy. The final vote can be a mixture of various

elements from campaign influence to strategic voting (see van der Eijk et al. 2006), and popularity is therefore considered a purer function of economic factors. On the other hand, polling results are more volatile. Popularity is a riskless non-binding way to signal one's attitudes, whereas vote is the 'real thing' (Nannestad and Paldam 1994).

The next step is to determine whose support one wishes to study. Most commonly in economic voting studies the dependent variable is defined as support for incumbents rather than for the political system, political institutions or another actor. But who are we actually talking about when we talk about incumbents? In the United States, studies often focus on presidential or governmental support, whereas in Europe the government, the Prime Ministerial (PM) party or less often the party holding the portfolio of the Finance Minister is considered responsible for the economy. In two-party systems the situation is relatively clear: the government is tasked with economic management and is held responsible for poor economic circumstances, whereas the opposition may gain from economic hardship. Things get more complicated in the case of multi-party systems and coalition governments. Do people in such cases attribute responsibility to the entire government or only to the leading party? It has become a common practice in economic voting models to reduce the outcome to a dichotomous choice between government and opposition in order to allow consistency in coding across surveys (Duch and Stevenson 2008), but governments can be very diverse both in size and composition. Van der Brug, van der Eijk and Franklin (2007) have argued that discrete choice models like these neglect the possibility that parties are not affected the same way by the economy. Different coalition partners have dissimilar responsibilities for the economy and may therefore not suffer or gain equally from economic changes. The authors also claimed that focusing on electoral choice overlooks the competition between parties, and proposed an alternative approach of electoral utilities, using a more sophisticated research design of stacked data matrix. The underlying logic of this concept is that in reality people do not vote for or against the government, but are rather engaged in a two-step decision-process, where they first assess their support for each party and only then choose the party they will actually vote for. Instead of the typical vote choice question, the authors proposed that respondents be presented with a list of parties and be asked to indicate their propensity to vote (PTV) for each of these parties. This interval-level measure of electoral utility overcomes many limitations related to the nominal nature of the dependent variable of electoral research in multi-party systems, allowing researchers to model vote choices with a higher degree of methodological accuracy (van der Eijk 2002). Like many other approaches, however, this one is not without limitations, the main one being the lack of independence between the vote propensity scores given by the same person for different parties (van der Brug, Hobolt, and de Vreese 2009). When observations related to the same respondent are correlated, the independence assumption of regression analysis is violated, possibly leading to biased estimates and inaccurate results. Furthermore, when PTVs are measured in post-election surveys, such as the

EES Voter study, they are likely to be endogenously produced – or 'colored' – by actual voting behavior in the past election, thus undermining the validity of the PTV question which, ideally, should not be related to any specific election (De Angelis and Garzia 2012). Last but not least, vote intention or choice on the one hand, and PTVs on the other, measure conceptually different things. While the two former map respondent's current political preference, the latter looks at the likelihood to *ever* vote for a party. From the economic voting perspective, current preference is of higher relevance as its exhibits a straightforward theoretical link to economic perceptions: short-term changes in economic opinions induce provisionary changes in electoral support patterns. Conversely, we cannot assume a similar individual-level mechanism to explain change in PTVs, as willingness to ever vote for a party can be linked to much more longstanding and fundamental attitudes.

Survey instruments used to study economic voting on the individual level also vary a great deal. Due to data limitations, researchers are often constrained by the survey questions that already exist instead of being able to choose ones they would actually need or prefer. In their literature overview, Bellucci and Lewis-Beck (2011) counted at least eight different ways to operationalise the dependent variable in economic voting studies. Analyses on the United States typically rely on presidential approval, which measures individuals' support for the incumbent president as regards the latter's success in their job. In Europe, a similar approach can be used to measure the approval of the PM party, the government, etc. Depending on the research design, another common option is to ask respondents to indicate which party they voted for in last elections (past vote recall) or which one they would vote for if the elections were held the following day or week (vote intention). Studies also differ in terms of which elections are considered when asking people to express their political support. Ordinarily, party preference in general elections is preferred, but some studies look at party support in other elections, for instance the European Parliament (EP) elections. However, previous work indicates that EP elections are second-order elections, where the accountability attribution is different from that in national elections (Reif and Schmitt 1980). As for survey measurement of the explanatory variable, national economic perceptions on the subjective level are most commonly measured by asking respondents whether the country's economy has in their opinion improved, worsened or remained unchanged over the preceding year.

Voting behaviour is of course not determined by the economy alone. Therefore, statistical models include a number of other predictors that typically influence political preferences. While these are not a substantive concern in economic voting studies, the inclusion of control variables helps us to determine the relative effect of the economy on political support. In order to better understand the effect of one particular variable, all other factors in the model are held constant. Failing to account for essential indicators that are related to vote can lead to the omitted variable bias, which may cause the economic effect to be overestimated. The underlying idea in economic voting studies is that vote choice is a function of three essential elements: social cleavages, political ideol-

ogy and the economy (Lewis-Beck 1988). In other words, the basic model specification typically includes data on voter demographics and socio-economic status (e.g. age, social class, ethnicity, income, education, religiosity), self-placement on a left-right scale (or in the United States party identification), and economic perceptions. Social background and political predispositions are considered long-term forces of vote choice, which stay relatively stable over time. Economic considerations, on the other hand, are treated as a short-term factor, which can vary from one election to the next and may thereby help explain electoral change. Furthermore, the decline of cleavage voting and of ideological leaning is thought to have increased the importance of economic assessments (see Bellucci 2012). In addition to individual-level controls, most economic voting models also include a variable measuring the electoral cycle to account for the broadly demonstrated cyclical pattern in political support (see Miller and Mackie 1973; Tufte 1975; Stimson 1976). Other aggregate-level controls may contain party characteristics (e.g. size, role, and ideology), information about institutional and political context (e.g. party system, system clarity), etc.

2.3. New horizons in studies of the economic vote

In recent years, two significant new directions have emerged in studies of economic voting: firstly, investigating the consequences of the recent global economic and financial crisis, and secondly, the developments in economic effects against the backdrop of increasing globalisation and economic interdependence. The interest in the consequences of the crisis stems, on the one hand, from the severity of the economic turmoil that shook the Western world. Extraordinarily drastic changes in the social and economic environment raise the need to revisit classic concepts of political behaviour. At the same time, scholars of economic voting are astounded by large variation in political results following the economic collapse. It is rational to assume that sharp economic decline should lead to strong electoral punishment of ruling parties, but empirical evidence from Europe does not always bear this out. Against the background of economic developments, the literature is concerned with broader global changes, where nation states are more and more economically interdependent, obscuring the link between government actions and national economic outcomes. These circumstances open up new research avenues for economic voting studies.

The financial crisis of 2007–2008 and the subsequent economic recession are considered the worst since the Great Depression of the 1930s. The traditional economic voting theory states that in ordinary times, voters reward the incumbents when economic conditions are healthy and punish them when they worsen. Lewis-Beck and Costa Lobo (2016) define *ordinary* times as most of the time, in most advanced industrial democracies. However, the unprecedented economic instability that has occurred over the recent years raises the question of how the conventional mechanisms operate under extraordinary times. In other words, the drastic contextual changes force us to focus attention onto the

political consequences of the economic shock – its impact on public opinion, voter decision-making and electoral results. Scrutinising these developments helps us to expand our understanding of the relationship between economic crises and political support, and, more broadly, of the overall link between the economy and politics.

The most recent global economic crisis began with the bursting of the housing bubble in the United States in 2007, causing a credit crisis and the meltdown of the financial market. Having gradually built up over the course of several years, the immediate causes for the manifold and complex crisis are not easy to trace, but the first major and alarming downturn arrived with the crash of the real estate market, which hit the Wall Street financial institutions backing millions of risky loans and mortgages especially hard. The initial attempts to bailout these seemingly few institutions by the U.S. government remained short-lived as the relapse quickly escalated into the bankruptcy of leading global financial firms, prompting an international financial panic. In the age of globalisation, national economies are tightly interrelated and interdependent. It is then to be expected that the developments in the world's largest market had a strong and immediate impact on other nations all over the world. The rapidly evolving financial crisis quickly spread across borders, resulting in the failure of a number of investment and commercial banks in Europe as well. These severe troubles led national economies worldwide into a steep and long-lasting recession, the extent and duration of which varied greatly and which in several cases is still ongoing.

In Europe, the banking crisis moved into a yet more painful phase when the banking system in Iceland collapsed and several EU member states, such as Greece, Spain, Ireland, Portugal and Cyprus, were unable to repay their government debt or to bail out their indebted banks without external assistance, driving the Eurozone into debt crisis in 2009. In 1992, members of the then European Community signed the Maastricht treaty, in which they pledged to limit their deficit and debt levels, but in the early 2000s some member countries failed to fulfil the Maastricht criteria and decided to increase money supply by selling government bonds. Securitisation of future revenues enabled governments to mask their true debt and deficit levels, while neglecting best practice and international standards. This culminated in 2009 when Greece unveiled its massive underreporting of budget deficit and true indebtedness. While the Maastricht criteria set out a national budget deficit of no more than 3 percent of GDP and a public debt of no more than 60 percent of GDP, the OECD estimates for Greece in 2009 were 15.2% and 134.9% respectively. The severity of the situation in Greece and the similar problems in other member states quickly triggered fears of financial contagion and a collapse of the euro. Several countries had their sovereign debt downgraded by international credit rating agencies, considerably raising investor concerns. These worries led to European states implementing a series of financial support measures such as the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM) in order to address the European debt crisis and to provide financial

assistance to troubled countries. Altogether, eight Euro area countries were forced to request a bailout, receiving financial support from the EU, the IMF or the World Bank. Cyprus has been receiving financial assistance since 2013, Greece from 2010 until 2018, and Hungary was provided external support from 2008 to 2009, Ireland from 2011 to 2014, Latvia from 2009 to 2010, Portugal from 2011 to 2014, Romania from 2009 to 2015, and Spain from 2012 to 2013. The disbursements were and are strongly conditional on policy achievements in fiscal consolidation forcing governments to implement stringent austerity measures and structural reforms to restore financial stability and return the economy to sustainable growth. Ultimately, the sovereign debt crisis revealed countries' underlying economic weaknesses, even if the nature of these structural weaknesses differed across countries. Although the economies have since started showing signs of recovery, the reducing government revenue, increased expenditure and record-high borrowing have left European economies struggling with distressing levels of public debt and deficits.

The majority of European nations were affected by economic fluctuations, but – as seen above – the consequences were particularly harsh on Iceland, Ireland, Greece, Italy, Portugal and Spain. The crisis quickly escalated beyond the initial financial and banking system troubles to include a public debt crisis, dragging Ireland, Greece and Portugal to the verge of bankruptcy. Accompanied by particularly slow economic recovery and remarkably high levels of unemployment (some 25% in Greece and Spain since 2012), most of these countries, sometimes referred to with an unflattering acronym PIIGS (standing for 'Portugal, Ireland, Italy, Greece, and Spain'), were forced to accept international financial bailout deals and impose unpopular austerity measures in an attempt to reduce public deficits and to fulfil the external requirements. The Southern economies have yet to recover to their pre-crisis levels. The economic turbulence triggered considerable political changes as well. Drastic cuts in public spending on state salaries and pensions, education, health and social security caused political unrest and were often met with large-scale public protests. Despite blurred economic responsibility between national governments and supranational European institutions, support for ruling parties suffered a great deal, eventually resulting in the ousting of the incumbents in all six troubled countries. This outcome seemingly refers to a simple retrospective voting mechanism, but on many occasions the long-term political consequences were even more fundamental. The Portuguese 2011 national election was defined by sanctioning of the Socialist government for poor performance, although the perception of weak control by the government over domestic economic matters blurred their economic responsibility (Magalhães 2014b). The 2011 Spanish election lead to the replacement of the incumbent Socialist party by its main competitor, while simultaneously increasing the level of party fragmentation and leading to the rise of smaller parties (Torcal 2014). In Iceland, the crisis considerably shaped the 2009 election with voters holding the coalition government accountable for the economic turmoil and expressing their high levels of dissatisfaction with the political system. Although the politics has since

largely returned to 'normal', the subsequent Icelandic general election in 2013 was still characterised by major shifts in party support and increased the number of political contestants (Indridason 2014).The 2011 Irish election resulted in a remarkable defeat for the dominant government party Fianna Fáil. Marsh and Mikhaylov (2012, 2014) describe this as a clear example of electoral punishment, adding that the sanctioning appeared strikingly severe both in cross-national and time-series comparisons. In Italy and Greece the political landscape transformed in an even more dramatic way. The 2012 Greek election saw not only massive losses for the ruling Panhellenic Socialist Movement (PASOK), but the collapse of the entire two-party system, accompanied by a sharp decline in voter party identification, in political trust and in satisfaction with democracy (Teperoglou and Tsatsanis 2014). Italy witnessed significant electoral change in the 2013 election with record-high electoral volatility and disruption of the long-standing alternation of power between two established political parties, the centre-left Democratic Party (PD) and the Berlusconi-led centre-right People of Freedom (PdL). In the background, deepening popular distrust of political parties and general political disengagement could be detected (Bellucci 2014). In both Italy and Greece, the former incumbents were replaced by non-partisan technocratic governments, potentially muddying the responsibility attribution for the economic troubles (Lewis-Beck and Costa Lobo 2016).

Despite the severity of the Great Recession, its political outcomes are not nearly straightforward. In contrast to above examples, economic hardship did not translate into a decline in political support everywhere in Europe. Incumbent governments were re-elected for instance in Luxembourg in 2009, in Germany in 2009 and in 2013, in Sweden in 2010, in Latvia in 2010 and in 2014, in the Netherlands in 2012, in Poland in 2011, and in Estonia in 2011. These tendencies have left scholars of economic voting wondering whether the standard reward-punishment mechanism has become more complex than previously thought. Several explanations have been provided for this instability puzzle, often emphasising the importance of the international context. For instance, it has been suggested that voters benchmark national economic growth against that abroad, and even where growth is weak or even negative, incumbent parties can still do well when they outperform their peers (Kayser and Peress 2012). A more extensive line of work focuses on constraints on government economic capability. We know from previous work that responsibility attribution is blurred when the clarity of which actors bear responsibility is low (Powell and Whitten 1993). Although numerous studies have focused on domestic and institutional aspects of this argument, a growing strand of literature explores external constraints on government responsibility for economic outcomes. In an increasingly interdependent world, national economies are becoming more and more influenced by international processes and actors. Globalisation, internationalisation and regional integration lower government responsibility for economic outcomes. This sends signals to voters that incumbents have less economic control, and consequently the propensity to hold governments responsible for poor performance diminishes (see Hellwig 2001;

Kayser 2007; Duch and Stevenson 2010). The international and complex nature of the recent crisis has muddied the waters even more, leaving voters confused in their judgments of performance in economic management. When the ability of the government to manage the economy is limited, its policy response to external shocks gains significance. Governments reacted to economic decline with harsh austerity measures in some countries and with expansionary stimulus packages in others. It is highly likely that the severity and timing of these measures divided voters, influenced voter perception of the competence of incumbents and further shapes the blame attribution mechanism. Ultimately, the way in which economic conditions interact with factors such as contextual constraints and economic policies can fundamentally influence the basic patterns of electoral behaviour (Magalhães 2014a).

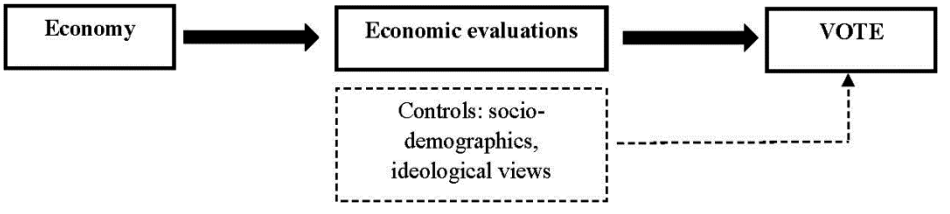
To summarise, the crisis of 2007–2009 was in many ways exceptional for its economic as well as political repercussions, and was by far more severe than any other economic development since the early 20th century. Circumstances like this call for researchers to revisit conventional political behaviour theories in order to assess potential changes in the democratic link between voters and elections. While our knowledge on voting behaviour in 'normal' times is by now relatively advanced, we know far less about how these mechanisms perform under exceptional conditions. Extraordinary times such as those characterized by the recent crisis therefore offer a fascinating setting for testing the classic concepts, especially when the fluctuations are not merely short-term, but instead give rise to fundamental political changes as shown for some countries mentioned above. From the perspective of the voting studies, the crisis was worse than any experienced during the era of modern survey methods (Stegmaier and Lewis-Beck 2013), revealing unique research opportunities for students of political behaviour. Even though European nations are still struggling with the aftermath of the recession, enough time has passed from the worst of the economic shock for us to be able to measure its impact. In doing so, applying a comparative approach is essential. Until recently, most economic voting studies on the crisis consequences of the crisis relied on single-election surveys, but this poses limits to our full understanding of the impact of the economic changes. The crisis decisively transformed the political scenes in some countries in Europe but not everywhere. Focusing on single elections limits the variability, and thus fails to provide the full picture. Alternatively, a pooled cross-section time-series design, which covers repeated observations of countries, enables us to statistically study economic voting in times of crisis compared to non-crisis times. A number of comparative studies examining the consequences of the crisis have been published, but are oftentimes based on the analyses of aggregated economic and political data (see LeDuc and Pammett 2013; Dassonneville and Lewis-Beck 2014). These studies provide confirmation that in times of crises macroeconomic conditions strongly move national election outcomes, but do not enable to make claims regarding the individual-level behavior of voters. This dissertation is, as will be explained in more details later, essentially interested in the latter.

2.4. Theoretical expectations of the dissertation

Three aspects of economic voting theory form the backbone of the analysis presented in this dissertation: firstly, the overall link between economic conditions and political choice in Europe, secondly, the dynamics in this relationship in times of worldwide crisis, and, finally, the role of economic policies in incumbent support levels. Each topic will be addressed in a separate empirical chapter, accompanied by theoretical framework corresponding to a particular research question. Here, a brief overview of key research hypotheses addressed in each of these chapters is provided.

An extensive body of literature exists on the relationship between economic conditions and electoral results. This allows us to expect a strong positive relationship between the economy and incumbent support in Europe. As described in section 2.2.3, however, the research field is characterised by a number of limitations and challenges. One of the most widespread concerns in economic voting studies is the lack of stability in findings: economic effects appear in many elections but not always and everywhere, and it remains unclear what conditions its existence. The instability is often attributed to differences between studies in data, variables and statistical modelling. Various works suggest that by proper variable operationalisation and model specification we should be able to achieve solid and consistent results (see Lewis-Beck and Paldam 2000; Bellucci and Lewis-Beck 2011; Fraile and Lewis-Beck 2014). The first task of this dissertation is to address exactly this much-debated issue. I start out by estimating the basic link between the economy and political support in order to determine the overall magnitude and robustness of economic effects (see Figure 3). The main hypothesis is that better economic evaluations increase the likelihood of an incumbent vote.

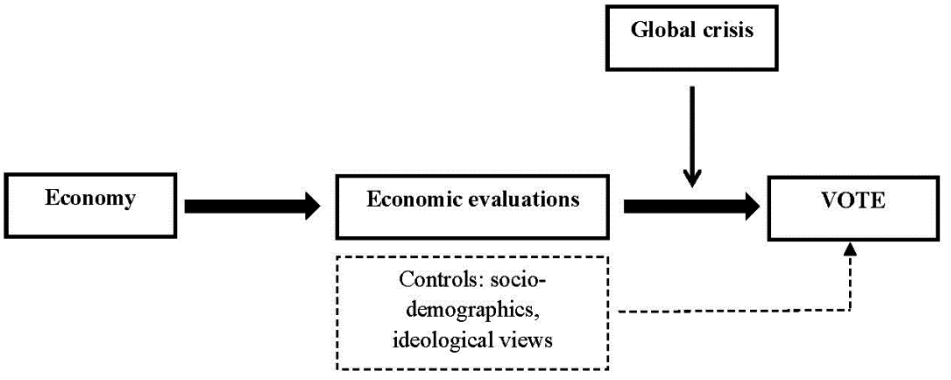
Figure 3. Relationship between the economy and political support.



Recently, the focus in the economic voting literature has shifted to the consequences of the global financial and economic crisis. The crisis of 2007–2009 severely shook the Western world and was followed by subsequent waves of economic decline, with which many countries are still struggling. A long-lasting recession, European debt crisis, and immense public debt and deficit levels have taken its toll on national economies. During the worst economic collapse of our time, there is good reason to expect the economy to play a leading role in

voter's decisions at the polls. At the same time, the rapidly changing socio-economic environment has provided an intriguing setting for testing the validity of well-known voting behaviour mechanisms, and so a whole new strand of studies has emerged that explores economic accountability under today's unique circumstances (for an overview, see Lewis-Beck and Costa Lobo 2016). This dissertation makes use of the fact that our knowledge of how the recent crisis has shaped voter attitudes is still relatively limited and undertakes an investigation of temporal changes in economic effects. The second task of the monograph is to determine how the global crisis influences the relationship between the economy and voting (see Figure 4). Building on the theoretical framework outlined in detail in Chapter 5, I test two competing hypotheses: firstly, economic effects in times of crisis are stronger than in ordinary times due to negative asymmetry, and, secondly, economic effects are weaker due to a lack of clarity in the attribution of economic responsibility.

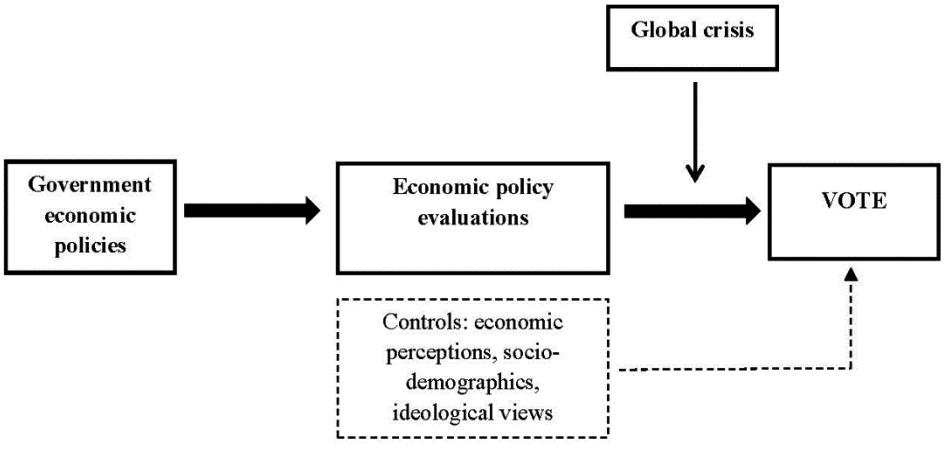
Figure 4. Crisis impact on the relationship between the economy and political support.



Following the logic of economic voting, the severe economic hit that occurred in 2007-2009 should have led to public protest in the form of electoral punishment, but empirical evidence from Europe is not always in line with this expectation. High levels of dissatisfaction with economic conditions should have resulted in the collapse of support for governments Europe-wide, but why instead did incumbents in many countries maintain their popularity despite the economic collapse? Such an outcome raises the possibility that other factors are likely in play. In other words, the punishing mechanism may be more complex than classic theories suggest. The most recent academic literature is therefore calling attention to government economic policies. In today's world, where national economies are increasingly constrained by international processes and actors, a national government's ability to shape economic outcomes is limited. In a multiplex context like this, government policy reactions to external shocks gain importance. Governments in Europe responded to the macroeconomic

developments either with generous stimulus packages or strict austerity measures, or both, one following the other. These decisions are likely to have framed voter attitudes of incumbent economic competence and consequently also shaped the patterns of political support. In Chapter 6 of this dissertation, I address this relatively unexplored area in the realm of economic voting – public reaction to economic policies – and argue that past research may have missed some important aspects of the individual-level vote choice mechanism (see Figure 5). More specifically, I hypothesise that overall, austerity yields lower incumbent support levels, but voters in times of crisis accept painful reductions as the measures are deemed temporary and necessary.

Figure 5. Relationship between economic policies and political support.



3. RESEARCH DESIGN

Decades of research have witnessed multiple ways of studying economic voting. Early studies on economic effects utilised aggregate-level data on national electoral outcomes and macroeconomic indicators. These analyses demonstrated a strong link between the economy and election results (see Goodhart and Bhansali 1970; Kramer 1971; Mueller 1973), but were not helpful in assessing the characteristics of voter decision-making process on the micro level where the political action is actually undertaken. The growing availability of survey data by the middle of the last century enabled researchers to turn their attention to the individual, with the micro-level approach becoming the most preferred way to investigate economic voting in contemporary studies.

Constrained by the limited availability of comparable data, many works on economic voting focus on single countries, regions or points in time. Fortunately, recent decades have seen academics and international research groups develop high-quality standardised cross-national and repeated social and political surveys, providing students of voting behaviour with valuable opportunities to conduct electoral research with a comparative dimension. The search for the ultimate study design does not stop here, however. Academic debates continue over the adequacy of survey instruments, the validity and reliability of measurement, and the suitability of methods and model specification used to estimate economic effects. Each of these decisions can potentially influence the results of the analysis and have implications on the overall judgements that we make.

This present chapter introduces the design of this study. It firstly explains the importance of using the comparative research strategy in studying economic voting in general as well as over time. It then provides an overview of levels of analysis, empirical data and case selection employed to answer the research questions. Next, a detailed overview is given of the motivations that lay behind the selection of variables and the operationalisation of the key concepts in the study. In the final section, the data analysis methods used in the empirical chapters are described.

3.1. Comparative research design

Despite the literature on economic voting being vast and spanning many decades, the changing political and socioeconomic context is forcing political scientists to re-evaluate the well-established relationship between economics and electoral outcomes. The main concerns in the modern academic literature are whether economic vote is consistent across elections and what conditions the economic effect on government support. This dissertation addresses these dilemmas from three different angles. It first tests the robustness of the basic link between the economy and vote intention against a number of statistical and methodological challenges so as to evaluate the robustness of economic effects. Secondly, the dissertation seeks to more specifically explore how the global

financial and economic crisis affected economic voting in Europe. Thirdly, it touches upon the novel topic of the impact of government economic policies on political support. In order to accomplish these tasks, I employ a geographically and temporally comparative research design, which maximises the contextual variability in which voters are embedded and thereby enables me to make stronger and more generalised inferences about citizens' voting behaviour.

Overall, comparative politics carries four immediate objectives: describing the political phenomena in a particular country or group of countries, conceptual categorising of countries based on shared characteristics, hypothesis-testing in order to identify important variables and links between them and consequently build comprehensive theories of politics, and, finally, making predictions about outcomes in other countries based on initial generalisations (Landman 2003: 4). The scientific purpose of comparison is to use these steps for making inferences. In other words, the comparative approach seeks to create knowledge through comparing cases (countries, political systems, regimes, time periods, etc.). It aims, similarly to natural science, to systematically collect evidence, find patterns, and based on the explanations of these patterns build more general theories. Insofar as political science is generally non-experimental, comparison provides a control mechanism as it affords researchers an opportunity to replicate the results, holding certain things constant while accounting for observed differences between the cases. In this way it can be considered a substitute for experimentation (Landman 2003: 14). Therefore, all three empirical chapters of this dissertation employ an empirical approach based on the comparative method. The analysis focuses on mapping similarities and differences in individual-level economic effects across different time periods and between countries characterized by specific macro-level attributes. With the individual as the unit of analysis, I utilise a sample size of more than 55,000 respondents to empirically assess various aspects of economic effects. I use nationally representative samples from survey data to make inferences about the respective population. Using an extensive dataset with wide geographical and temporal coverage enables me to reveal universal patterns of voting behaviour and make statistically solid inferences about the findings that contribute to theories of economic voting.

A global comparative research design requires that particular attention is paid to establishing the equivalence of theoretical concepts and the indicators used to measure these concepts across various contexts. Landman (2003: 44) distinguished between three intellectual positions that address this issue: the universalist, the relativist and the middle position. The universalist position argues that in order for theoretical arguments and their empirical measurement to have explanatory power, they must be able to travel across contexts. The relativist position sees the meaning as locally determined and argues, because of this, that the scientific quality of comparative politics is not possible. The middle position states that concepts and indicators must not be abandoned, but should instead be modified in order to take into account context specifics. Using the comparative framework in an attempt to make larger inferences about eco-

nomic voting, this monograph leans towards the logic of the universalist and the middle position. Building on these ideas, it is based on the assumption that concepts such as 'government support' and 'economy' are abstract enough to be observed across different contextual conditions, and that making generalisations about citizens' political behaviour is possible when particular attention is given to issues of data standardisation as well as the validity of measurement. The analysis relies on an international survey dataset from the EES Voter study, where samples and questionnaires have been designed in a similar manner cross-nationally since 1979. In essence, the same survey has been repeated in different European countries over the years. The measurement of the dependent and key independent variables is identical in nearly all surveys, as are the questions used to measure individual-level control variables. The macro-level data have been obtained from international datasets, which provide high-quality standardised statistical information gathered on a large number of countries on a regular basis. All of this provides an adequate basis for a well-constructed comparison.

3.2. Levels of analysis

In comparative politics, levels of analysis are largely divided between the micro, or individual level, and the macro, or system level. Micro-level analyses examine the political behaviour of individual actors, whereas macro-level analysis focuses on groups of individuals, social classes, nation states, etc. (Landman 2003: 18). As described in sections 2.2.1 and 2.2.2, students of economic voting have used both individual and aggregate-level studies to analyse the relationship between the economy and political support. For the lack of other alternatives, early studies typically focused on national-level aggregates, whereas contemporary works oftentimes aim to focus on mechanisms that drive individual decisions and therefore explain voter behaviour on the micro level. The most straightforward way of gathering such info is by asking people. The availability of survey data, especially of internationally standardised and comparable data, has made a significant contribution to the growth of popularity of the individual-level approach. In individual-level studies on economic voting, objective measures of national economy are replaced with voter perceptions of economic conditions, and instead of aggregate electoral outcomes the dependent variable is subjective political preferences. While a macro-analysis enables a researcher to reveal underlying relationships, for instance the correlation between the national level of unemployment and election results, it does not tell us anything about individual voter's action. To be able to look at individual voter's motivations and understand the mechanisms that actually determine political behavior, we must use a micro-analysis (Evans 2004, p. 11). Moreover, the micro-level approach enables us not only to explain individual vote-decisions but also to link citizen's demographic traits to their political attitudes and choices. Economic voting more specifically is also an individual-level phenom-

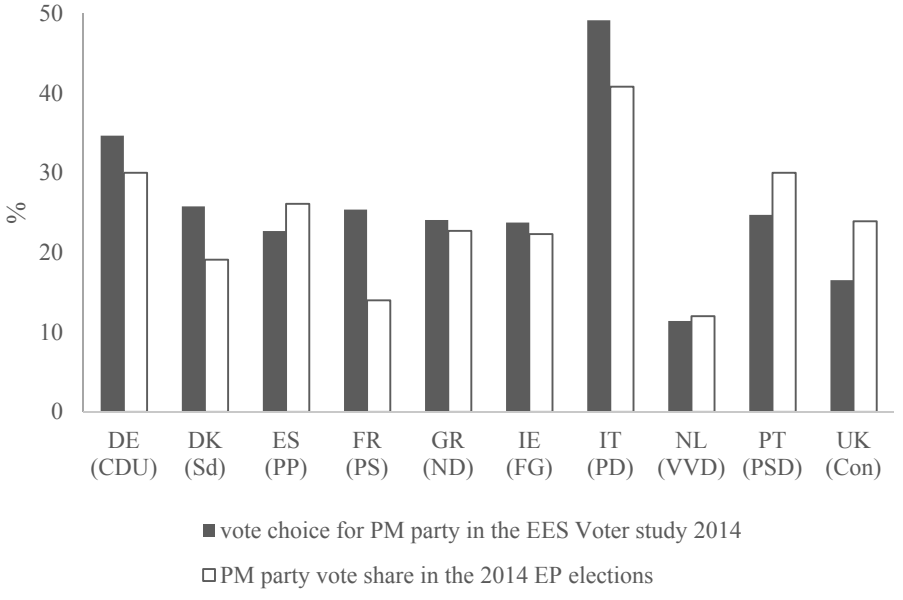
enon. It is only when individuals condition their votes on their evaluations of the economy, that economic voting can occur (Duch and Stevenson 2008, p. 42). For these reasons, this dissertation relies primarily on the analysis of individual-level data in studying the economic vote. However, where necessary and possible, the micro-level tendencies will be controlled using aggregate-level data in order to assure the robustness of the results.

While both micro and macro-level approach can help us better understand the democratic relationship between voters and political leaders, neither is without problems. Aggregate-level studies can be problematic for mathematical reasons: drawing conclusions on citizens' behaviour from group-level correlations is unwise and carries the risk of ecological fallacy. The need to avoid the latter was the main justification for moving from aggregate-level time-series studies to individual-level survey research (Stegmaier and Lewis-Beck 2013). Micro-level studies, on the other hand, lead to concerns over endogeneity, doubts over citizens' ability to accurately evaluate economic conditions, and are potentially biased as a result of the researcher's decisions regarding survey timing, sampling error, response rate, interview method, question phrasing and order, data weighing, dishonest answers, memory failure, the desire to give socially desirable answers, etc. A frequent methodological concern in survey-based research is whether vote intention indicated in interviews reflects sincere political preferences. In addition to survey methodology and self-reporting, discrepancies between pre-election polls and electoral outcomes can appear due to changes in voters' minds by the time they reach the polling stations. The power of polls to accurately predict election outcomes may diminish as a result of a 'late swing' (voters changing their preference shortly before voting), the unknown vote intention of don't knows and won't says, unforeseen turnout levels, the bandwagon effect (voters rally behind a candidate or a party who is likely to win), the underdog effect (voter sympathises with a competitor who is expected to lose), and many other reasons (see Asher 1992; Jowell et al. 1993; Donsbach 2001). An individual's final vote choice may also be a result of campaign and media influence, tactical voting, or protest voting, which may not be reflected in attitudes indicated in survey interviews. The more time between the poll and the election, the less accurate the poll estimates are likely to be (Asher 1992).

The best way to assess the accuracy of survey data is to compare its estimates to actual electoral outcomes. The EES Voter study data look trustworthy in this respect. An example from year 2014 is shown in Figure 6, which portrays gaps between vote share of incumbents in the EP election and self-reported vote choice in the post-election survey a few weeks later. We observe some overreporting and underreporting of incumbent vote across countries, with the largest disparity of 11.4 percentage points in France, but the average difference in all ten nations combined between incumbent support in the survey and in the actual election is only 1.7 percentage points, with Pearson's correlation as high as 0.82. Although these results do not allow us to assess individual-level differences between real electoral decisions and reported vote choice, the num-

bers point to relative congruence between survey data and the 'real' world. In the literature, the accuracy of polls as an adequate mirror of public attitudes remains a controversy, with researchers arguing for and against the relative importance of survey bias. As so often in social sciences, no perfect data exist. That said, polling agencies are making an effort to adjust their methodologies to minimise the error and to achieve even more precise results, providing researchers with confidence that surveys are nevertheless in many aspects the most effective way to map the public political mood.

Figure 6. Differences in self-reported and actual support for PM parties.



Source: EES Voter study 2014; Parliaments and governments database at http://www.parlgov.org/.
Notes: PM party in country during the survey fieldwork indicated in parentheses.

While many academic works attempt to explain politics on either the micro or the macro level, it is essential for the purpose of the current research to cover both. On the one hand, we can best explain citizens' political behaviour by observing their values, attitudes and choices on the micro level. At the same time, individuals do not exist in vacuum. They are social beings operating within a context – political, institutional, cultural, economic and other – which may heavily impact their personal decisions. The context in which political action occurs cannot be neglected. Moreover, this study is specifically interested in understanding how national-level variables condition individual-level political behaviour: it explores the dynamics of economic voting as dependent on changes in the political and economic context in an effort to fully understand

how the crisis affects the link between economics and political choice. Firstly, to account for the contextual dimension when estimating individual-level effects and, secondly, to determine the influence of macro-level characteristics on individual-level outcomes, this work combines survey data with aggregate variables and, where necessary, employs multilevel modelling techniques.

3.3. Data and case selection

In order to conduct the empirical analysis, I used a variety of data sources. The individual-level data were obtained from the European Election Studies (EES) Voter study.[2] Launched in 1979 by an international group of electoral researchers, the EES is designed to examine electoral participation and voting behaviour in EP elections but also measures citizens' political perceptions and preferences on a broader scale. The central component of the EES is a post-election survey among representative samples of voters from all EU member-countries. The EES Voter study has been carried out every five years since 1979, conducted immediately after the EP elections (see Appendix 1).[3] The fieldwork period ordinarily remains within four weeks after the elections, although in early waves data collection often lasted longer. Earlier studies were carried out as a part of the regular Eurobarometer, but since 1999 the EES Voter study is its own standalone survey. Typically, face-to-face or telephone interviews are conducted with a nationally representative sample of citizens aged 18 and more from every EU member-country. Despite wide contextual coverage, each of the studies has been designed in a similar manner and the questionnaires contain a large number of identical questions. These features guarantee a large temporal and geographical variation in the data pool, fulfilling a necessary precondition for the comparative research design.

Although other individual-level datasets are available for European countries that contain good measures of political support, they either exclude consistent questions about key individual-level predictors for the study of economic voting, or lack homogeneity in questionnaires, data collection and sampling procedures across studies. One valuable data source for researchers of voting behaviour is the Comparative Study of Electoral Systems (CSES), an international collaboration among election study teams from around the world, where a consistent set of questions are included in national post-election studies. Unfortunately, economic perception measures were only covered in the first and the last survey wave so far. Similarly, economic assessments are not regularly measured in such large and long-established cross-national studies as the Eurobarometer, the European Social Survey (ESS), the European Values Study (EVS) and the World Values Survey (WVS). Many European countries carry out their own

[2] See more at http://eeshomepage.net/home/.

[3] The fieldwork of the 1989 survey wave was carried out *before* the EP elections (from October to November 1988). Pre-electoral survey was selected for the current analysis due to availability of the variables needed for the cross-survey comparison.

national election studies (e.g. Belgium, Denmark, France, Germany, United Kingdom, Hungary, the Netherlands, Norway, Sweden), but utilise country-specific questionnaires and different methodological techniques, making the comparison of data complicated. Furthermore, the fact that the EES Voter study is conducted simultaneously in all European countries implies that the international political and economic context is constant, which is important for studying the Europe-wide effects of the financial and economic crisis. Using national election studies for comparative analyses of voting behavior can be more complex due to different timing in relation to such events (Oppenhuis 1995). For these reasons, and given the importance of the cross-sectional time-series research design for testing the stability of economic effects, the EES Voter study with good coverage of comparable empirical data across time and space is preferred here.

Aggregate-level dynamics are modelled using macroeconomic indicators from the Eurostat databases. When the Eurostat data are not available, information from the OECD and the IMF databank is used instead. All of these sources provide consistent high-quality data on European countries, publicly accessible on their websites and widely used by academic researchers. Because the individual-level analysis covers two dimensions, temporal and geographical, the macro-level data, too, are selected for each country per each year. The time points chosen correspond to the fieldwork year of the EES Voter study waves. Both survey data and national macroeconomic indicators for all countries and years were pooled into a combined, hierarchically structured dataset.

The dissertation contains three empirical chapters, each of which utilises a slightly different case selection depending on the particular research focus (see Table 4). First of all, three survey years, 1979, 1984 and 1999, were dropped from the analysis throughout. Although data collection for the EES Voter study had already started in 1979, the first survey wave was excluded because it lacks data on the key explanatory variable in the current analysis, retrospective economic evaluations. The data from 1984 were dropped for the same reason. The EES Voter study from 1999 was excluded due to a conceptually different measure of economic evaluations compared with other years. This leaves us with five comparable survey waves – 1989 (van der Eijk, Oppenhuis, and Schmitt 1993), 1994 (del Castillo et al. 1997), 2004 (Schmitt et al. 2009), 2009 (van Egmond et al. 2011), and the newly published 2014 (Schmitt et al. 2015).[4]

The first empirical chapter, which aims to test the overall robustness of economic effects on incumbent support, uses data from all of these five waves. The country selection is based on the availability of data throughout the survey years: only countries whose data is to be found in all five waves are included in

[4] In 1989 and 1994, the EES Voter study was carried out as a part of the regular Eurobarometer. Depending on the availability of the variables needed for the comparative analysis, data from the 1st wave of the 1989 survey (EB30) and the fourth wave of the 1994 survey (EB42) are used here.

the analysis. These countries are Denmark, France, Germany[5], Greece, Ireland, Italy, the Netherlands, Portugal, Spain, and the United Kingdom[6]. Luxemburg was dropped due to a small number of respondents, and Belgium was excluded because data on vote intention were not collected in 2004. This determines that the focus in this chapter is on Western European countries, whereas Central and Eastern Europe remain excluded. Covering only 'old Europe' could be argued as being problematic, but the purpose of this analysis is, ultimately, not to draw conclusions on the entire continent. Rather, the aim is to explore voting behaviour dynamics *over time*, while still assuring large variability in political and economic contexts. By including data from 10 countries over the course of 25 years, this requirement is easily satisfied.

The second empirical chapter, testing the stability of economic effects over time, utilises the same set of surveys as the first one. The third empirical chapter, however, differs from the others in terms of data coverage. The focus in this chapter is on public reactions to government economic policies, which makes it heavily reliant on aggregate-level indicators measuring government policy stances. Because for most countries this macro data are only available starting from 1995, earlier surveys were dropped. Therefore, the analysis is restricted to three survey waves: 2004, 2009 and 2014. On the positive side, focusing on the most recent waves enables us to considerably extend the geographical coverage – with time, an increasing number of countries has participated in the EES Voter study. The data used in the third empirical chapter span 24 countries: Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom. To give equal weight to every study, a random sample of approximately 1000 respondents was drawn from each country-year (see Table 1). This yields a total sample of 55,731 (50 country-years) in Chapters 4 and 5 and 77,531 respondents (72 country-years) in Chapter 6.

[5] In 1989, only West Germany was included in the EES Voter study. In 1994, the fieldwork was conducted separately in West and East Germany, but because by 1994 Germany was officially reunified and elections were held federally, the two datasets have been combined.

[6] In 1989, 1994 and 2004, the fieldwork was carried out separately in Great Britain and in Northern Ireland. For the purpose of comparability with later survey waves, the data for Great Britain and Northern Ireland have been combined, and the United Kingdom has been treated as a unitary item throughout the analysis.

Table 1. Number of respondents in the EES Voter study.

	1989	1994	2004	2009	2014
Austria	-	-	1,010	1,000	1,096
Belgium	-	-	889	1,002	1,084
Cyprus	-	-	500	1,000	530
Czech Republic	-	-	889	1,020	1,177
Denmark	1,006	975	1,317	1,000	1,085
Estonia	-	-	1,606	1,007	1,087
Finland	-	-	899	1,000	1,096
France	964	972	1,406	1,000	1,074
Germany	1,001	1,981	596	1,004	1,648
Greece	961	964	500	1,000	1,085
Hungary	-	-	1,200	1,005	1,104
Ireland	927	581	1,151	1,001	1,081
Italy	1,005	982	1,553	1,000	1,091
Latvia	-	-	1,000	1,001	1,055
Lithuania	-	-	1,005	1,000	1,096
Luxembourg	-	-	1,335	1,001	538
Netherlands	984	1,005	1,586	1,005	1,101
Poland	-	-	960	1,002	1,233
Portugal	930	955	1,000	1,000	1,033
Slovakia	-	-	1,063	1,016	1,095
Slovenia	-	-	1,001	1,000	1,143
Spain	951	948	1,208	1,000	1,106
Sweden	-	-	2,100	1,002	1,144
United Kingdom	1,268	1,277	1,498	1,000	1,421
Total	9,955	10,644	27,272	24,066	26,193

Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014.
Notes: Only respondents age 18 and over. - = not included in the analysis.

3.4. Operationalisation of the dependent variable

While case selection varies slightly across the empirical chapters of this dissertation depending on the question at hand, the key variables are similar throughout the study. The outcome variable in the analysis is *incumbent support*.

Quantification and simplification of vote choice are essential for the sake of cross-survey comparability, but the way incumbent support is operationalised in economic voting studies is fairly diverse. In their overview from 1981 to 2007, Bellucci and Lewis-Beck (2011) demonstrate at least eight different ways of defining the outcome variable in the economic voting literature. This indicates that there is no common and widely approved way to measure incumbent support. In many individual-level studies, the outcome variable is a dichotomous choice between government and opposition. However, the size and the type of governments differ remarkably between countries and moments in time, possibly making the drawing of conclusion complex. Van der Brug, van der Eijk and Franklin (2007: 9) emphasised that such a set-up fails to take into account the possibility that parties are differently affected by the economy. In diverse coalition governments, parties have dissimilar responsibilities and may suffer or gain from economic changes to a different extent. Instead, van der Brug, van der Eijk and Franklin put propensity to vote for national parties as the outcome variable in their work (2007: 67), but as described in section 2.2.4 above, this approach, too, involves various limitations. Most importantly, propensity scores given to different parties can be correlated (van der Brug, Hobolt, and de Vreese 2009; see also section 2.2.4). In this analysis, the potential usage of the propensity measure is restricted also due to data missing from 1989 and 1994.

In an attempt to avoid the issues discussed above, here incumbent support is operationalised as *vote intention for the governing PM party in subsequent national elections*. The analysis, then, utilises widely-used discrete choice models, but focuses on support for the PM party as opposed to the whole government. Although the role of the PM party can vary in political systems depending on, for example, its dominance, size, strength and whether government comprises multiple party participants, previous work shows that in multiparty systems the head of the government is still typically held more accountable by voters for economic performance than any other party (see Duch and Stevenson 2008; Fisher and Hobolt 2010; Debus, Stegmaier, and Tosun 2014). Voters are able to identify the party that holds the key position in the cabinet – usually also the largest, the strongest and the most visible party in the coalition – and recognise its role as the main decision maker. Moreover, as demonstrated by Debus, Stegmaier, and Tosun (2014), looking at the impact of economic evaluations on the coalition as a whole can even lead to null findings, masking important differences in assigning economic responsibility. The authors argued that their findings for Germany from 1987 to 2009 showing that economic voting is clearly targeted at the head of the government – even compared to key economics-related ministries – "demonstrate the importance of assessing the impact of the economy on support for specific parties rather than for the governing coalition as a whole" (p. 63). For these reasons, in this study I too expect the PM party to be the primary target of economic voting. The way dependent variable is operationalised in the present analysis also helps to address cross-survey validity concerns, in that it enables comparability across contexts as specifying the government leader is usually fairly straightforward. That said, even though

there are good reasons for focusing solely on PM party support, I conduct additional robustness checks with the dependent variable defined as vote intention for any other party in the case of a coalition government. This helps to account for higher ambiguity in some political systems, where identifying who is in charge may not be as simple as, for instance, it is in Germany.

To measure vote intention, respondents in the EES Voter study were shown a list of parties and asked who they would vote for if there were a general election the following day. The answers were recoded as 1 for the PM party in office at the time of the fieldwork and 0 for any other party. The latter category covers all parties, including small parties and non-parliamentary parties, thereby maintaining the number of choice options in the analysis (see restrictions of discrete-choice models in van der Eijk et al. 2006). Table 2 below provides a detailed overview of parties holding the PM party's portfolio by country and survey year. Don't knows, respondents who refused to answer the question, respondents who said they would not vote, would spoil their vote or vote blank, and missing answers were excluded.

Although voters are able to express their attitudes towards political leaders in various elections and through many forms of political participation, the voting behaviour literature is predominantly concerned with general elections as these are the channel for electing the nation's primary legislative body. In this dissertation, too, the focus is on vote intention in national parliamentary elections, even though the EES Voter study contains several measures of citizens' political preferences, including respondents' vote choice in the previous EP election. Critics might argue that looking at vote intention instead of vote choice is a miscalculation as the latter should be the ultimate phenomenon of interest in political science studies. In addition, vote intention in a hypothetical election may not reflect how respondents will actually vote in next elections, and, furthermore, may not even precisely mirror current political mood because little is at stake and the response is not binding. The more fundamental choice here, however, is that between types of elections, and thus the focus is on national elections even if this means a trade-off between vote intention and vote choice. In most European democracies national elections – parliamentary elections in parliamentary systems and presidential elections in presidential systems – are first-order elections, the most important elections. Other elections, such as by-elections, municipal elections and various sorts of regional elections, are less salient and are thus second-order (Reif and Schmitt 1980). The main distinction between the two types is that there is less at stake in second-order elections. European elections, which the EES Voter study primarily focuses on, fall into the latter category. European elections are simultaneous national elections held every five years to elect members of the European Parliament. Reif and Schmitt (1980) emphasise that EP elections differ from national elections, in that they have no institutionally binding consequences on government or opposition policies at the national level but rather elect a representative body with little real power. Additionally, European elections are characterised by a complicated system of coalitions and party alliances, different electoral procedures, cam-

paign efforts, etc. Because European elections do not lead to the formation of a government, these elections are far less important for voters and the turnout remains low. The focus remains on domestic political concerns rather than on European issues or the performance of the politicians and parties at the European level. National governments generally gain a lower vote share at EP elections because the latter behave as mid-term referendums for government performance and enable voters to express their discontent with national incumbents. Finally, the extent to which governments are punished, depends largely on the timing of EP elections within the national electoral cycle as government support tends to be the lowest around mid-term (see Reif and Schmitt 1980; Marsh 1998; Hix and Marsh 2007, 2011; Hobolt, Spoon, and Tilley 2009).

From the perspective of economic voting research, these arguments are important, in that they indicate that the mechanism of rewarding and sanctioning of incumbents operates differently in second-order elections. Voter attitudes are formed by a mix of a number of motives, and this may hinder us from detecting the pure effect of the economy on political preferences. The main concern is large differences in party support levels in first- and second-order elections. To bring an example, Figure 7 below illustrates aggregate vote share for PM parties in the 2014 EP election in ten Western European countries in comparison with vote share for the same parties in preceding national elections. We witness a very clear tendency for ruling parties across Europe to gain less votes in the European election in 2014 than they did in the preceding respective national election.[7] In some cases, the difference is as large as 15 percentage points (see e.g. Spain, France and the Netherlands). The only exception is Italy, where the incumbent Democratic Party (PD) performed considerably better in the 2014 EP election than it had in the parliamentary election in 2013. This wave of support was likely due to the new Prime Minister Matteo Renzi taking office in early 2014 after Italy's long-lasting economic struggle, painful austerity measures and three previous governments ending in resignation of their leaders. The public welcomed fresh outlooks and reacted optimistically to Renzi's radical reform plans for a country that had suffered years of severe economic and political distress.

[7] The correlation between the two variables is r=0.21.

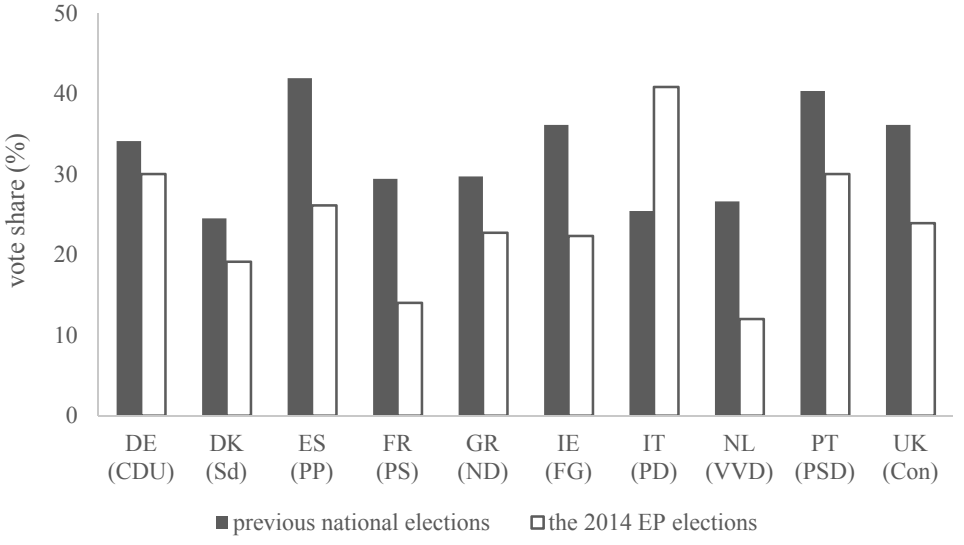
Table 2. Prime Ministerial parties at the time of the fieldwork.

	1989	1994	2004	2009	2014
Austria	-	-	OVP	SPO	SPO
Belgium	-	-	VLD	CD&V	PS
Cyprus	-	-	DIKO	AKEL	DISY
Czech Republic	-	-	CSSD	Indep.*	CSSD
Denmark	KF	Sd	V	V	Sd
Estonia	-	-	ERP	ERe	ERe
Finland	-	-	KESK	KESK	KOK
France	PS	RPR	UMP	UMP	PS
Germany	CDU/CSU	CDU/CSU	SPD	CDU/CSU	CDU/CSU
Greece	PASOK	PASOK	ND	ND	ND
Hungary	-	-	MSZP	MSZP	Fidesz
Ireland	FF	FF[8]	FF	FF	FG
Italy	DC	FI	FI	IPdL	PD
Latvia	-	-	ZZS	JL	V
Lithuania	-	-	LSDP	TS-LKD	LSDP
Luxembourg	-	-	CSV	CSV	DP
Netherlands	CDA	PvdA	CDA	CDA	VVD
Poland	-	-	SLD	PO	PO
Portugal	PSD	PSD	PSD	PS	PSD
Slovakia	-	-	SDKU	Smer	Smer
Slovenia	-	-	LDS	SD	PS
Spain	PSOE	PSOE	PSOE	PSOE	PP
Sweden	-	-	SAP	MSP	MSP
United Kingdom	Con	Con	Lab	Lab	Con

Source: Parliaments and governments database at http://www.parlgov.org/.
Notes: - not included in the analysis.
*Czech data for 2009 was dropped because the incumbent party cannot be identified.

[8] In Ireland, incumbent change took place half way through the EES Voter study fieldwork period in 1994. Fianna Fáil held the PM portfolio until the 14th of Dec 1994 and Fine Gael, the previous opposition party, took the position on the 15th of Dec 1994. The EES Voter study fieldwork in Ireland in 1994 lasted from the 30th of Nov until the 23rd of Dec. In the analysis, Fianna Fáil is defined as an incumbent PM party. All respondents interviewed later than on the 14th Dec 1994 were dropped from the dataset. Decision reviewed by Prof. Michael Marsh (Trinity College Dublin) in personal communication on 11th Nov 2013.

Figure 7. Differences in support for the PM party in national and EP elections.



Source: Parliaments and governments database at http://www.parlgov.org/.
Notes: PM party in country during the EP elections indicated in parentheses.

Italy aside, the overall picture shows, however, that party support patterns vary considerably between different types of elections. If the political mood during EP election is heavily anti-government, and, moreover, many dissatisfied citizens choose to abstain from voting altogether, then this is likely to influence the economic voting mechanism as well, and may limit our ability to accurately estimate economic effects. For these reasons, this study opts to focusing on national elections instead. Another more practical reason that dictates how the dependent variable is operationalised is the fact that one of the five EES Voter study waves under observation – the one conducted in 1989 – was carried out as a pre-electoral survey, and therefore only includes information on vote intention in national elections, but not vote choice in past EP elections. Hence, focusing on the former also allows me to involve more survey waves in the analysis and to expand the scope of the study.

3.5. Operationalisation of other key variables

Even more emphasis has been put on what is on the right side of the vote prediction equation, i.e. how to measure economic performance. Most individual-level economic voting studies rely on subjective measures of economic perceptions rather than on actual economic conditions, but the question of how much people really know about the 'real' economy has been raised (see Conover and Feldman 1986; Blendon et al. 1997; Aidt 2000; Paldam and Nannestad 2000).

Voters who lack knowledge about the state of the economy cannot be expected to make rational and informed political decisions. With regard to these considerations, I conducted a test by comparing aggregated individual-level economic assessments in the EES Voter study with objective economic performance. The results combining the data from 50 surveys show a strong correlation between aggregated economic evaluations and one of the key measures of the actual state of the economy, GDP growth rate (Pearson's r=0.72). Moreover, regressing aggregated economic perceptions on key macroeconomic indicators (for a similar approach, see Fraile and Lewis-Beck 2012), demonstrates that all three – GDP growth rate, change in unemployment and in inflation – have a statistically significant effect on subjective assessments on a 99% confidence level with signs in the expected direction (see Table 3). Therefore, individual-level survey data do a good job in reflecting economic realities. Several studies confirm these results (see Nadeau and Lewis-Beck 2001; Bélanger and Lewis-Beck 2004; Fraile and Lewis-Beck 2012), suggesting that voter beliefs about national economies "are grounded in economic reality" (Duch and Stevenson 2010: 113).

Table 3. Effects of macroeconomic indicators on subjective economic evaluations.

GDP growth	0.05***
	(0.00)
Inflation growth	-0.02***
	(0.00)
Unemployment change	0.00***
	(0.00)
Constant	0.37***
	(0.00)
McFadden's R^2	0.55
N	55,731

Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; Eurostat and OECD; author's own calculations.
Notes: Entries are regression coefficients, standard errors in parentheses. The dependent variable is aggregated from individual-level economic perceptions (mean value per country per year).
***p<0.01 **p<0.05 *p<0.1

The main independent variable in the analysis is citizens' *retrospective sociotropic economic assessments*. Retrospective evaluations are based on past as opposed to future economic performance, and sociotropic refers to evaluations of national rather than personal financial situation. Previous results indicate that voters are more influenced by retrospective evaluations than by prospective

ones (Key 1966), and that they form their economic opinions based on the country's overall economic situation rather than their own pocketbook (Kinder and Kiewiet 1981). Respondents in the EES Voter study were asked to assess on a 5-point scale whether they thought that compared to 12 months previous the general economic situation in the country had gotten a lot better, a little better, stayed the same, got a little worse or a lot worse. This survey item, first proposed by Lewis-Beck in 1988, is the most standard way to measure individual-level economic perceptions. Because the substantive interest in economic voting studies lies in the distinction between negative, positive and neutral evaluations, the original 5-category variable was recoded into a 3-point scale where 1=worse, 2=stayed the same and 3=better (for a similar approach, see Nadeau, Lewis-Beck, and Bélanger 2013). Being able to select one of five responses is useful for the respondent, but in the analysis we are substantively interested in distinguishing only between three categories: how much more likely are citizens to vote for the incumbent if they move from category "worse" to "same" or to "better". Even though broader than the original one, the recoded variable reflects a meaningful division of response categories, while still maintaining the ordinal nature of the data.

In addition to the retrospective dimension, prospective economic evaluations are often used in economic voting studies but show considerably weaker effects. Here, prospective evaluations were not included due to respective data missing on 1989.

To test the relative impact of economic perceptions, a number of control variables are included in the models. These predictors are held constant throughout the analysis. The basic set of control variables predominantly consists of standard determinants known to influence voter political preferences. In the American political system, the key socio-psychological factor influencing electoral choice is party identification (Campbell et al. 1960), with the majority of people having a sense of attachment with one of the two main parties – Democrats or Republicans. In Europe, where the party landscape is more fragmented, stronger emphasis is placed on voter ideological identification (Inglehart and Klingemann 1976). The EES Voter study measures voter ideological leaning via respondents' *self-placement on the left-right scale* (from 1 to 10, where 1=left and 10=right). A wide range of empirical studies have shown that the left-right continuum is a major ideological dimension along which political life is organised (see Castles and Mair 1984; Warwick 1992). Left-right thinking is a stable feature of political processes, and most citizens in democratic countries are willing and able to place themselves on this scale (Geser 2008). Left-right judgments are a major predictor of voting decisions (see Inglehart and Klingemann 1976; Fleury and Lewis-Beck 1993), and therefore in this analysis, too, I expect respondent left-right placement to have a strong influence on incumbent support. Additionally, standard socio-demographic indicators that may determine vote preference such as *age* (in full years), *gender* (1=male, 2=female), *education* (age upon leaving full-time edu-

cation,[9] 0=still studying, 1=up to 15 years, 2=16-19 years, 3=20 years or more), *religious attendance* (1=several times a week, 2=once a week, 3=few times a year, 4=once a year or less, 5=never) and subjective placement into *social class* (1=working class, 2=middle class, 3=higher class) are included. All of these items are regularly measured in the EES Voter study surveys. *Country* and *year dummies* are used in all single-level models as a control for unobserved heterogeneity across countries and time.

To ensure correct model specification, respondents' left-right ideology, social class and attendance of religious services were adjusted to match the ideology of the PM party in office at the time of the fieldwork (for a similar approach, see Nadeau, Lewis-Beck, and Bélanger 2013). For example, the ideology scores remained unaltered (1=left, 10=right) if the incumbent PM party was right-wing, but were reversed (1=right, 10=left) if the incumbent PM party was left-wing.[10] In a similar manner, the scores of religious attendance and self-assigned social class were reversed if the governing PM party was left-wing. This enabled an ambiguous situation to be avoided in combined models where in some elections a positive regression coefficient would indicate higher support for a left-wing PM party and in others for a right-wing one.

In order to account for possible effects of the electoral cycle – the cost of ruling – *cabinet time in office* is controlled for. It is a robust finding in political science research that government popularity follows a cyclical pattern. Incumbents begin their terms with high approval rates. The post-election honeymoon period is followed by a decline in popularity by mid-term, which then increases again towards the end of the electoral cycle (see Miller and Mackie 1973; Tufte 1975; Stimson 1976). The average government in an established democracy is thought to lose about 2.25% of votes during a normal election period (Nannestad and Paldam 2002: 17). To capture these effects, I include in the models a measure of the time the government held office. The variable was measured as a number of months from the preceding last national election to the starting date of survey fieldwork. The calculations were based on information available in the EES Voter study methodological reports and in the European Election Database. Because I expect the relationship between the electoral cycle and incumbent support to be nonlinear, logarithmic transformation for the cycle variable was used.

Additional independent variables specific to particular research questions are separately described in each empirical chapter.

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[9] Data on the highest level of education completed are only available for 2009 and 2014, and coding of the variable is highly diverse across countries. Therefore, age when stopped full education is used instead.

[10] PM parties in different countries at different points in time were divided into left and right depending on which side of the midpoint of a typical left-right scale they fell on. In categorising, internet resources (e.g. the Parliaments and governments database at http://parlgov.org/ and the Parties and elections in Europe database at http://www.parties-and-elections.eu/) and country experts were consulted.

3.6. Method of analysis

Most economic voting studies rely on quantitative analysis, which uses numerically measureable data and employs statistical analytical techniques. These studies offer an understanding of the relationships between political phenomena based on large-scale empirical evidence, where generalisations are made from sample to population. The generalizability of quantitative results comes with a trade-off: being less in-depth than qualitative research, such studies may miss contextual details that help to describe underlying meanings and patterns of these relationships. Nevertheless, the focus here is on identifying the overall associations between economic opinions and political preferences across Europe, as well as variation in these relationship and trends over time. For this reason, quantitative data and statistical analysis methods are a logical choice. The purpose of the analysis is to estimate how explanatory variables, specifically economic perceptions, affect incumbent support. I utilise a variety of statistical methods, which best fit the data and the research question at hand. In social sciences, the relationship between variables is commonly estimated using regression analysis. Regression analysis helps us to estimate the statistical relationship between two or more variables. In this work, it helps us to understand how the typical value of incumbent support changes when economic perceptions vary, while the values of control variables are held constant.

When the dependent variable is scalar, its statistical relationship with one or more explanatory variables is estimated with linear regression. Here, however, the dependent variable is dichotomous – the observed outcome can only take on two possible values, 1 if the respondent would vote for the incumbent PM party in subsequent national elections and 0 if the vote would go to any other party. The binary response means that the relationship between the variables is non-linear, and this requires the use of logistic regression (Pampel 2000). The coefficients in logistic regression models will indicate the increase or decrease in probability of voting for the incumbent due to a one-unit change in a given independent variable. The baseline multivariate model includes economic assessments as its main explanatory variable, a number of control variables to test the relative impact of the economy on incumbent popularity, and, additionally, dummies for country and year fixed effects in order to account for unmeasured time-constant country-specific factors that may influence incumbent vote probability for individuals and that may correlate with other covariates. Interaction effects between micro- and macro-level variables are introduced where necessary to determine how individual-level economic effects vary depending on higher-level factors.

The results are presented as average marginal effects, which express the population average effect of X on Y (Mood 2010). Marginal effects can be interpreted as discrete change in predicted probabilities when independent variables change from their minimum to their maximum value. Logistic regression coefficients can be estimated in various ways, e.g. probability, odds or odds ratio (Pampel 2000; Menard 2002). In order to linearise the nonlinearity in regression

models with binary outcome, further logit transformation is used. Most statistical packages by default produce logistic regression results as logged odds. Unfortunately, while this transformation improves linearity, it carries with it the loss in interpretability since logged odds can be less intuitive to understand (Pampel 2000). Moreover, interpreting logged odds or odds ratios as substantive effects and comparing these effects across models, samples or groups can be problematic because of unobserved heterogeneity: differences in coefficients may not be due to differences in actual effects but variation in the dependent variable caused by omitted variables (see Allison 1999; Mood 2010). The recommended solution is to transform coefficients into changes in probability, for example marginal effects, based on derivatives of the prediction function (Mood 2010). This is the approach used in this study.

When conducting data analysis, special considerations are taken with the specifics of the data used. In particular, in some empirical chapters the data have a hierarchical structure. Voters in Europe are not independent individuals, existing in vacuum, but are nested in countries and in different points in time. For example, survey respondents in France in 2009 are more likely to be similar to each other than to those from France in 2014, or to voters from Italy at any time point. If the answers are correlated because units of observations are similar, one of the main assumptions of classical single-level regression models is violated – namely, that scores of individual observations in the data pool must be independent from each other. In order to address this problem, I use multilevel analysis, which accounts for the variability in each level of nesting. A multilevel approach enables relaxation of assumption of statistical independence and allows for correlation among responses for units that belong to the same group (Luke 2004; Rabe-Hesketh and Skrondal 2008). At the same time, using multilevel modelling ensures that the researcher does not ignore the context and wrongly assume that political processes operate in a similar matter in different environments (Luke 2004). This is an important concern in social sciences, not only in general, where researchers are dealing with open systems affected by outside influences (Luke 2004), but also in economic voting studies in particular, where we know from previous works that individual-level economic effects can vary quite notably depending on the political and institutional context (see section 2.2.2). In this dissertation, I use 3-level models where individuals are nested in country-years at level 2 and country-years are nested in countries at level 3. The slope of the economic coefficient is allowed to vary randomly across all three levels in order to account for the variation in economic effects.

Specific statistical models employed in different chapters are discussed separately in that chapter. The models were fitted with maximum likelihood estimation in Stata version 12.0 (StataCorp. 2011) using logit and xtmelogit commands.

Table 4. Research question, theoretical focus and method of the empirical chapters.

	Research question	Theoretical focus	Individual-level data	Aggregate-level data	Method
Chapter 4	How robust are economic effects on incumbent support?	There is a strong link between the economy and elections, but empirical evidence for responsibility attribution lacks stability. This chapter tests the robustness of the overall mechanism of economic voting in Western Europe.	The EES Voter study from 1989, 1994, 2004, 2009 and 2014 for Denmark, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, and the UK	Macroeconomic data for countries in survey years from Eurostat and the OECD	Logistic regression, multilevel logistic regression
Chapter 5	Did the global crisis influence the relationship between economic performance and voting? If so, how?	The financial and economic crisis led to major political and economic instability. This chapter explores the question of whether economic voting also changed. It tests two alternative arguments: increased punishment of incumbents as suggested by the asymmetry hypothesis, or decreased punishment as proposed by the clarity of responsibility hypothesis.	The EES Voter study from 1989, 1994, 2004, 2009 and 2014 for Denmark, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, and the UK	Macroeconomic data for countries in survey years from the OECD	Logistic regression
Chapter 6	How do voters respond to economic policies in general and during an economic crisis in particular?	The crisis was met by national countermeasures, ranging from radical austerity programs to fiscal expansion. The focus of public discourse turned to the government response to the crisis, and it is feasible to expect these government decisions to have influenced political support for incumbents. This chapter extends the focus beyond the classic mechanism of economic voting and examines the new dimension of economic voting, the role of attitudes to economic policies in voter behaviour.	The EES Voter study from 2004, 2009 and 2014 for Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the UK	Macroeconomic data for countries in survey years from Eurostat and the IMF	Multilevel logistic regression

4. HOW ROBUST ARE ECONOMIC EFFECTS?

It is commonly acknowledged that there is a robust relationship between economic conditions and political support. A rich literature spanning more than 40 years provides ample evidence that voters hold political leaders responsible for national economic conditions. They punish incumbents when the economy performs poorly and reward them when it is healthy. The tendency of citizens to observe and react to government performance incorporates the mechanism of electoral accountability. It remains unknown, however, how universal economic voting really is. It plays a role in some elections, but not always and everywhere, and it is not clear why this is o. This instability dilemma in economic effects constitutes a serious challenge to the research field, raising empirical and methodological debates and even claims of 'the end of economic voting' (see Anderson 2007).

The empirical part of this dissertation aims to address the concerns outlined above by testing the overall robustness of the economic voting theory. It begins by estimating a basic model of economic voting for Western democracies. By pooling individual-level data from various points in time and geographical locations in Europe, I first compile a large dataset of 50 cross-sections with highly diverse political and economic conditions. Maximising the contextual variation provides a demanding setting for testing the link between the economy and political support, and helps to more accurately estimate the effects. Using various statistical tools, I examine the overall magnitude of the effect of subjective economic perceptions on incumbent support. Then, in order to evaluate the stability and robustness of economic effects, I challenge these results by employing a number of statistical and methodological tests.

The chapter proceeds as follows. It first briefly reviews essential findings from previous studies on economic voting and explains the instability dilemma that perplexes the research field. The second section provides an overview of data, variables and methods used in the analysis in this chapter. The third section introduces the empirical results, and the final section summarises the main conclusions.

4.1. The instability dilemma in previous findings

The central notion of economic voting theory is that under weak economic conditions voters tend to punish incumbents by not voting for them in elections (see Campbell et al. 1960; Key 1966; Kramer 1971; Fiorina 1978; Lewis-Beck 1988). Although the literature on economic voting is expansive and spans many decades, there is a lack of consistency in the results as previous studies indicate that it is not known how universal economic voting actually is (see Nannestad and Paldam 1994; Lewis-Beck and Paldam 2000; Duch and Stevenson 2006). Lewis-Beck and Paldam (2000) have argued that while there are good theoretical reasons to expect a robust relationship between the economy and the vote

via responsibility attribution, data do not always empirically support the reward-punishment mechanism. Empirical studies have found strong evidence of economic influences on political support in the United States, the relationship however appears to be much more unstable in other countries (Duch and Stevenson 2006). In their extensive analysis of 19 countries over two decades, in which they drew data from 163 national surveys, Duch and Stevenson (2006) estimated the median impact of economic evaluations on vote probability for the incumbent PM party to be about 5%. Nevertheless, they too arrived at the conclusion that the magnitude of economic effects varies significantly across nations and over time, and this poses empirical and theoretical challenges to the entire research field (Duch and Stevenson 2006).

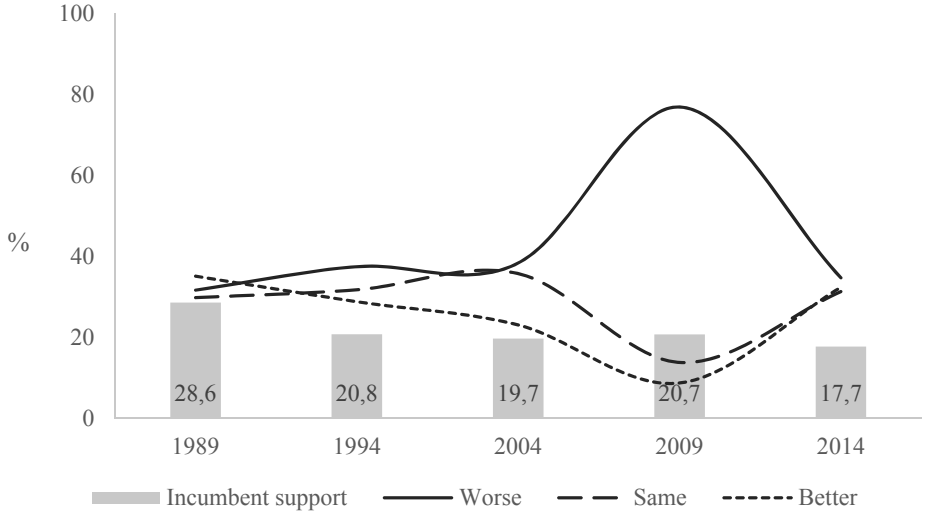
Even studies that do not focus on differences between national and electoral contexts but use analogous data pools to investigate the overall significance of the economic vote have provided contradictory results. Van der Brug, van der Eijk and Franklin (2007) analysed pooled data on 15 countries from the EES Voter study from 1989, 1994 and 1999. They found only modest individual-level effects and argued that due to a number of methodological limitations, such as improper operationalisation of vote choice or focusing on subjective economic perceptions, many scientific until then had overestimated the association between the economy and voting. In their response article, Nadeau, Lewis-Beck and Bélanger (2013) demonstrated using a similar data pool of 10 countries from the EES Voter study (1988, 1994, 1999 and 2004) that when exercising special caution with methodological issues, economic perceptions do have a strong and important influence on vote choice. This demonstrates again that the academic community lacks consensus on the importance of the economy in predicting election results.

The aim of this chapter is to assess the significance of the economic vote by observing whether the effects remain stable in the face of challenges presented by a highly diverse dataset, different coding and operationalisation decisions, model specifications, theoretically driven subsamples and statistical techniques. Similarly to van der Brug, van der Eijk and Franklin (2007) and Nadeau, Lewis-Beck and Bélanger (2013), this analysis employs data from the EES Voter study. I however importantly add data from more recent survey waves. The availability of the EES Voter study data from 2009 and 2014 – during and after the worst of the Great Recession – adds a new, thought-provoking dimension to the study of economic accountability. In the course of the global economic and financial crisis of 2007–2009, many European countries experienced a severe recession and rising levels of unemployment, which would lead one to expect major electoral losses for incumbent parties. The actual incumbent support patterns, however, tell a more complex story: in several countries in Europe governments were voted out of office, whereas in others incumbents retained or even increased their support.

Figure 8 graphically illustrates the substantial changes in voter economic assessments in the EES survey data over time. In 10 European countries, the average proportion of respondents with negative economic evaluations varies

between 32% and 38% in 1989, 1994, 2004 and 2014, but drastically jumps to 76.8% in 2009, indicating extreme dissatisfaction with national economic performance in the midst of the economic crisis. In comparison, there were almost no changes in political support. The willingness to vote for the PM party in 2009 remains similar to that of previous years and only drops by 3 percentage points by 2014. At the same time, we witness a slight increase in the proportion of respondents with no clear political preference[11] (on average 33.8% in 2014, compared to 28.4% in 2004, not shown on the graph). Yet, these changes, too, are minor compared to the dramatic worsening of economic opinions. By expanding the data pool with survey data from 2009 and 2014, we are, then, able to considerably increase contextual variation – most notably in economic assessments – and thereby provide a more demanding setting for detecting the economic vote.

Figure 8. Incumbent support and economic evaluations between 1989 and 2014.



Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; author's own calculations.
Notes: Percentage of all respondents. Missing answers not shown.

4.2. Data, methods and model specification

To empirically test the robustness of economic effects, I use individual-level data from the EES Voter study (for study description, see section 3.3). The study is a post-election survey conducted shortly after EP elections every five

[11] Don't knows, refusals, respondents who said they would not vote if the elections were held the following day, would spoil their vote or vote blank, and missing answers are all included in this category.

years since 1979. In every country that was included in a given survey wave, a representative sample of voters aged 18 and over was interviewed. The analysis presented in this chapter includes respondents from 10 Western European countries in 1989, 1994, 2004, 2009 and 2014, with a total of 50 cross-sections (n≈1000 interviews per survey per country; for more information on case selection, see section 3.3). The countries covered are Denmark, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, and the United Kingdom. In order to maximise the variation in economic and political conditions and consequently more accurately estimate economic effects, data for five survey waves and 10 countries were pooled into one dataset. Such an approach is made possible by extensive similarities in study design, sample set-ups, interviewing procedures and questionnaires across all 50 surveys. The final data pool has a total of N=55,371 respondents, providing ample statistical power to explore the individual-level relationship between variables. Weights were not applied because no continuity exists in the weight variables for separate study waves and countries.

The outcome variable in the analysis is *incumbent support*, measured as vote intention in the subsequent respective national election (for more information on operationalising the dependent variable, see section 3.4). Respondents in the EES voter study were shown a list of parties and asked who they would vote for if the general election were held the following day. The answers were recoded as 1 if the respondent intended to vote for the incumbent PM party and as 0 in the case of any other vote intention. Don't knows, refusals, respondents who stated that they would not vote, would spoil their vote or vote blank, and missing answers were excluded. In the pooled dataset of five survey years and 10 countries, 21.3% of respondents indicated their support for the incumbent PM party, 49.5% for some other party, and 29.2% expressed no clear party preference. Typically for economic voting studies, the economy was operationalised through *subjective retrospective evaluations* as previous findings show that when evaluating incumbent performance, citizens are more influenced by retrospective than prospective considerations (Key 1966; Fiorina 1978); for more information on operationalising the independent variables, see section 3.5). Survey respondents were asked to assess whether they thought compared to 12 months previous, that the general economic situation in their country had gotten better, stayed the same or gotten worse. In a combined data pool of 50 country-years, 43% of individuals negatively evaluated national economic developments, 25.8% positively and 29.1% stated that they felt that no change had occurred over the course of a year. The attitudes of 2.1% were not revealed.

The control variables added in the models are *age* (in full years), *gender* (1=male, 2=female), *education* (age when stopped full-time education, 0=still studying, 1=up to 15 years, 2=16-19 years, 3=20 years or more), *attendance of religious services* (1=several times a week, 2=once a week, 3=few times a year, 4=once a year or less, 5=never) and subjective placement into *social class* (1=working class, 2=middle class, 3=higher class). To account for potential effects of the electoral cycle, *cabinet time in office in months* is included. In

single-level models, *country* and *year dummies* are used to account for unobserved heterogeneity across nations and time. Left-right self-placement, class affiliation and religiosity are adjusted to account for government ideology: the scores remain unaltered (0=left, 10=right) when the government is right from the centre, and are reversed (0=right, 10=left) when the government is left-wing. For electoral cycle, log transformation is used because I expect its effect on incumbent support to be non-linear (for more information on these decisions, see section 3.5).

Finally, in order to carry out robustness checks for economic effects, a number of additional variables are utilised. *Past vote choice* is used to capture indicators potentially missing from the model specification and in order to challenge economic effects with conservative over-controlling. The variable is coded as 1 if in the preceding national elections the respondent voted for the PM party in office during the conducting of the survey fieldwork and as 0 for any other party. The same variable is later used in endogeneity tests. The macro-level model of incumbent support is estimated using an annual national average of three macroeconomic indicators: *GDP growth, change in inflation and change in unemployment*. Macroeconomic data are obtained from the Eurostat and the OECD online databases. For the sake of within-model comparison, all predictors are recoded on a scale from 0 to 1. Descriptive statistics of all variables used in this chapter, as well as question wording, are shown in Appendix 2.

Due to the dichotomous nature of the dependent variable, I use logistic regression analysis to estimate the effect of economic perceptions on voter political preferences (for more information on the choice of analytical technique, see section 3.6). The function is specified as follows:

$$ln\left(\frac{\hat{p}}{1-\hat{p}}\right) = \beta_0 + \beta_1 X_1 + \beta_2 C_1 + \ldots + \beta_k C_k \qquad (2)$$

where $\hat{p}$ is the probability of voting for the incumbent, β_0 is the intercept, $\beta_1 - \beta_k$ are regression coefficients, X_1 is economic perceptions, and $C_1 - C_k$ are control variables.

The results are presented as average marginal effects, which indicate discrete changes in predicted probabilities of incumbent support when independent variables change from their minimum to their maximum value.

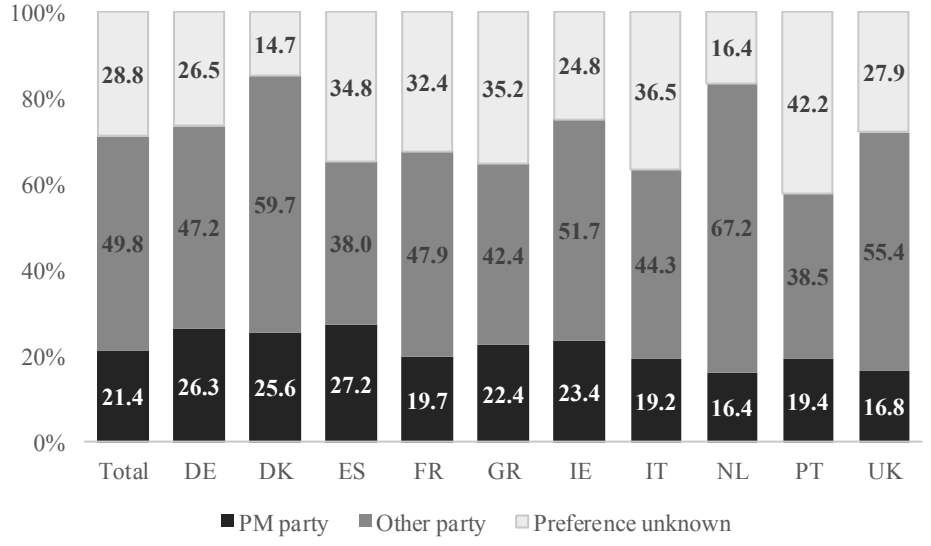
In addition to single-level logistic regression, multilevel regression analysis will be employed to test the robustness of the results. Multilevel analysis is typically used for analysing data with a focus on nested sources of variability. Ignoring any sources of variability may lead incorrect conclusions being drawn (Snijders and Bosker 2011; see also section 3.6).

4.3. Empirical results

4.3.1. Descriptive overview

To illustrate the basic features of the data, this section first describes the main variables used in the analysis. All estimates represent the total sample of 50 surveys, pooled into one dataset (N= 55,731). Taking a look at the frequency distribution of the dependent variable, we see that on average 21.4% of all respondents intended to vote for the governing PM party and 49.8% for some other party. The vote intention of 28.8% of respondents remains unknown. Support for incumbents varies considerably across countries, ranging from roughly 16% in the Netherlands and the United Kingdom to 25.6% in Denmark, 26.3% in Germany and 27.2% in Spain (see Figure 9). The proportion of people with no clear political preference across all survey years combined is lowest in Denmark (14.7%) and highest in Portugal (42.2%).

Figure 9. Vote intention by country.

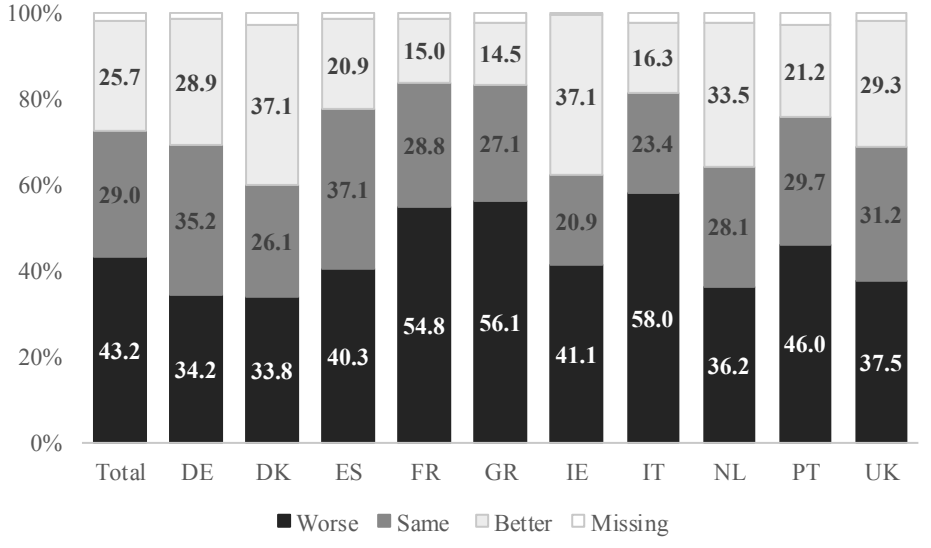


Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; author's own calculations.

The primary explanatory variable, retrospective economic evaluations, was recoded from the original 5-point scale to a 3-point scale with 1 referring to 'worse', 2 to 'same' and 3 to 'better'. On average, 25.7% of all respondents indicated that the general economic situation in their country was better and 43.2% said it was worse than 12 months previous. According to 29%, the state of the economy had remained the same. Answers from 2.1% of respondents are missing. Economic evaluations, too, show great geographic variation. The low-

est assessments of the state of the national economy over all five survey years appear in Greece, Italy and France (only 15%-16% consider economic performance to be better than a year previous), whereas the most optimistic evaluations are given by respondents in Denmark and Ireland (roughly 37% share the opinion that conditions are better) (see Figure 10).

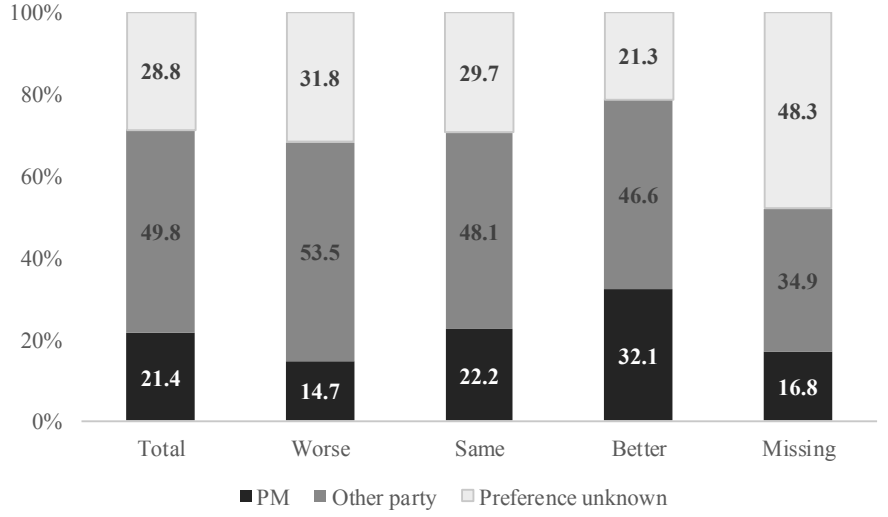
Figure 10. Economic evaluations by country.



Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014; author's own calculations.

The correlation between incumbent support and economic evaluations is r=0.18, which indicates a weak but positive relationship between the two variables. The ANOVA test points to a statistically significant difference in political support across economic evaluation groups. As confirmed by Figure 11 below, support for the governing party increases as economic assessments improve: average support for the incumbent PM party is 32.1% among people who say that the economy has improved over the year, 14.7% among those who think it has gotten worse and 22.2% among people who think economic conditions have remained the same. By the same token, support levels for non-incumbent parties are higher among respondents who rate economic conditions as being poor. The initial descriptive statistics of the survey data, then, accurately match the underlying expectation of economic voting theory according to which political leaders gain support when the economy is healthy and suffer when it is weak.

Figure 11. Vote intention by economic evaluations.



Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; author's own calculations.

4.3.2. Economic voting models

To statistically test the relationship between the economy and incumbent support, I next estimate a bivariate regression model, where the only explanatory variable is retrospective economic perceptions. The bivariate model is the simplest form of regression models, and is helpful for describing a plain association between two variables. The economic predictor is defined as categorical (1=worse, 2=same, 3=better), which allows us to observe the effects for all three groups of economic evaluations separately. In order to account for the possibility that responses are nested within countries and time points, robust clustered standard errors are used throughout. The Wald chi-square of 67.17 with a p-value of 0.0000 indicates that the fit of the bivariate model is significantly better than that of an empty model with no predictors. The overall effect of economic perceptions on incumbent support is significantly different from zero ($p<0.01$), suggesting that there are valid reasons for moving on with the analysis.

Model 1 in Table 5 shows that compared to people who say that the economy has not changed over the past year, the probability of an incumbent vote is 10 percentage points lower for those who say that the situation is now worse, and 9 percentage points higher for those who believe it has improved. Translated into predicted probabilities (not shown in the table), the likelihood of voting for the incumbent PM party is 22% for people who think the economy has deteriorated, 32% for people who think it has stayed the same and 41% for those who say the economy has improved over the year. These results point to strong economic effects in the dataset, which covers a heterogeneous geographical range and includes, among others, the period of the severe global crisis. Furthermore, the operation-

alization of the economic variable, contrasting the categories "worse" and "better", allows assessing whether there is an asymmetry in economic voting as suggested by previous works (see Mueller 1973; Kernell 1977; Kiewiet 1983; Anderson 1995). The results here suggest that the effect appears relatively symmetric, in that poor economic opinions reduce the likelihood of an incumbent vote to a similar magnitude as good evaluations increase voter support for incumbent.

Table 5. Effects of economic evaluations on incumbent support.

	(1) Bivariate model	(2) Basic model	(3) Past vote control	(4) Multilevel model
Economic evaluations: same	*ref. category*	*ref. category*	*ref. category*	*ref. category*
Economic evaluations: worse	-0.10*** (0.02)	-0.08*** (0.02)	-0.04*** (0.01)	-0.07*** (0.03)
Economic evaluations: better	0.09*** (0.02)	0.08*** (0.01)	0.02*** (0.01)	0.10*** (0.03)
Left-right placement	-	0.68*** (0.04)	0.18*** (0.03)	0.71*** (0.02)
Class	-	0.08*** (0.03)	0.01 (0.01)	0.11*** (0.01)
Religiosity	-	-0.07*** (0.03)	-0.00 (0.01)	-0.08*** (0.01)
Age	-	0.16*** (0.02)	0.07*** (0.01)	0.16*** (0.01)
Gender	-	0.02*** (0.01)	0.01 (0.00)	0.02*** (0.00)
Education	-	-0.01 (0.01)	0.00 (0.01)	-0.01 (0.01)
Cabinet time in office logged	-	-0.08 (0.05)	-0.04 (0.03)	-0.11*** (0.04)
Past vote choice	-	-	0.33*** (0.01)	-
McFadden's R^2	0.03	0.19	0.61	-
Log likelihood	-	-	-	-15315.64
N	39.071	30.980	27.246	30.980

Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; author's own calculations.

Notes: Entries are average marginal effects, standard errors in parentheses. The dependent variable is 1 if vote intention is for the incumbent PM party and 0 for any other party. Don't knows, refusals, respondents who said they would vote blank, would spoil their vote or would not vote, and missing answers are excluded. Left-right placement, class and religiosity are adjusted for the PM party's ideology. All control variables are recoded on a 0 to 1 scale. Country and year dummies in Models 2 and 3 are not shown. Standard errors clustered by survey (each country in each year). In Model 4, random effects not shown.

***p<0.01 **p<0.05 *p<0.1

Next, controls for economic effects are added to the model. Model 2 in Table 5 thus constitutes the baseline model of economic voting in this study. In order to cvontrol for unobserved heterogeneity due to omitted variables, country and year fixed effects in the form of dummy variables are also added. Comparing the pseudo R-squared of the multivariate model (0.19) to the one with only one explanatory variable (0.03), we see decent improvement in model fit, suggesting that the control variables considerably help explain variation in political support. In line with previous findings, the basic model indicates that respondents' ideological views have a strong influence on electoral preference: citizens are more likely to vote for the incumbent PM party if the party's ideological views are close to their own. Higher social class and more frequent church attendance increase vote for an incumbent when it is positioned right from the centre. In addition, older people and women are more willing to vote for the governing party. More importantly, however, we see that the effect of economic perceptions does not change substantially when the carefully selected set of control variables is added: retrospective economic evaluations continue to be a powerful predictor of incumbent support in the basic model.

Pseudo R-squared in logistic regression models cannot be interpreted the same way as in linear models, but it could still be argued that the relatively low fit of Model 2 may imply that there are important predictors missing from the specification. Such indicators, for example important issues for voters at the elections, are most likely captured in citizens' previous political preference (Nadeau, Lewis-Beck, and Bélanger 2013), which is now added to the model. Past vote choice may help to pick up variables that are missing from the empirical specification, and, moreover, it is also likely to be very strongly correlated with current vote intention (in this dataset, Pearson's r=0.81) and as such may overpower the impact of other explanatory variables, including those of economic perceptions (Ibid.). Therefore, including past recalled vote as a proxy for possible omitted variables seriously challenges economic effects (for a similar approach, see Nadeau, Lewis-Beck, and Bélanger 2013). The past vote variable is coded as 1 if the respondent's vote in the preceeding national election was given to the PM party in office during the period of the study fieldwork (26%) and as 0 if the vote was cast for any other party (44.6%). Don't knows, refusals, respondents who were not eligible to vote, voted blank, spoiled the vote or did not vote were excluded from the analysis (29.4%). The results show that adding past vote to the model increases the pseudo R-squared to 0.61, considerably improving the prediction fit (see Model 3 in Table 5). We are now able to explain a large part of the variation in incumbent support, but what happens to the economic variable? The economic coefficient is indeed somewhat smaller in this model than before, referring to potential shortages in the previous specification. Nevertheless, the statistical significance test indicates that economic considerations remain an important predictor of vote intention despite conservative over-controlling. The omitted variable bias does not seem to considerably inflate economic effects.

Models 2 and 3 in Table 5 include country and year dummies (not shown in the table), which enable us to control for the unobserved heterogeneity across time and space and thereby estimate a purer effect of economic perceptions. Each dummy helps to absorb the effects particular to a country or a survey year. The problem remains, however, that by doing so we assume that the relationship between the economy and the vote is similar in different countries and points in time. Put differently, we capture the difference in intercepts but not the difference in slopes. In reality, respondents are nested in countries and points in time, both with extremely diverse political and economic conditions, which may shape the individual-level accountability mechanism. Consequently, economic voting may be more intense in some elections and less pronounced in others. It is therefore legitimate to improve the model by using a multilevel design and allow the economic effect vary randomly across countries and survey years. To do so, I estimate a 3-level model where respondents are nested in country-years at level 2 (50 unique values), and country-years are nested in countries at level 3 (10 values) (for a similar approach in fitting multilevel models to comparative longitudinal survey data, see Fairbrother 2013). The slope of the economic coefficient is allowed to vary randomly across all three levels in order to account for the variation in economic effects. Multilevel modelling is in this analysis primarily used for the purpose of the robustness check; therefore, to maintain comparability with other models, raw uncentred variables are used.

The intraclass correlation of 0.08 on level 2 and 0.004 on level 3 in a null-model (not shown) indicates a weak average correlation of respondents within countries, but a larger correlation within country-years, supporting the idea of using the multilevel approach. Moving on, a full set of control variables are added to the model next. Multilevel analysis enables us to detect both fixed and random components of the coefficient. The random effects part, not reported here, implies that economic effects differ significantly across countries (σ^2=0.04) and especially across countries in different time points (σ^2=0.35). This aspect will be discussed in more detail in Chapters 5 and 6. For now, let us focus on what happens to the economic fixed effect in the improved model. We observe that the economic coefficients in Model 4 in Table 5 are very similar to those in previous models and almost identical to those in Model 2, a single-level logistic regression with the same subsample and an analogous set of explanatory variables. Taking into account the hierarchical structure of the data, economic effects remain firm and stable: improvement in economic assessments from category 'worse' to 'same' or 'better' yields a significant increase in the likelihood of an incumbent vote.

Although the analysis above lends strong support to individual-level economic accountability, critics might still question the relevance of using subjective economic measures to link the economic situation with vote choice (see van der Brug, van der Eijk, and Franklin 2007; van der Eijk and Franklin 2009). Unless we are able to detect a systematic link between subjective economic perceptions and the aggregate level of behavior, the results rest on shaky ground (Nadeau, Lewis-Beck, and Bélanger 2013). Moreover, Dassonneville and

Lewis-Beck (2014) talk in their recent work about micrological fallacy, which, contrarily to ecological fallacy, makes the mistake of inferring an aggregate economic–election connection from individual patterns of economic voting. The authors argue that the collective vote of the national electorate might not respond to national economic conditions, despite a seemingly supportive micro foundation. A common solution to these concerns is to substitute voter economic considerations in statistical models with objective macroeconomic measures, which I will do next. Indicators that have been found to correlate with incumbent support the most are GDP growth, the unemployment rate and the rate of inflation (see section 2.2.1). To observe economic effects at the aggregate level, I therefore estimate a logistic regression model using macro-economic predictors, which I obtained from the OECD and the Eurostat databases, in combination with individual-level survey data. In order to as closely as possible resemble their subjective counterparts, which look at change in economic evaluations over the past 12 months, all three macro-level indicators are measured as annual percentage change. For similar reasons, no lag structure was used for operationalizing the objective economic indicators, but instead the rate of change for the year of the EES Voter study fieldwork was used. For all three economic variables, logarithmic transformation was employed so as to allow the relationship between these variables and incumbent support to be non-linear. Thus we avoid the assumption that the same level of economic growth, change in unemployment and in inflation always result in similar changes in political support (see e.g. Edwards, Mitchell, and Welch 1995). Models are estimated for the three economic predictors separately in order to avoid multicollinearity. The results in Table 6 indicate that GDP growth rate has a firmly significant effect on vote intention at the highest significance level (0.01), demonstrating that voters are substantially more willing to support the government when the economy grows. In a similar manner, incumbent popularity is higher when change in unemployment compared to the year previous has been positive, i.e. the unemployment rate has decreased, with a significant effect at the 0.5 level. The inflation growth rate shows no statistically significant association with political preferences. Model fits appear similar to this in Model 2 in Table 5. These outcomes confirm the findings presented above and indicate that the economy has an important impact on incumbent vote, regardless of whether it is observed via subjective or objective measures. This allows us to conclude that ‘micro- and macro- processes mirror each other’ (Lewis-Beck, Stubager, and Nadeau 2013, p. 500) and tell a similar story of economic voting.

Table 6. Effects of macroeconomic indicators on incumbent support.

	(1) GDP	(2) Inflation	(3) Unemployment
GDP growth logged	0.40*** (0.13)	-	-
Inflation growth logged	-	0.09 (0.10)	-
Unemployment change logged	-	-	0.19** (0.07)
Left-right placement	0.72*** (0.04)	0.72*** (0.04)	0.71*** (0.04)
Class	0.09*** (0.03)	0.08*** (0.03)	0.09*** (0.03)
Religiosity	-0.08*** (0.03)	-0.08*** (0.03)	-0.09*** (0.03)
Age	0.15*** (0.02)	0.15*** (0.02)	0.15*** (0.02)
Gender	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)
Education	-0.00 (0.01)	-0.00 (0.01)	0.00 (0.01)
Cabinet time in office logged	-0.07 (0.05)	-0.08 (0.06)	-0.10* (0.05)
McFadden's R^2	0.17	0.17	0.17
N	31.350	31.350	31.350

Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; Eurostat and OECD; author's own calculations.
Notes: Entries are average marginal effects, standard errors in parentheses. The dependent variable is 1 if vote intention is for the incumbent PM party and 0 for any other party. Don't knows, refusals, respondents who said they would vote blank, would spoil their vote or would not vote, and missing answers are excluded. Left-right placement, class and religiosity are adjusted for the PM party's ideology. All control variables are recoded on a 0 to 1 scale. Country and year dummies are not shown. Standard errors clustered by survey (each country in each year).
***p<0.01 **p<0.05 *p<0.1

4.3.3. Addressing the endogeneity problem

One of the major limitations of economic voting studies is the problem of potential endogeneity (see section 2.2.3). Critics claim that contrary to the logic of economic voting, the causal relationship between economic assessments and political support may be actually reverse in direction. Citizens' economic per-

ceptions may be biased by their party attachment: incumbent government supporters may view the economy in a more favourable light and be selective in attributing responsibility, whereas opposition loyalists tend to evaluate the economic situation and government performance more negatively. In other words, people can ignore objective economic conditions and adjust their evaluations in line with their partisanship, or adjust who they think is responsible for economic conditions according to whether these conditions are good or bad, based on their partisanship (Tilley and Hobolt 2011). Consequently, the estimated impact of economic perceptions on vote choice may be spurious and economic effects in previous academic studies may be overstated (see Wlezien, Franklin, and Twiggs 1997; Evans and Andersen 2006; Anderson 2007).

The stability and robustness of economic effects demonstrated in the analysis thus far suggests that the economy is a valid predictor of incumbent support. However, in order to properly address the endogeneity concerns, additional tests are necessary. Unfortunately, it is difficult to tackle the endogeneity issue with regression analysis based on individual-level cross-sectional data because causal relationships cannot truly be estimated with data from a single timepoint. For X to cause Y, X must occur prior to Y in time, but surveys measure variables at the same moment (Lewis-Beck, Nadeau, and Elias 2008). To disentangle the complex temporal relations between economic perceptions and political support, a number of works utilise longitudinal panel data, which enable researchers to measure partisanship at an earlier point in time (see Anderson, Mendes, and Tverdova 2004; Evans and Andersen 2006; Lewis-Beck, Nadeau, and Elias 2008; Fraile and Lewis-Beck 2014), or, occasionally, experimental survey data, which allows us to make proper causal inferences (see Wilcox and Wlezien 1993; Tilley and Hobolt 2011). Another way to address the endogeneity problem is to exogenise the economic predictor using instrumental variables (see Lewis-Beck, Nadeau, and Elias 2008; Nadeau, Lewis-Beck, and Bélanger 2013; Fraile and Lewis-Beck 2014). The latter are constructed using variables from outside the explanatory equation, which are not caused by vote preference and are not correlated with error terms in the model, a frequent concern with panel data. However, since none of these approaches is without its own problems, the debate on endogeneity remains inconclusive. Studies provide support for both proponent and revisionist arguments of economic voting, meaning that the jury is still out on whether economic evaluations shape partisan support or vice versa.

They also suggest the need to examine the temporal interconnections between partisanship and economic perceptions, something that is simply not possible without extensive longitudinal data.

The use of cross-sectional survey data in the present study limits the ability to fully assess the causal direction between subjective economic perceptions and party support. That said, one way to see whether responsibility attribution is influenced by party attachment is to investigate whether economic effects also hold among voters who do not identify with the governing party (for a similar approach, see Bélanger and Nadeau 2012). Economic opinions of the latter are

not coloured by being incumbent partisan and should thus provide us with unbiased results. To do so, I replicate the previous analysis in three separate subsamples, indicating voter attachment to the incumbent PM party. If the results are robust, we should witness significant economic effects on vote intention in all three groups. Party loyalty can be measured in various ways, for instance with party identification (asking respondents which party they feel close to), or with previous vote choice (asking which party they voted for in preceding general elections). Regrettably, data on party identification are missing in the EES Voter study for 1994, leaving us with the second approach. I define PM-partisans as respondents who in the preceding national election voted for the party of the Prime Minister in office during the conducting of the survey fieldwork (26%), and non-PM-partisans as those who voted for any other party (44.6%). 29.4% of the respondents fall into the category for whom details of their past vote choice is missing.

Table 7 below displays the predictions of incumbent vote depending on subjective economic perceptions, holding all other variables at their means. We witness that results are indeed partly influenced by party loyalty. Average marginal effects for PM-partisans (Model 1) indicate that compared to people who believed that the economy had not changed over the preceding year, the probability of an incumbent vote is 8 percentage points lower for those who thought the condition of the economy had worsened and 4 percentage points higher for those who said that it had improved. For non-partisans (Model 2), the results are -1 percentage point and 1 percentage point respectively, indicating that economic effects are less pronounced among these respondents. Nonetheless, the overall vote distribution is similar in both groups, telling us that the economy has a firmly significant impact on vote choice in the non-partisan subsample as well. Evaluations that rate economic conditions more positively lead to higher probability of voting for incumbent PM party, even if the vote in previous elections was given to some other party. Moreover, the economic coefficient is statistically significant also among citizens whose response to the past vote question was missing: those who did not cast a vote, voted blank, refused to answer the question, etc. (Model 3). Even in this subsample, positive economic evaluations considerably increase and negative evaluations decrease the likelihood of an incumbent vote. These results suggest that although partisan attitudes seem to play a role in shaping economic perceptions, there is still solid evidence for the presence of retrospective economic voting in all voter groups.

Table 7. Effects of economic evaluations on incumbent support by party attachment.

	(1) PM-partisans	(2) Non-PM-partisans	(3) Party attachment not known
Economic evaluations: same	*ref. category*	*ref. category*	*ref. category*
Economic evaluations: worse	-0.08***	-0.01***	-0.04**
	(0.01)	(0.00)	(0.02)
Economic evaluations: better	0.04***	0.01**	0.10***
	(0.01)	(0.01)	(0.02)
Left-right placement	0.26***	0.10***	0.48***
	(0.04)	(0.02)	(0.05)
Class	0.02	0.01	0.05
	(0.02)	(0.01)	(0.04)
Religiosity	0.01	-0.00	-0.04
	(0.02)	(0.01)	(0.03)
Age	0.18***	0.00	0.06
	(0.02)	(0.01)	(0.04)
Gender	0.02***	-0.00	-0.02
	(0.01)	(0.00)	(0.01)
Education	-0.02	0.02***	-0.04**
	(0.01)	(0.01)	(0.02)
Cabinet time in office logged	-0.17***	0.02	-0.07
	(0.06)	(0.02)	(0.06)
McFadden's R^2	0.12	0.12	0.12
N	10,231	17,015	3,734

Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; author's own calculations.

Notes: Entries are average marginal effects, standard errors in parentheses. The dependent variable is 1 if vote intention is for the incumbent PM party and 0 for any other party. Don't knows, refusals, respondents who said they would vote blank, would spoil their vote or would not vote, and missing answers are excluded. Left-right placement, class and religiosity are adjusted for the PM party's ideology. All control variables are recoded on a 0 to 1 scale. Country and year dummies are not shown. Standard errors clustered by survey (each country in each year).

***p<0.01 **p<0.05 *p<0.1

4.3.4. Supplementary tests

Finally, I will perform a number of additional tests in order to address some common methodological concerns in the economic voting literature. More specifically, I will discuss different approaches in operationalising the dependent variable as these vary considerably across studies and often lead to discrepancies in conclusions about the performance of economic effects. The tests will provide a robustness check to the main findings presented in this empirical chapter.

The analysis thus far is carried out with the dependent variable defined as support for the incumbent PM party. However, critics may argue that the more obvious choice would be to observe economic effects on the support for *any* party in the coalition government. For many reasons, focusing on PM party support is well-justified for the purpose of this study (see section 3.4). Nonetheless, in order to address these concerns, I will replicate the analysis using *all* government parties to construct the outcome variable. I expect economic effects to be less pronounced in this model compared to the results for the PM party only, because the sanctioning of multiple parties by voters can be mitigated due to lower clarity of responsibility (see Lewis-Beck 1986; Powell and Whitten 1993; Fisher and Hobolt 2010). The new dependent variable is coded as 1 for vote intention for a government party at the time of the conducting of the fieldwork and as 0 for any other party. In the pooled dataset, 27.5% of all respondents indicated their support for a government party and 43.6% for some other party. The vote intention of 28.8% remains unclear. The correlation between two dependent variables, support for PM party and for government, is r=0.83.

I will run a logistic regression analysis, using the exact same set of independent variables as earlier. Results in Model 1 in Table 8 below indicate that the impact of economic evaluations is similarly strong on government popularity as it is on PM party popularity. Economic effects for all government parties are almost identical to those for the PM party only, shown in Model 2 in Table 5 above. Negative economic evaluations reduce the probability of voting for government by 9 percentage points and positive ones increase the probability by 10 percentage points compared to people who think that the economy has not changed over the preceding year. Recall that the corresponding figures for PM party are 8 and 9 percentage points (see Model 2 in Table 5 above). Thus, using an alternative measurement of party choice lends support to the findings presented earlier and confirms strong economic effects on voter political preferences.

Table 8. Economic voting models using alternative measurement of the dependent variable.

	(1) Support for all government parties in national elections	(2) PM party support at EP elections	(3) Non-voters included
Economic evaluations: same	*ref. category*	*ref. category*	*ref. category*
Economic evaluations: worse	-0.09***	-0.07***	-0.08***
	(0.01)	(0.01)	(0.01)
Economic evaluations: better	0.10***	0.05***	0.09***
	(0.01)	(0.02)	(0.01)
Left-right placement	0.75***	0.68***	0.66***
	(0.05)	(0.04)	(0.04)
Class	0.06**	0.11***	0.07***
	(0.03)	(0.02)	(0.03)
Religiosity	-0.06**	-0.06**	-0.06**
	(0.03)	(0.02)	(0.03)
Age	0.17***	0.15***	0.17***
	(0.02)	(0.02)	(0.02)
Gender	0.01*	0.01*	0.01**
	(0.01)	(0.01)	(0.01)
Education	-0.02	-0.01	-0.01
	(0.01)	(0.01)	(0.01)
Cabinet time in office logged	-0.06	-0.01	-0.08
	(0.06)	(0.09)	(0.05)
McFadden's R^2	0.20	0.18	0.18
N	30,980	21,321	32,918

Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; author's own calculations.
Notes: Entries are average marginal effects, standard errors in parentheses. Left-right placement, class and religiosity are adjusted for the PM party's ideology. All control variables are recoded on a 0 to 1 scale. Country and year dummies are not shown. Standard errors clustered by survey (each country in each year).
***p<0.01 **p<0.05 *p<0.1

Another potential limitation of the current measurement of the dependent variable is using vote intention instead of vote choice. This decision stems from the intent to explore voting behaviour at national and not European-level elections. Unfortunately, due to data limitations, this means having to choose the vote intention question instead of that for vote choice (for more information, see section 3.4 above). Such an approach can be problematic for two reasons.

Firstly, it is not in congruence with the traditional interest in electoral studies in making vote choice the key outcome variable. Secondly, the EES Voter study is carried out as a post-election survey and the fact that respondents have recently voted may affect the findings. It could be argued that the survey data used do not properly express economic voting because voters have engaged in punishing or rewarding shortly before the survey. One way to deal with these issues is to see whether economic evaluations are also associated with vote choice in European elections. For this reason, I next repeat the analysis with the dependent variable, where 1 stands for vote choice for the incumbent PM party in an EP election and 0 for any other party. The analysis is only carried out for four survey years out of five as data for 1989 were collected via a pre-election study and do not contain information on vote choice at EP elections. Due to blurred responsibility attribution in the complex European multilevel system (see Tilley, Garry, and Bold 2008; Bartkowska and Tiemann 2015), we are likely to witness weaker economic effects in this model than at the national level.

Altogether, 16.3% of respondents voted for the incumbent PM party in EP election held prior to the survey. 42.6% voted for some other party, and a large proportion, 41%, fall into the 'missing' category due to not having voted, refusing to answer the question, etc. The first thing that we see, then, is that changing the dependent variable from vote intention to vote choice considerably reduces the number of units in the analysis. The correlation between vote choice in European elections and vote intention in national elections is r=0.83. The regression results in Model 2 in Table 8 reveal very similar patterns of vote determinants to what we have seen in this analysis up until now. As expected, marginal effects of economic evaluations are somewhat smaller here than in Model 2 in Table 5, indicating weaker sanctioning and rewarding in European elections, but their impact on vote remains solid and significant. Negative perceptions clearly reduce and positive ones increase incumbent support in EP elections as well. Again, the findings comfortably withstand the test of alternative measurement of the outcome variable.

Most economic voting studies look at party preference as a dependent variable. Less attention, however, has been paid to another mechanism through which citizens are able to express their attitudes, namely whether they decide to turn out at the polling station in the first place. Various authors have criticized the economic voting literature for ignoring the relationship between economic conditions and voter turnout, and have demonstrated that miserable economic conditions can lead people to abstain from voting, for example when the incumbent party is performing poorly and no other available option is more agreeable to a voter (see Taylor 2000; Stevens 2007; Tillman 2007; Weschle 2014). Using the choice between incumbents and opposition as the dependent variable limits the ability of this study to observe the non-voter category. Therefore, to account for the possibility that citizens may utilise non-voting as a form of electoral punishment, I include abstention from elections in the economic voting model. The new dependent variable is coded as 1 for vote intention for the incumbent PM party (21.4%), whereas 0 combines both vote for other parties as well as

non-voting (55.5%). The latter group includes respondents who said they would vote blank, would spoil their vote or would not vote at all if general election were held the following day.[12] Don't knows, refusals to answer the question and missing answers are excluded from the analysis because substantively these responses do not express sanctioning of incumbents (23.1%).

The results presented in Model 3 in Table 8 above demonstrate once again that changes in the outcome variable do not affect the stability of findings. Differences in economic effects compared to those in previous models are almost non-existent, with positive economic perceptions endorsing incumbent support and negative ones increasing the likelihood of the voter casting their vote for another party or abstaining from voting entirely. The findings on economic effects remain solid even if we take into account different forms of economic voting.

4.4. Conclusions

I began the empirical part of the dissertation by exploring the general patterns of economic accountability in Western Europe. Decades of scholarly work on political behaviour have provided strong support to the expectation that voters punish incumbents for poor economic conditions and reward them when the economy is performing well. Despite the accumulated empirical evidence, however, there is an ongoing academic debate as to whether economic effects are overestimated and how universal the phenomenon of economic voting actually is. Not only is the research field characterised by large temporal and geographical variation in the magnitude of economic accountability, but the results also lack stability when different authors investigate similar datasets and use similar methods of analysis. The instability is often attributed to differences in statistical modelling: there is no common practice in model specification, or even consensus on which survey instruments to use and how to operationalise the key variables. Additionally, concerns over endogeneity of the causal process are frequently raised.

This chapter applied a number of conceptual, methodological and statistical tools in order to scrutinise the robustness of the economic vote. The set-up relies on previous similar large-scale comparative studies, but pays careful attention to methodological issues outlined in former works. Importantly, it extends and further diversifies the dataset with survey waves from during and after the worst of the global financial and economic crisis, which provides a vigorous test to the robustness of traditional findings. In the empirical analysis, I first estimate a basic model of economic voting for 10 Western European countries measured over the course of a 25-year period and demonstrate that political support is strongly linked to voter economic evaluations. I then intro-

[12] For 1989, only respondents who stated they would vote blank were added in category 0. Respondents who stated they would not vote at all or would spoil their vote could not be identified in the dataset for that year.

duce a number of demanding methodological challenges to these findings, but continue to find firm confirmation of performance-based voting. The economy matters to voters in developed Western democracies, in that more positive economic evaluations lead to higher probability of incumbent support. These results stand solid against the ambitious dataset, experimentation with different coding and operationalisation decisions, model specifications, conservative over-controlling, various robustness checks and statistical approaches.

Having demonstrated that there is strong empirical evidence for economic effects, it must be acknowledged that we still lack information on what conditions its occurrence. Because the purpose of this dissertation is to make inferences about *overall* trends in the relationship between the economy and political support, the analysis did not focus on potential heterogeneity in the effects, even though previous studies have shown that economic voting can be stronger in some countries, or population groups within countries. For instance, the economic vote has been found to be more pronounced in Southern Europe (Lewis-Beck and Nadeau 2012), among more vulnerable citizens (Singer 2011; 2013), and more politically knowledgeable voters (Godbout and Bélanger 2007). The country-specific scenarios of the economic crisis and of its consequences have accentuated the variability of voter behaviour patterns even more. Political results following the period of severe economic instability were far from uniform, raising questions over whether the mechanism of economic accountability may have changed over the course of recent turbulent number of years. This topic will be addressed in more detail in the next chapter, Chapter 5.

5. DID THE CRISIS MATTER?

In recent decades, a significant amount of scholarly attention has been paid to conditions of individual voting behaviour. Rapid changes in the socio-economic environment suggest that the context in which parties and voters operate is growing more and more sophisticated, calling for further scrutiny of democratic accountability to see how it has responded to developments in the global environment. The economic and financial crisis in particular has emphasized the need to revisit the responsibility attribution process. Political reactions to and the electoral consequences of the severe economic shock appear to vary significantly across affected countries. During 2008–2009, most European countries faced a considerable slowdown in economic growth and an increase in unemployment levels. Theoretically, this would lead us to expect strong economic effects on incumbent support. However, recent academic work suggests that diminishing clarity of responsibility makes it increasingly difficult for voters to attribute blame for economic outcomes, consequently making punitive voting less likely. Can we then state that the sanctioning-rewarding mechanism has changed over time? Was economic voting more or less pronounced during the crisis than it was prior to the economic downturn? I address this issue next by exploring the performance of economic voting in Western Europe in the wake of the economic recession.

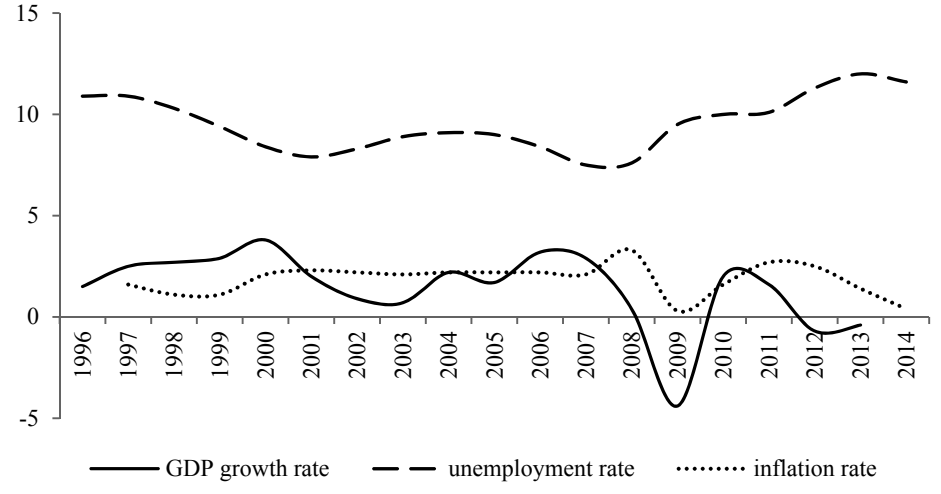
This chapter, which focuses on the stability of economic effects amid the crisis, has been structured into four sections. The first section reviews previous findings and proposes theoretical expectations. The second section introduces the data, measurement and methods used in the study. The third section presents the empirical results of the multivariate analysis, and the fourth and final section summarises the main conclusions.

5.1. Economic voting in (the) crisis?

In recent years, the economy has emerged as the most salient issue on the public agenda and can easily be expected to play a key role in voter considerations. Since the beginning of the crisis in 2007–2008, the vast majority of countries in the Western world have experienced its worst recession since World War II. By mid-2009, European countries faced significant slowdown in GDP growth and increasing levels of unemployment (see Figure 12). According to classic economic voting theories, such enormous economic instability should have resulted in major political consequences for the ruling parties. Moreover, previous evidence shows that economic voting can be asymmetric: it may be more prevalent during uncertain economic times and less pronounced when the economy is performing well. Namely, negative information has found to play a greater role in voting behavior, resulting in the tendency for voters to penalize incumbents for negative economic trends rather than reward them for positive ones (see Mueller 1973; Kernell 1977; Kiewiet 1983; Anderson 1995). Studies in psychology have shown that because

people are risk averse, they may be more responsive to negative messages. This 'negativity effect' means that greater weight is given to negative information (Lau 1985). Studies in political communication indicate that similar trends are evident in mass media content, which enhances the asymmetry in public responsiveness (Soroka 2006). Furthermore, in times of economic hardship the saliency of the economy increases, resulting in voters perceiving stronger impact of the economy on their personal situation and consequently giving greater weight to economic issues (Singer 2011b). Given the magnitude of the negative macroeconomic changes that occurred around the year 2009, we would therefore expect that economic voting in crisis-time Europe was *stronger* than in ordinary times. We should witness that individual vote decision has been first and foremost motivated by national economic performance.

Figure 12. Macroeconomic changes in the Euro area from 1996 to 2014.



Source: Eurostat. Change in GDP per capita over preceding year (%), unemployment as an annual average (%), and rate of inflation as an annual average rate of change (%).

On the other hand, there are also reasons to hypothesise that economic effects on political support have weakened with the crisis. Voters are more eager to punish incumbents when the clarity of responsibility for economic conditions is high (Powell and Whitten 1993), but recent developments are sending signals to citizens that government economic performance is externally constrained. Globalisation, growing economic integration, openness and interdependence have left voters confused regarding the assigning of responsibility for national economic outcomes, and have consequently weakened the link between the economy and the vote (Katzenstein 1985; Hellwig 2001; Fernández-Albertos 2006; Hellwig and Samuels 2007; Kayser 2007; Duch and Stevenson 2010). Economic voting is also depressed in systems of multilevel governance where the

EU is held responsible for national economic conditions (Costa Lobo and Lewis-Beck 2012). Economic globalization could be expected to have become especially salient to voters during the recession, which carries a strong global character. Citizens may blame other actors such as banks or international financial institutions for the bleak economic conditions, and assign less responsibility to local political leaders. In the EU and the Eurozone, national response to the economic earthquake was strongly coordinated, constraining the ability of governments to steer macroeconomic conditions. To the extent that voters are aware of such limitations, we could expect their propensity to hold incumbent authorities responsible for economic outcomes to diminish during the worldwide recession. Uncertain responsibility attribution amidst the transnational and complex crisis would therefore suggest that economic voting has become *less* pronounced.

Studies on the impact of the crisis on economic voting have hitherto arrived at mixed conclusions. Analysing the German parliamentary election of 2009, Anderson and Hecht (2012) found no evidence of retrospective economic voting, whereas Rattinger and Steinbrecher (2011) argued that the economy was an important factor for German voters in making party choices that year. Tillman (2011) demonstrated that in the 2010 British general election blame attribution was exercised only by more knowledgeable voters. More explicit retrospective voting has been detected in countries that were hit harder by the crisis: Cyprus, Ireland, Iceland, Greece, Italy, Spain and Portugal (Kanol and Pirishis 2016; Marsh and Mikhaylov 2012; Indridason 2014; Nezi 2012; Bellucci 2012; Fraile and Lewis-Beck 2012; Freire and Santana-Pereira 2012). Torcal's (2014) results confirmed that incumbents were also punished in Spain in 2011, but punishment was mediated by deep ideological divisions among the electorate. Bellucci (2014) found some evidence of retrospective economic voting in the 2013 Italian election, but concluded that the effect was conditioned by the extent to which the EU was blamed for the crisis. Several single-country studies demonstrate that while there is clear evidence of the punishing mechanism, the first post-crisis elections were relatively 'normal': the economic shock did not result in a substantially change in the political landscape (Marsh and Mikhaylov 2014; Indridason 2014; Magalhães 2014b).

This chapter aims to advance our understanding of the impact of the global crisis on voting behaviour. Single-country and regional studies provide valuable insights into the influence of the crisis on economic voting in local contexts, but the lack of extensive comparative studies in the literature limits our ability to make generalisations. In an effort to reveal larger patterns of crisis-time voting, this study employs a comparative analytical framework. The use of survey data from 50 cross-sections enables us to cover a large variety of economic and political conditions and to provide a robust systematic test of the stability of economic effects both over time and across countries. Especially in the rapidly changing socioeconomic environment, research findings can easily be affected by country-specific idiosyncrasies and only tell us half the story. In order to identify the universal structure of economic voting before, during and after the crisis, a comparative approach is needed.

5.2. Data, methods and model specification

The analysis presented in this chapter relies on individual-level survey data from the EES Voter study (for more information on the study, see section 3.3). Similarly to the previous chapter, I include in the analysis a total of 50 surveys: 10 Western European countries from 1989, 1994, 2004, 2009 and 2014, with a final data pool of N=55,731 respondents (for more information on case selection, see sections 3.3 and 4.2). The dependent variable is *incumbent support*, coded as 1 for the PM party (21.4% of respondents) and 0 for any other party (49.8%). Non-voters and missing answers were dropped from the analysis (28.8%; for operationalisation, see section 3.4). The primary explanatory variable is *perceptions of the national economic situation* compared to 12 months previous, measured on a 3-point scale where 1=worse (43.2%), 2=stayed the same (29%) and 3=better (25.7%). The standard set of control variables is added in the models (for more information, see sections 3.5 and 4.2). Descriptive statistics of all variables used in the analysis presented in this chapter, together with question wording, appear in Appendix 2.

The dependent variable is dichotomous, which implies that the relationship between variables is nonlinear. Therefore, to estimate the effect of economic evaluations on the incumbent vote, I employ logistic regression analysis (for more information on methods, see sections 3.6 and 4.2). The results are presented as average marginal effects, which express the population average effect of independent variables on the probability of an incumbent vote. However, the focus in the analysis is not only on how economic assessments influence incumbent support, but rather on how this effect varies over time. For this reason, *dummies for each five survey years* are added in the model and are then interacted with economic perceptions. This allows us to observe whether retrospective voting varies over time. Interaction effects are a concept in statistics that refers to a situation where the impact of one variable on the outcome depends on the value of another, a moderator variable (Jaccard and Turrisi 2003). Here, I test the possibility that economic effects on vote intention depend on a point in time: based on theoretical expectations, sanctioning and rewarding could be either stronger or weaker in 2009 than in the other four survey years. To do so, I add a multiplicative term, an interaction term between two independent variables, to the regression model. The simple additive logistic regression equation used in previous models is therefore revised as follows:

$$ln\left(\frac{\hat{p}}{1-\hat{p}}\right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1 * X_2 + \beta_4 C_1 + \ldots + \beta_k C_k \qquad (3)$$

where $\hat{p}$ is the probability of voting for the incumbent, β_0 is the intercept, $\beta_1 - \beta_k$ are regression coefficients, X_1 is economic perceptions, X_2 is survey years, $X_1 * X_2$ is the interaction term between economic perceptions and survey year, and $C_1 - C_k$ are control variables.

Because year alone may not be enough to capture the drastic economic changes that took place in 2008–2009, I conduct an additional test by running a separate model using an alternative measure of the crisis. More specifically, survey year is replaced with a numerical value that represents changes in actual macroeconomic conditions: *annual GDP change rate* for each country at each of the five time points. Interacting these 50 figures with economic assessments enables us to examine how retrospective voting varies at different levels of the crisis, thus providing a robustness check to previous findings. Macroeconomic data are obtained from the OECD online database.

5.3. Empirical Results

5.3.1. Descriptive overview

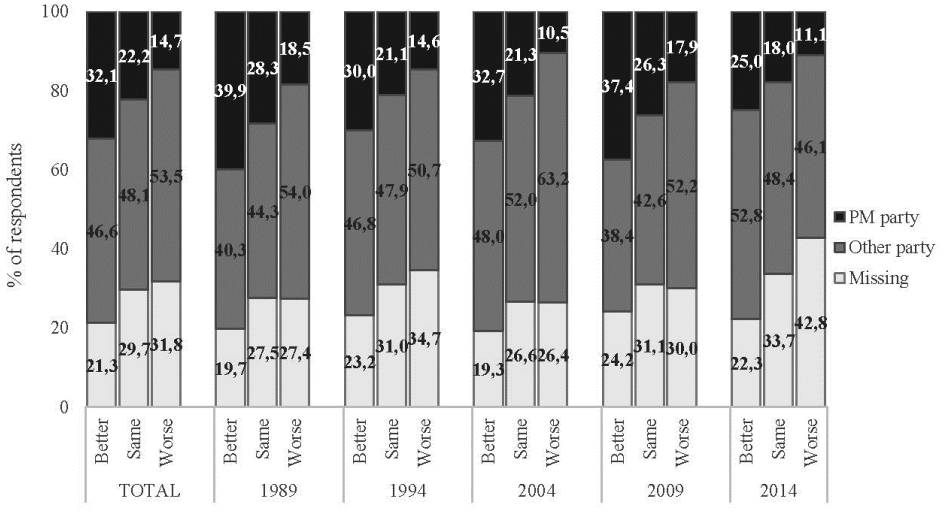
By 2009, the worst of the worldwide crisis, macroeconomic conditions had worsened significantly. Many European countries were experiencing severe economic decline, rising unemployment and worrying levels of public debt and deficit. Now let us explore how voter assessments of the state of the economy have evolved over time. Overall, 29% of respondents in the total sample (50 surveys combined) said that the general economic situation in their country had improved compared to 12 previous ago and 43.2% stated that they felt it had deteriorated. These assessments, however, vary greatly over time. In 1989, only 32% of respondents stated that the economy had worsened compared to the year previous. By 2009, the proportion of people sharing this opinion had more than doubled (up to 76.8%), before stabilising again by 2014 (34.7%) (see Figure 8 in Chapter 4). Both survey data and factual macroeconomic trends, then, indicate a severe economic downturn in 2009.

Surprisingly, despite the sharp economic decline, there is no major difference in levels of incumbent support before versus after the crisis. In the data pool of 50 surveys, an average of 21.4% of respondents supported the party of the incumbent Prime Minister, and the numbers for 2009 did not differ much, with 20.7% of respondents willing to vote for the incumbent (see Figure 8 in Chapter 4). Interestingly, the proportion of people with no clear vote intention did not increase during the worst year of the crisis either. Compared to the average of 28.8%, in 2009 the percentage of respondents whose vote preference remained unknown was 29.7% (incl. don't know, refusals, would vote blank, would spoil the vote, would not vote or no answer provided; not shown on the figure). Unfortunately, differences in coding do not allow us to engage in a more detailed temporal comparison of non-voter and no-answer categories. Data from the post-crisis period in 2014, indicate a slight decline in incumbent support (at 17.7%) and a modest increase in the proportion of respondents whose vote preference is unknown (at 33.5%).

In line with the key expectation of economic voting, incumbent support is on average highest among respondents who consider national economic conditions to be healthy (32.1%) and notably lower among those who believe it has deteri-

orated (14.7%; see Figure 13). But does this tendency differ over the years? Figure 13 below implies that there is relative stability. Like in other survey years, support for the governing PM party is highest in 2009 among citizens with positive economic assessments, and reduces as the economic evaluations become more negative. Analogous tendencies appear in the post-crisis survey in 2014, although overall incumbent support is somewhat lower that year compared to other points in time. All in all, the proportion of respondents voting for the incumbent among different economic evaluation groups does not fluctuate drastically over the years. The first glance at the data, then, suggests comparatively stable incumbency support patterns despite the severe economic shock.

Figure 13. Vote intention by economic evaluations per year.



Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; author's own calculations.

5.3.2. Impact of the crisis

To statistically analyse variation in economic effects over time, I employ logistic regression analysis. For the sake of clarity, I first present the basic model of economic voting (see Model 1 in Table 9). The coefficients differ slightly from the ones shown in the baseline model in the previous chapter (see section 4.3.2.) because here year dummies are not yet added, but the overall results are very similar. Compared to Europeans who think that the economy in their country had not changed over the preceding year, negative economic assessments lower the likelihood of an incumbent vote by 8 percentage points and positive assessments increase this likelihood by 9 percentage points. Additionally, respondents' ideological leaning, social class, religiosity, age, gender and education significantly influence governing party support levels.

Table 9. Year effects on incumbent support.

	(1) Basic model	(2) Year dummies
Economic evaluations: same	*ref. category*	*ref. category*
Economic evaluations: worse	-0.08*** (0.02)	-0.08*** (0.01)
Economic evaluations: better	0.09*** (0.01)	0.08*** (0.01)
Left-right placement	0.69*** (0.04)	0.68*** (0.04)
Class	0.08*** (0.03)	0.08*** (0.03)
Religiosity	-0.09*** (0.03)	-0.07*** (0.03)
Age	0.13*** (0.02)	0.16*** (0.02)
Gender	0.02** (0.01)	0.02*** (0.01)
Education	-0.03** (0.01)	-0.01 (0.01)
Cabinet time in office logged	-0.08 (0.05)	-0.08 (0.05)
1989	-	0.06* (0.03)
1994	-	0.02 (0.03)
2004	-	-0.03 (0.03)
2014	-	-0.06* (0.03)
McFadden's R^2	0.18	0.19
N	30,980	30,980

Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; author's own calculations.

Notes: Entries are average marginal effects, standard errors in parentheses. The dependent variable is 1 if vote intention is for the incumbent PM party and 0 for any other party. Don't knows, refusals, respondents who said they would vote blank, would spoil their vote or would not vote, and missing answers are excluded. Left-right placement, class and religiosity are adjusted for the PM party's ideology. All control variables are recoded on a 0 to 1 scale. Country dummies are not shown. Standard errors clustered by survey (each country in each year).

***p<0.01 **p<0.05 *p<0.1

A similar basic model can now be estimated for each survey year. The results in Table 10 below show that the coefficients in separate models are similar overall, suggesting that there is no remarkable variation in economic effects over time. Negative performance evaluations seem to reduce and positive ones raise incumbent approval in a similar manner across years. Comparing separate models across years has an essential limitation, however: it does not enable us to properly estimate the effect of time because in each of those models time is constant (see van der Eijk et al. 2006; Lewis-Beck and Nadeau 2012). For this reason, I use a pooled dataset and include dummy variables for each survey year in order to account for unobserved heterogeneity over time. The main time point of interest, 2009, is defined as the reference category. In such a model, the economic main effect can be interpreted as the average effect of the economy on incumbent support across all years and can be measured against that in the baseline model. The comparison indicates that there is practically no difference in the coefficient for economic perceptions: even when the temporal variation is taken into account, retrospective assessments continue to have a strong impact on political support (see Model 2 in Table 9). The only year dummies showing a weak significant effect are 1989, when the support for PM party appears somewhat higher than during the crisis peak in 2009, and 2014, when it is a little lower.

Table 10. Effects of economic evaluations on incumbent support by year.

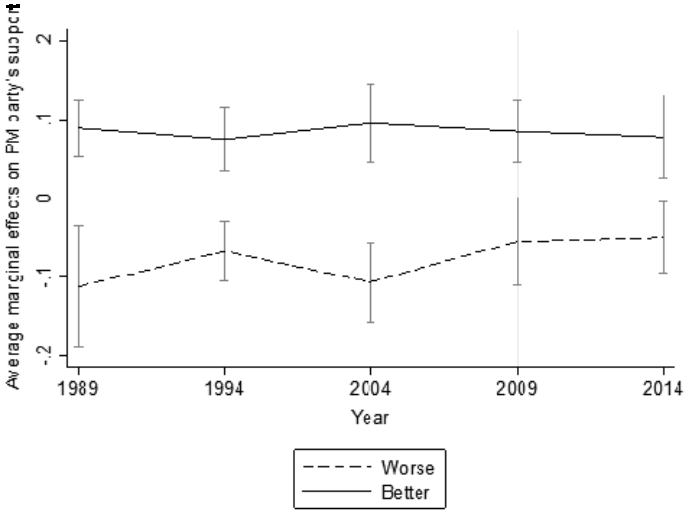
	1989	1994	2004	2009	2014
Economic evaluations: same	*ref. category*	*ref. category*	*ref. category*	*ref. category*	*ref. category*
Economic evaluations: worse	-0.10** (0.04)	-0.06*** (0.02)	-0.09*** (0.02)	-0.06** (0.03)	-0.07*** (0.01)
Economic evaluations: better	0.06*** (0.02)	0.07*** (0.02)	0.08** (0.03)	0.08*** (0.02)	0.10*** (0.03)
McFadden's R^2	0.17	0.19	0.22	0.19	0.25
N	5,272	4,793	7,519	6,528	6,868

Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; author's own calculations.
Notes: Entries are average marginal effects, standard errors in parentheses. The dependent variable is 1 if vote intention is for the incumbent PM party and 0 for any other party. Don't knows, refusals, respondents who said they would vote blank, would spoil their vote or would not vote, and missing answers are excluded. Left-right placement, class and religiosity are adjusted for the PM party's ideology. All control variables are recoded on a 0 to 1 scale. Control variables and country dummies are not shown. Standard errors clustered by country.
***p<0.01 **p<0.05 *p<0.1

Moving on to the variation in retrospective voting over time, economic evaluations are next interacted with year. The results as average marginal effects are presented

in Figure 14, which for space considerations only focuses on the economic predictor of vote intention. Additionally, regression coefficients in the form of logged odds are shown in Appendix 3. The graph first tells us that in each year, people are significantly less inclined to vote for incumbents if their economic perceptions are poor, and more willing to do so if their evaluations are good. In other words, the sanctioning and rewarding mechanism performs as expected in all five years. Turning to the temporal dynamics in economic effects, we observe that change in economic perceptions from 'same' to 'worse' decreases the probability of an incumbent vote by 11 percentage points in 1989, by 7 percentage points in 1994, by 11 percentage points in 2004, and by 5 percentage points in 2009 and in 2014. The differences between the years remain within 6 percentage points. The outcome is even more stable for the category 'better', where economic evaluations changing from 'same' to 'better' increases the probability of incumbent vote by 8–9 percentage points in all five years. We see, then, that economic effects are somewhat weaker in 2009 and in 2014 compared to the pre-crisis years, with especially the effect of negative perceptions being slightly lower than before. This could mean that incumbents are held accountable for economic conditions to a lesser extent after the period of recession. However, respective interaction terms in Appendix 3 do not appear statistically significant, indicating that the null hypothesis, which states that the difference in effects is zero, cannot be rejected. Hence, data do not support the claim that economic voting varies over time, suggesting that neither punishing nor rewarding of incumbents was substantially different during periods of economic decline compared to ordinary times.

Figure 14. Effects of economic evaluations on incumbent support by year.



Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 countries; author's own calculations.
Notes: Average marginal effects with 95% confidence intervals; ref. category 'same'.

In a yearly comparison, it is in fact 2004 that stands out (see Figure 14). Economic effects on political support appear somewhat more pronounced in 2004 than in other years, and attitudes towards the incumbent PM party are more pessimistic. Since the focus in this work is on the crisis period, explaining the divergent results for 2004 is a task for another analysis. With macroeconomic conditions being relatively stable that year (recall Figure 12 above), we can only speculate that the strong anti-government inclination may have been due to rising Euroscepticism in Western Europe following the EU enlargement.[13] One way to minimise the weight of the atypical 2004 is to recode year into a crisis variable, defined as 1 for 2009 and 0 for all other years. However, neither this nor excluding 2004 from the analysis altogether provide support for the expectation that economic effects vary significantly over time.[14]

5.3.3. The restricted variance problem

Despite the data not demonstrating any temporal variation in economic effects, the results do not allow us to argue that the recent economic turbulence did not alter economic voting in any way. From statistical point of view, a failure alone to find evidence of influence of the crisis is not a confirmation that there is none (Rainey 2014). Instead, the analysis enables us to say that there is no evidence in favour of the *opposite*. One reason why we are not able to detect significant crisis-time changes in economic effects could be the restricted variance problem. It can be difficult to methodologically obtain evidence of the link between the economy and the vote when variance in economic opinions in crisis years is limited. When all scores on the independent variable are similar, this variable cannot explain variation in the outcome (Fraile and Lewis-Beck 2014; Lewis-Beck and Costa Lobo 2016). Indeed, only 8.8% of respondents evaluated the economy positively in 2009 compared to an average of 25.7% in the pooled EES Voter study dataset (see Figure 8 in Chapter 4). In other words, there is little variance in economic assessments between individuals during the crisis as most people agree that things are going downhill. This does not mean that incumbents are not punished at elections for poor economic performance, but it does reveal difficulties in assessing the magnitude of economic voting using cross-sectional survey data (Fraile and Lewis-Beck 2014).

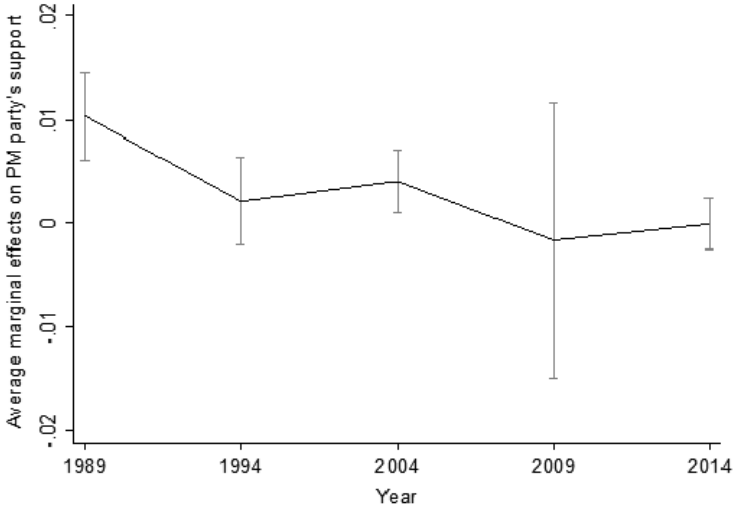
One way to address the restricted variance problem is to use, for the pooled data, an aggregate measure of the economy that is independent of voter perceptions. Although there is little variance in economic opinions between individu-

[13] The EU enlargement in May 2004 was the fifth and the largest ever expansion of the EU, with the accession of 10 new member states: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. The public reaction to the Eastern enlargement in the old member states was strongly divided and loaded with fears. On the eve of enlargement, 42% of the EU15 citizens were for and 39% against the expansion (Eurobarometer, Spring 2004).

[14] Results available from the author upon request.

als in the crisis year of 2009, there is considerable variance between all surveys (Lewis-Beck and Costa Lobo 2016). For this reason, I next replace individual-level economic evaluations in the model with an aggregated economic variable, as suggested by Fraile and Lewis-Beck (2012; 2014). This variable reflects the percentage of respondents in each survey who said that the national economic situation was good or very good. As before, the model is estimated for the data pool of 50 surveys; all control variables remain the same. The results in Model 1 in Appendix 4 demonstrate that although regression estimates are now much smaller than in previous models due to scale differences (the values of the new economic variable range from 0 to 100), there is a firmly significant positive aggregate-level impact of the economy on incumbent support. The confidence intervals for 2009 are rather large, indicating that variation in positive economic perceptions is still relatively low between countries in the crisis year (see Figure 15). Nevertheless, we see that exogenising the economy does not provide confirmation that there is a significant difference in economic effects between 2009 and other survey years. The above test does not provide sufficient empirical evidence to support the claim that the crisis has brought about a change in economic voting.

Figure 15. Effects of the exogenised economy on incumbent support by year.



Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 countries; author's own calculations.
Notes: Average marginal effects with 95% confidence intervals.

5.3.4. Introducing the real economy

To ascertain the robustness of the results, let us experiment with another measure of the crisis. It is necessary to consider that survey year may not fully capture the contextual changes that took place during the timeframe in question. Temporal differences in economic effects only become apparent when one takes into account the severity of the economic downturn in 2008–2009. This can be done by assigning each survey year a numerical value based on actual macroeconomic conditions. The most widely used measure of the state of the economy is change in GDP growth rate. A steep decline in GDP was clearly apparent by 2009. According to the OECD data, average annual GDP growth rate in the 10 countries in question was 4.4% in 1989, 3.1% in 1994 and 2.7% in 2004. It then dropped to a remarkable -4.4% in 2009 and stabilised again to 1.4% in 2014. Recalling Figure 12 above, change in two other macroeconomic indicators commonly used in economic voting studies – rates of inflation and unemployment – did not occur nearly as sharply or as fast.

Based on the latter, the survey year variable could be replaced with an annual average GDP growth rate that marks the actual magnitude of the economic decline. However, this approach, too, has its limitations: using annual average figures does not enable us to take into account possible country-level differences. By including country dummies in the models we control for unobserved heterogeneity across countries due to omitted variables, for instance the specifics of a political system, but do not consider national variation in the punishing mechanism itself. Recent macroeconomic changes in Western democracies vary quite remarkably. Even though all 10 countries under discussion faced a notable deterioration in economic conditions by 2009, some were hit harder by the crisis (see Table 11). Consequently, one would also expect the public reaction to the economic hardship to vary. Indeed, previous studies indicate disparities in the economic vote between countries and regions. Stronger evidence of electoral punishment has been found in Ireland, Iceland and Southern Europe, which suffered a great deal from the crisis (see Marsh and Mikhaylov 2012; Indridason 2014; Nezi 2012; Bellucci 2012; Fraile and Lewis-Beck 2012; Freire and Santana-Pereira 2012).

Table 11. GDP growth per country per year (annual %).

	1989	1994	2004	2009	2014
Denmark	-0.1	5.5	2.6	-5.1	1.0
France	4.7	2.3	2.8	-2.9	0.4
Germany	3.7	2.5	1.2	-5.6	1.6
Greece	4.3	2.0	5.0	-4.4	0.8
Ireland	5.2	5.8	4.6	-6.4	4.8
Italy	4.2	2.2	1.6	-5.5	-0.4
Netherlands	3.4	3.0	1.9	-3.3	0.8
Portugal	7.5	1.0	1.8	-3.0	0.9
Spain	5.1	2.4	3.2	-3.6	1.4
United Kingdom	5.9	4.0	2.5	-4.3	2.6
Average	4.4	3.1	2.7	-4.4	1.0

Source: OECD.

The EES Voter study data also demonstrate variation in economic effects across nations. The results of the multilevel model presented in Table 5 in Chapter 4 indicated that economic effects differ significantly across countries (σ^2=0.04) and especially across countries in different time points (σ^2=0.35). Previous research shows that stronger tendency to punish incumbents for poor performance characterises especially the southern part of Europe. Lewis-Beck and Nadeau (2012) demonstrate that the electorate in Southern Europe holds their governments accountable for managing the economy to a larger degree than their northern counterparts. The authors attribute this to poor overall economic performance and to low complexity of government coalitions in the Southern countries, arguing that these factors make accountability attribution easier for voters. Within Southern Europe, Greece is in many ways a special case. It was more adversely affected by the crisis than perhaps any other country in Europe. Following the turmoil of the Great Recession, Greece was the first EU member state to enter the European debt crisis in late 2009. Structural economic weaknesses, the inability to refinance the largest-ever government debt and sharp loss of international confidence led the country to the verge of exit from the Eurozone. In political terms, Greece witnessed a dramatic decline in the popularity of the governing PASOK amid continuously rising unemployment, unpopular austerity measures and painful negotiations with international institutions over financial bailout deals. Interestingly, the decline of PASOK was not translated into gains for the major opposition party New Democracy – instead, it contributed to the rise of smaller parties like SYRIZA on the left and Golden Dawn on the extreme right.

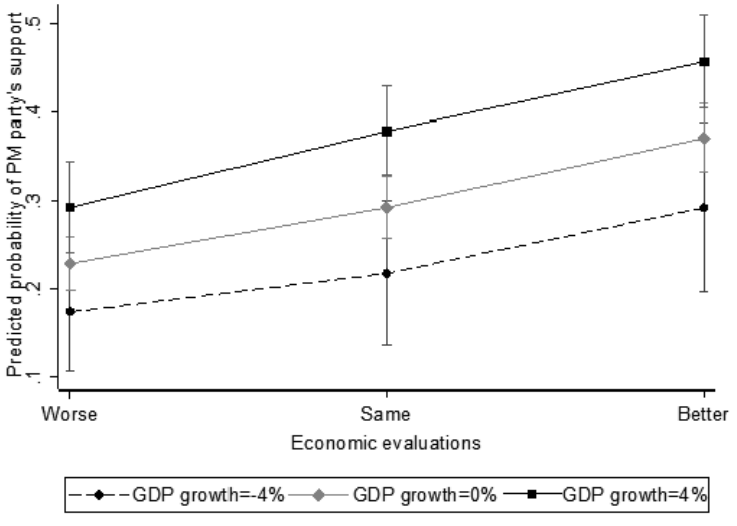
Running a baseline incumbent support model with the EES Voter study data for Greece separately (not shown here) provides evidence of strong economic voting, with average marginal effects of -0.16 for the economic evaluations' category "worse" and 0.14 for the category "better". These figures are notably larger than average marginal effects for the entire data pool combined (-0.8 and 0.9 respectively: see Model 1 in Table 9). Although systematic analysis on economic voting in Greece is only emerging, studies do confirm a strong relationship between economics and electoral outcomes. Freire and Costa Lobo (2005) look at individual-level data from 1985 to 1999 and identify ideological leaning as the most important predictor of voting behaviour in Greece, but also detect strong economic effects, especially relative to social class. Nezi (2012) compared the national election in 2004 to the European Parliament election in 2009, in which economic issues, especially high inflation and high levels of unemployment, were the focal topic. Despite strong partisan and ideological voting, Nezi found solid economic effects in both elections, whereas sociodemographics had virtually no influence on incumbent support. The 2012 national election was characterised by extreme economic pessimism and resulted in a dramatic defeat for the incumbent PASOK. Teperoglou and Tsatsanis (2014) discussed these elections and the political consequences of the economic crisis. They argued that both the election in 2009 and that 2012 appear to have been classic cases of economic voting, but the crisis had even deeper system-level effects than just short-term electoral loss for the government. Sudden decline in party identification and severe political distrust, especially among younger generations, have given rise to strong anti-establishment attitudes and have led to hostility towards the political leaders, subsequently leading to a collapse of a stable two-party system. Empirical evidence, then, lends weight to the presence of strong economic voting in Greece, but in the absence of comparative studies we are not able to assess whether economic effects in Greece are more pronounced in contrast with other European countries, as suggested by the EES Voter study data.

Returning to the focus of the dissertation, this analysis is first and foremost interested in universal patterns in economic voting, not specific national discrepancies. Nevertheless, the contextual variation should be taken into account when modelling incumbent support. We need to keep in mind that voters from each country vote, above all, based on their own national economic situation and not the overall economic well-being in Europe. Therefore, survey year is next replaced with a new variable, defined as annual GDP growth rate, giving a separate value to every country-year. This enables us to capture the variation in economic fluctuations not only over time but also across countries. These 50 figures are interacted with subjective economic evaluations in order to estimate whether retrospective voting varies depending on the macroeconomic context. Using aggregated economic indicators provides a 'reality check' to the previous findings, which indicate relative temporal stability in the economic vote. It also helps to address the restricted variance problem in economic opinions as GDP growth is an exogenous variable which is independent from the calculations of the individual voter. Furthermore, the macro-model enables us to address the

issue of the year 2004 potentially being an outlier because on the macroeconomic level it does not appear substantially different from other pre-crisis years.

The results visualised in Figure 16 illustrate the magnitude of economic effects for three macroeconomic scenarios: severe negative change in GDP growth (-4%), no change in GDP growth (0%) and solid positive change in GDP growth (4%). Negative economic growth, marked with a dotted line, represents a country in economic crisis. If economic effects vary depending on national macroeconomic performance, we should witness significant differences between the steepness of the three lines. For example, if the punishing mechanism is less pronounced when the economy is performing poorly, the prediction line for economic recession should be flatter than the other lines. This would imply that during the economic downturn the difference in incumbent support between people with negative and positive economic evaluations is less than in non-crisis times, i.e. retrospective voting is less intense. However, the interaction does not appear to be statistically significant in the model (see Appendix 5). The lines in Figure 16 below are similar to each other and confidence intervals overlap, confirming that the differences in effects are not significant. Improvement in economic evaluations increases the probability of an incumbent vote to a similar extent regardless of real national macroeconomic conditions. In other words, voter economic perceptions by and large influence incumbent support levels by a similar magnitude both in weak and healthy economic times. Thus, using alternative ways to measure the recession does not lend support for the expectation that economic voting changed during the recent crisis.

Figure 16. Predicted mean incumbent support by economic evaluations for GDP growth levels.



Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; OECD; author's own calculations.
Notes: Adjusted predictions with 95% confidence intervals.

5.4. Conclusions

This chapter sought to clarify how the latest financial and economic crisis has shaped economic voting. In line with the severe economic troubles being experienced by European countries by mid-2009, the EES Voter study indicates great dissatisfaction with the state of the economy in 10 Western democracies with as much as 76.8% of respondents expressing pessimistic views towards national economic performance. At the same time, no evident drop occurred in incumbent support during the years of the crisis: similarly to previous survey years, roughly every 5th respondent was still willing to vote for the PM party in 2009. These patterns contradict the basic logic of economic voting, according to which incumbent popularity is positively correlated with perceptions of economic performance.

Recent academic work therefore proposes that as a consequence of the worldwide crisis, the mechanisms of economic accountability may have changed. The hypothesis according to which economic voting is asymmetric and can be more pronounced during difficult times suggests that crises should lead to substantial electoral punishment of incumbents. On the other hand, arguments emphasising the ambiguity of responsibility propose that globalisation and economic integration have resulted in governments having less control over national economic outcomes. With reduced ability of voters to assign economic responsibility, economic effects may weaken. This study, which analyzes large-scale data from diverse political and economic contexts, finds support for neither proposition. In Western Europe, retrospective voting did not change significantly between 1989 and 2014. Rather, the mechanism of economic voting appears to be relatively immune to external shocks. This is not to argue that the economic crisis had no impact on voter considerations. The dramatic deterioration of voters' economic opinions by 2009 clearly implies that citizens were aware of and unhappy with the state of the economy. However, our data do not allow concluding that the sanctioning mechanism changed accordingly. Instead, the magnitude of economic effects seems to have remained remarkably stable over time. The findings hold strong across various robustness tests using alternative methodological approaches, variable operationalisation, and coding decisions.

While data provide no empirical evidence of economic voting being less or more intense during the crisis, part of the puzzle remains. If the statistical relationship between the economy and voting stayed the same, the Great Recession should have led to a significant decline in incumbent support. Neither survey data nor post-crisis election results in Europe, however, demonstrate that this was necessarily the case. This raises critical questions about the performance of the accountability mechanism. If economic voting has not changed, why did high levels of economic discontent not lead to heavy electoral sanctioning? One reason for the failure to identify these patterns could be endogeneity. Critics claim that contrarily to classic economic voting theory, the causal relationship between economic assessments and political support may actually be reverse in

direction: citizens' economic perceptions could be biased by their party affiliation (Wlezien, Franklin, and Twiggs 1997; Evans and Andersen 2006; Anderson 2007). Furthermore, recent findings suggest that the impact of partisanship varies over time, with economic perceptions being less biased during the recession (Parker-Stephen 2013; Bisgaard 2015). This cyclical asymmetry could mean that the relationship between economic opinions and incumbent support in the context of crisis is actually more pronounced than the current analysis reveals. Regrettably, cross-sectional survey data do not enable us to properly address the concerns of endogeneity, therefore highlighting the need for longitudinal or experimental data in order for us to make proper causal inferences. Finally, given that two contrasting hypotheses were tested in the analysis, it cannot be excluded that both mechanisms – negative asymmetry and increased awareness of globalization – are at work, but mutually counterbalance each other. For this to happen, both phenomena would have to move simultaneously in an opposite direction, but unfortunately variables used in this study do not allow to directly assess how voter attribution of economic responsibility changes.

From a substantive point of view, additional factors may have played a crucial role in defining political preferences in hard times. Upon closer inspection, the global crisis was about more than merely plummeting macroeconomic figures. Governments in Europe were placed in the challenging position of having to choose an adequate policy response, while confronted with alarmingly high unemployment levels, the need to use public finances to bail out private banks, as well as international stabilisation requirements. Different policy approaches led to generous stimulus packages in some countries and belt-tightening austerity measures in others, often causing political distrust and wide-scale public unrest. Recent literature has suggested that it is precisely these varied developments that may have played an important moderating effect in electoral sanctioning (see Magalhães 2014a). Large variation in government national policy response across states may indicate that punishment of incumbents was not executed identically everywhere either. Recent years have seen macroeconomic indicators speak of recovery, but the aftermath of the recession is ongoing as governments continue to struggle to balance public finances. Turbulent times have brought economic management under greater public scrutiny, enabling citizens to observe and assess national economic policy choices. The next chapter of the dissertation will observe more closely how these perceptions frame political preferences.

6. ECONOMIC POLICY VOTING: a new dimension of economic voting

The harsh economic realities associated with the economic and financial crisis led to governments being voted out of office in many countries, but not always and not everywhere. Significant variation in the electoral results for incumbents in countries affected by the crisis have raised doubts amongst academics about the performance of the traditional punishing and rewarding mechanism in voting behaviour. In search of an explanation, a large branch of literature has emerged which discusses the contextual constraints of blame attribution. Exposure to the global economy and international integration have resulted in governments having less control over national economic outcomes. This together with the ambiguous origin and the complexity of the global crisis diminishes voter ability to attribute responsibility for economic performance.

Voters typically form their opinion regarding government competence based on macroeconomic indicators. However, during crises, when a majority of countries are negatively affected and the responsibility for the poor economic conditions is difficult to assign, additional considerations may play a role in evaluating the economic competence of incumbents. In situations such as this, the way governments *react* to economic turmoil gains importance. This chapter seeks to shed light on the political impacts of the global crisis by exploring voter reactions to government economic policies. It introduces an innovative examination of economic policy voting, which may emerge when the conventional economic voting calculus – according to which voters lend support to or withhold support from incumbents based on macroeconomic outcomes – is distorted or disrupted. From the rational point of view, fiscal retrenchment is likely to be publicly unpopular, but this work considers the possibility that policy effects on incumbent support vary over the course of the economic cycle: voters may deem strict austerity programs unavoidable and justified when faced with rapid economic decline and growing public deficits.

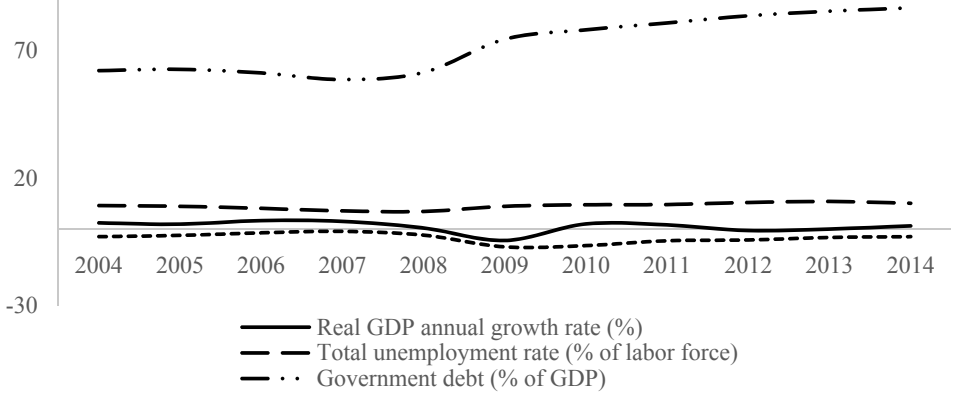
The chapter is divided in five sections. The next section introduces the theoretical framework and formulates the theory's assumptions. The second section then offers an overview of data, measures and methods used to test these expectations. The fourth section presents the results of the empirical analysis and, finally, the fifth discusses the conclusions.

6.1. Economic voting in turbulent times

Recent years have seen a shift in focus of economic voting studies towards electoral consequences of the international financial and economic crisis. The economic turbulence, which accompanied the U.S. financial market crisis in 2007–2008, severely shook the advanced industrial world. Economic recovery from the subsequent Great Recession has been remarkably slow and uneven, and in several countries is still under way almost a decade later. In Europe, a

painful aftershock emerged in the form of the Eurozone debt crisis in late 2009, accompanied by increased differentiation of countries within the euro area. Countries with larger public debts and underlying weaknesses in their national economy as evidenced by economic indicators found it difficult to access the financial markets and needed to be rescued by sovereign bailout programs (Lewis-Beck and Costa Lobo 2016). The worldwide crisis, thus, incorporates several waves. Even though economic growth has, for the most part, begun to recover, the falling government revenue, increased expenditure and record high borrowing have left European countries struggling to deal with distressing levels of public debt and deficit (see Figure 17). The average national budget deficit in the EU dropped under 3 percent of GDP only in 2014 (EU28 average in 2014 2.9% of GDP), a criteria set for the European countries in the Treaty of Maastricht. The average government debt in the EU still substantially exceeds 60 percent of GDP (EU28 average in 2014 86.8% of GDP), a requirement set out in the same Treaty.[15]

Figure 17. Macroeconomic changes in the EU from 2004 to 2014.



Source: Eurostat, author's own calculations.
Notes: Government debt and deficit between 2004--2008 are calculated for 27 EU member states. All other data are calculated for 28 member states.

Following the logic of traditional economic voting theories, such a severe economic shock should lead to public protest in the form of electoral punishment. Yet, empirical evidence from Europe appears far more mixed with governments facing dramatic losses in some countries and getting re-elected in others. Among all EU member countries, incumbent party was re-elected in Austria in 2013, in Cyprus in 2011, in Estonia in 2011, in Germany in 2009 and in 2013, in Hungary in 2014, in Latvia in 2011 and in 2014, in Luxembourg in 2009, in

[15] For Maastricht criteria, see https://www.ecb.europa.eu/ecb/orga/escb/html/convergence-criteria.en.html.

the Netherlands in 2012, in Poland in 2011, in Portugal in 2009, and in Sweden in 2010. Furthermore, on several occasions governing parties even increased their vote share compared to previous elections (e.g. in Cyprus in 2011, in Estonia in 2011, in Germany in 2013, in Luxembourg in 2009, and in the Netherlands in 2012). Earlier chapters of this dissertation clearly demonstrated that no remarkable drop appeared in incumbent popularity in survey data either. The proportion of respondents in the EES Voter study who negatively evaluated the national economy almost doubled between 2004 and 2009, but differences in incumbent support are nearly non-existent (see Figure 8 in Chapter 4). The proportion of respondents with no clear political preference rose slightly, but the overall dynamics of incumbent support remained surprisingly stable in comparison with the changes in economic opinions. This leads us to question whether the sanctioning mechanism has become more complex amid the crisis than anticipated by the traditional literature.

According to the theory of economic voting, voters are expected to form their electoral preferences based on incumbents' past record of economic performance as this is the optimal way to judge the competency of economic managers. Voters gather information about incumbent competence by observing macroeconomic outcomes (Duch and Stevenson 2008). During economic crises, however, this mechanism is interrupted because the economy is performing poorly everywhere. Indeed, 20.8% of respondents positively evaluated the economy in the EES Voter study in 2004 and 27.4% did so in 2014, but this figure was only 7.2% in 2009. In other words, there is little variation in economic assessments between the individuals during the crisis, as most people believe that economic conditions are worsening. Analytically, it is difficult to estimate the link between the economy and voting when variation in economic opinions is limited (Fraile and Lewis-Beck 2014; Lewis-Beck and Costa Lobo 2016). In addition, the global and complex nature of the crisis blurs voter understanding of economic management. Hellwig and Coffey (2011) showed that in Britain only a quarter of citizens held the national government responsible for the economic crisis, while nearly two-thirds blamed banks and investment companies. Data from the EES Voter study in 2014 indicate that Europeans placed the blame for their respective country's economic situation on national governments (mean score 8.7 on a scale, where 0=no responsibility and 10=full responsibility), but banks (8.0) and the EU (7.6) followed closely behind. Altogether, when the attribution of responsibility for economic outcomes is unclear and, moreover, everyone agrees that the economy is performing poorly, citizens are forced to base their judgments on other sources of information than macroeconomic indicators. In such situations, voters are likely to turn to economic policies. Even when the electorate is united in their attitude towards economic conditions, they may be divided in their opinion on government policy actions.

6.2. The electoral consequences of austerity

European nations provide considerable variation in policy response to the most recent economic crisis. When confronted with major economic shocks, governments can choose different stabilisation and adjustment strategies depending, for instance, on the size and openness of the economy, the amount of debt, or domestic constraints such as the electoral cycle or the political strength of labor movements (Haggard and Kaufman 1989). Even though the overall response to the most recent crisis is argued to be more uniform than in previous crises – due to higher levels of international commitments and constraints (Pontusson and Raess 2012) – cabinets in Europe still chose very diverse strategies of coping with economic hardship. Economic policy has many dimensions, most notably fiscal and monetary, and within each dimension a number of positions can be taken (Gourevitch and Gourevitch 1986). In the Eurozone, monetary policy is largely coordinated by the European Central Bank (ECB), thus the crisis-time variability across countries can predominantly be attributed to fiscal policy measures, that is, primarily changes in taxes and spending. By and large, the Great Recession led to one of two alternative policy responses in Europe: fiscal austerity or stimulus. Sometimes the two appeared mixed, or were implemented one after another (Pontusson and Raess 2012). The liberal approach of *fiscal expansion* is defined as increase in public spending and/or reduction in taxes in order to encourage growth and to revive the economy. The idea follows the economic theory by John Maynard Keynes (1936), who advocated government policy intervention to stimulate demand and pull the global economy out of the Great Depression in the 1930s. Keynes and his followers believed that instead of waiting for wages and prices to adjust, expansionary policy offers a quick way out of the recession. *Fiscal austerity*, on the other hand, refers to conservative measures taken to reduce government budget deficits, most often by implementing tax increase and/or reducing public spending. This contractionary approach relies on the business cycle theory of the classic anti-interventionist view of fiscal policy, or the so-called Austrian economics, which states that government intervention to stimulate the demand is unnecessary and creates more problems than it solves. For example, credit expansion during an economic downturn is ineffective as it merely postpones the sustainable boom (Tempelman 2010).

Governments are typically expected to pursue economic policies according to their party-political orientation: right-of-the-centre free market ideology is traditionally associated with advocating austerity, and leftist views with financial expansion. During crises, however, policy preferences of political actors are often more complex than the economic positions would suggest (Kahler and Lake 2013). Investigating social policy, Starke, Kaasch and Hooren (2013) demonstrate that in the welfare states of Continental and Northern Europe cut-

backs were pursued by left-wing and right-wing governments alike.[16] Similarly in fiscal policy, radical retrenchment was introduced for example by the Conservatives in the United Kingdom and centre-right leaders in Eastern Europe, but also by leftist governments in Southern Europe. Policy choices in Italy in 2011–2013 cannot be attributed to incumbent ideology at all as fiscal adjustments were imposed by a technocratic non-partisan government. Policy decisions taken during the crisis were strongly determined by the institutional setting. Economic policy was not simply a domestic issue but was heavily influenced by foreign actors such as creditors and financial institutions, and often motivated by bailout agreements or the wish to remain in the Eurozone and in the EU (Haggard 2013). In the aftermath of the Great Recession, many European countries were forced to implement severe austerity programs in an attempt to halt and reverse the soaring levels of budget deficit. These circumstances placed governments in Europe in a difficult position, caught between meeting the external requirements and dealing with an electorate suffering because of the distressing fiscal reforms.

Rationally speaking, rigorous fiscal adjustments should be publicly unpopular as they are followed by an increase in inequality (Ball et al. 2013; Woo et al. 2013) and are strongly related to social unrest (Ponticelli and Voth 2011). However, a bulk of evidence indicates that voters may actually tolerate such decisions, and public response to financial cutbacks may not always be negative. For example, if taxes are rising everywhere, even a large tax increase may be politically acceptable (Besley and Case 1995). In a similar manner, voters may react positively to austerity and be willing to make short-term sacrifices if they believe that the reforms are justified and will not last long (Stokes 1996). In their analysis of nineteen OECD countries between 1975 and 2008, Alesina, Carloni and Lecce (2012) found that even large fiscal adjustments do not necessarily lead to governments being systematically voted out of office. The authors argued that strong and popular governments can implement reductions without facing electoral defeat. Likewise, Kalbhenn and Stracca (2015) showed that contrary to conventional wisdom, fiscal austerity is not associated with dimensions of public opinion such as life satisfaction, confidence, trust in national institutions, and trust in Europe and European institutions. Giger and Nelson (2011) suggested that electoral consequences of social policy cuts differ by party family, and retrenchment might not be as unpopular as previously presumed. Focusing on the 2010 Greek election, Karyotis and Rüdig (2015) detected considerable public doubt about government policy positions, but concluded that austerity had no impact on electoral behaviour – mainly due to political rhetoric portraying cuts as the only possible solution, and the lack of a plausible alternative in voters' minds. Various works have shown that governments may employ 'blame avoidance' techniques to escape electoral failure, for

[16] Starke *et al* (2013) have argued that this is because much of the fiscal stabilisation is carried out through automatic stabilisers, features such as income taxes and welfare spending, which offset economic fluctuations without government intervention.

example insisting that fiscal consolidation is crucial, unavoidable and externally imposed (Weaver 1986; Hering 2008; 't Hart and Tindall 2009). Thus, even though contractionary policies that decrease public services and benefits tend to generally be unpopular, incumbents who introduce painful cuts may avoid electoral sanctioning. Building on the latter, I test the hypothesis that, overall, voters react more negatively to fiscal austerity than to stimulus, but consider the possibility that in times of crisis belt-tightening measures may find public approval.

In non-crisis times, citizens may be argued to possess little knowledge on and have little interest in government policies. During the crisis, however, economic hardship brought government choices and actions under greater public scrutiny, enabling citizens to form opinions on and assess policy decisions. It is feasible to assume that these decisions frame voter perceptions of incumbent economic competence. This analysis explores, therefore, how national economic policies influence incumbent support. The chapter offers an innovative examination of economic policy voting, which may occur when the usual path of economic voting via subjective economic opinions is disrupted. The argument fits into a larger theoretical framework, in that it offers a second dimension to voter economic calculus. In addition to the usual retrospective national economic evaluation – i.e., the traditional valence view of economic voting – there is another dimension, positional economic voting. In the latter, the economy, rather than being perceived as a valence issue, can be seen as a positional issue, with the voter holding different ideological stances on important aspects of economic policy. According to this theory, voters will select the party closest to their own policy position (Lewis-Beck and Nadeau 2011; Lewis-Beck, Nadeau, and Foucault 2013). The idea of a voter being policy-oriented is not new (see Stokes 1963; Kiewiet 1983). However, this dissertation differs from previous works, in that it focuses on government fiscal policy choices rather than on parties' (or voters') overall ideological standpoints. Previous work typically operationalises economic policies via government ideology or programmatic positions, but, as discussed above, crisis politics do not necessarily correspond to party ideology. For these reasons, political rhetoric alone hardly provides a full picture. Rational voters develop their perceptions of incumbent economic competence based on past performance rather than on campaign promises or ideological views. This study employs measures of government policy stance that are novel in the political science literature, despite being commonly used in economics. The key indicator used is government structural balance, which identifies the national fiscal position while taking into account the country's position in the economic cycle. This provides a more accurate measure of economic policies.

6.3. Data, methods and model specification

In order to empirically test voter reactions to government economic policies, the study utilises both micro and macro-level data. Individual-level data are obtained from the EES Voter study. The analysis in this chapter relies on survey waves from 2004, 2009 and 2014, thereby covering the peak year of the global crisis as well as the periods before and after. With a total sample of 77,531 respondents, I include data from 24 countries: Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom. A larger geographical coverage than in previous chapters of the dissertation is possible here because the analysis only focuses on three latest survey waves. Three survey waves and 24 countries constitute 72 cross-sections altogether, which have been pooled into one dataset. For contextual indicators, the study uses macroeconomic data published by the IMF. All macro-level variables were merged with the EES Voter study data into a combined, hierarchically structured database. For more information on data and case selection, see section 3.3 of the dissertation.

The dependent variable is *incumbent support*, coded as 1 if vote intention in the subsequent election was for the incumbent PM party (18.8%) and 0 for any other party (50%; for variable operationalisation, see section 3.4). To quantify economic policy, the study employs a macro-level indicator of *general government structural balance*.[17] Structural balance reflects the difference between government revenues and expenditure, and is in economics commonly used to assess the stance of government fiscal policy (Chouraqui, Hagemann, and Sartor 1990; IMF 1995; Hagemann 1999; Chalk 2002). It aims to capture structural trends in order to estimate whether the fiscal policy of a country in a given period is expansionary, neutral or restrictive (OECD 2015). A positive balance refers to a government budget surplus and a negative balance to a budget deficit. Balance deficit suggests an expansionary fiscal stance, where government spending exceeds revenue, which primarily comes from taxes. Conversely, financial surplus suggests reduced spending and increased revenue due to contractionary policy (IMF 1995; OECD 2015). Because fiscal balance is directly related to government spending, it also captures the usage of public resources for bailout of financial institutions – a measure widely executed by Western governments after the crisis broke. Importantly, the indicator of structural balance is cyclically adjusted, that is, is purged off the impact of macroeconomic developments as well as the influence of one-off events on the budget. It takes into account the fact that over the course of the business cycle, revenues are likely to be lower and expenditure higher during the slump. Government revenues and expenditures are highly sensitive to economic developments, and thus changes in fiscal balance cannot always be attributed to adjustments in the fiscal

[17] Regrettably, the EES Voter study data do not enable us to observe attitudes towards government economic policies at the individual level as no comparative survey instrument measuring such attitudes exists.

stance, but may simply reflect that the economy is moving through the cycle. These cyclical deviations are corrected for in the structural balance indicator, which enables us to identify the underlying trends in fiscal policies (IMF 1995; OECD 2015). Changes in non-cyclical balance are therefore indicative of medium-term orientation of government fiscal policy (Hagemann 1999).

In order to ascertain the robustness of the analytical results, I conduct supplementary tests with two additional macroeconomic indicators – *general government total expenditure* and *total tax revenue*. Neither is adjusted for the economic cycle, but as secondary variables in the analysis they can still help assess the reliability of the results. Total expenditure refers to the money a government spends to deliver public goods and services and to provide social protection (OECD 2011a). Tax revenue is the total income a government gains from taxes and social contributions (Eurostat 2008). In post-crisis fiscal consolidation, governments in Europe primarily addressed precisely these two areas. Spending reduction mainly concerned public sector jobs and wages, and revenue enhancement was implemented through VAT and other consumption taxes (OECD 2011b). However, the final policy mix chosen varied significantly across countries, depending, for instance, on the severity of the crisis, national political and institutional conditions as well as external constraints. Additionally, welfare and pensions were targeted by governments in response to the recession, but unfortunately consistent data on social expenditure for recent years are not available at the time of writing.

All three proxies for economic policy positions are originally measured in units of national currency. In order to make the figures comparable, percentage change from the preceding year is calculated for the analysis.[18] This aggregate-level variable, indicating change in economic policy stance, is generated for each country and year, altogether for 72 cross-sections. Table 12 below provides an overview of how negative and positive change in each indicator can be interpreted in terms of government policy direction.

The models include a standard set of control variables (for more information, see sections 3.5 and 4.2). Subjective economic evaluations are also added as the results presented so far have underlined their importance as a predictor of incumbent support. In the sample used in this chapter, 49% of respondents consider the economy to be worse, 27.8% unchanged and 18.8% better than it was in a year previous. Additionally, to account for monetary policy, I include a dummy variable for *Eurozone membership*. As discussed earlier, monetary policy in the Eurozone is relatively homogenous and the majority of variation between countries in terms of economic decisions comes from fiscal policy, which in this study is captured by the structural balance indicator. However, in order to reduce the confounding effect of expansionary and contractionary tendencies in money supply, monetary policy is also controlled for.

[18] Alternatively, fiscal balance as a percent of GDP could be used. However, this parameter is not a suitable proxy for government policies as it is highly sensitive to changes in GDP growth. Fluctuations in balance measured as a percent of GDP may occur independent from government actions and may therefore not reflect calculated policy choices.

Table 12. Measurement of government fiscal policy position.

Indicator	Measure used in the study	Policy position
General government structural balance	Percentage change from preceding year	Positive change refers to increase in balance deficit (i.e. spending exceeds revenue), which indicates movement towards fiscal stimulus
General government total expenditure	Percentage change from preceding year	Positive change refers to increase in spending, which indicates movement towards fiscal stimulus
Total tax revenue	Percentage change from preceding year	Positive change refers to increase in tax revenue (i.e. higher tax levels), which indicates movement towards austerity

To explore the influence of individual-level and contextual factors on political support, I use multilevel logistic regression analysis. In addition to statistical reasons stemming from hierarchical data structure (for more information, see section 3.6), there is a motivation to use multilevel modelling where necessary – as is commonly the case in political science research – in order to combine in a single model predictors from multiple levels of analysis (Steenbergen and Jones 2002). This necessity stems from the substantive interest in the effects of group-level predictors on individual outcomes. Here, a multilevel approach is appropriate both due to clustered data and an interest in contextual factors in explaining political support. Alternative fixed effects models account for higher levels of heterogeneity, but do not provide substantive explanation for this heterogeneity.[19] Multilevel models effectively combine substance with assumptions about group-level heterogeneity (Steenbergen and Jones 2002).

I estimate a three-level model, where respondents are nested in country-years at level 2 (68 unique values[20]), and country-years are nested in countries at level 3 (24 values) (for a similar approach in fitting multilevel models to comparative longitudinal survey data, see Fairbrother 2012).[21] Based on previous results

[19] The inclusion of country and year dummies in fixed effects models leaves no variance to be explained by additional variables at the country and year level (see e.g. Allison 2009; Bell and Jones 2015). This is particularly critical here as the substantive interest lies in the effects of a higher-level variable.

[20] From the original 72 country-years, four are dropped due to a lack of data either on vote intention or government structural balance.

[21] Admittedly, the application of multilevel models requires caution when the number of higher-level units is small (see e.g. Stegmueller 2013). However, in three-level models,

demonstrating large variation in economic voting (see Lewis-Beck and Paldam 2000; Dorussen and Taylor 2003), the individual-level effect of economic perceptions on incumbent support is allowed to vary across all three levels. The random-slope multilevel logistic regression model is specified as follows:

$$ln\left(\frac{\hat{p}_{ijk}}{1-\hat{p}_{ijk}}\right) = \gamma_{000} + \gamma_{010}X_{ijk} + \gamma_{001}Z_j + \gamma_{020}C_{ijk} + \cdots + \gamma_{0h0}C_{hijk} + v_k + u_{jk} + e_{jk}X_{ijk} \quad (4)$$

where $\hat{p}$ is the probability of voting for the incumbent, i is individuals, j is country-years, k is countries, γ_{000} is the intercept, $\gamma_{010} - \gamma_{0h0}$ are regression coefficients of the individual-level predictors, γ_{001} is the regression coefficient of the country-year-level predictor, X is individual-level economic perceptions, Z is country-year-level economic policies, $C - C_h$ are control variables, v_k is the variance of the intercept across countries, u_{jk} is the variance of intercept across country-years, and $e_{jk}X_{ijk}$ is the variance of individual-level economic effects. To observe whether the effect of economic policies on political support varies over time, interactions with year are introduced later on.

Although in multilevel analysis it is typically advised to center the scores of interval individual-level predictors (see Snijders and Bosker 2011; Tabachnik and Fidell 2012), here raw variables are used in order to maintain comparability with previous models. For the sake of within-model comparison, all predictors are recoded on a scale from 0 to 1. Descriptive statistics for all variables used in this chapter, and the wording of the questions, are shown in Appendix 6.

6.4. Empirical Results

6.4.1. Descriptive overview

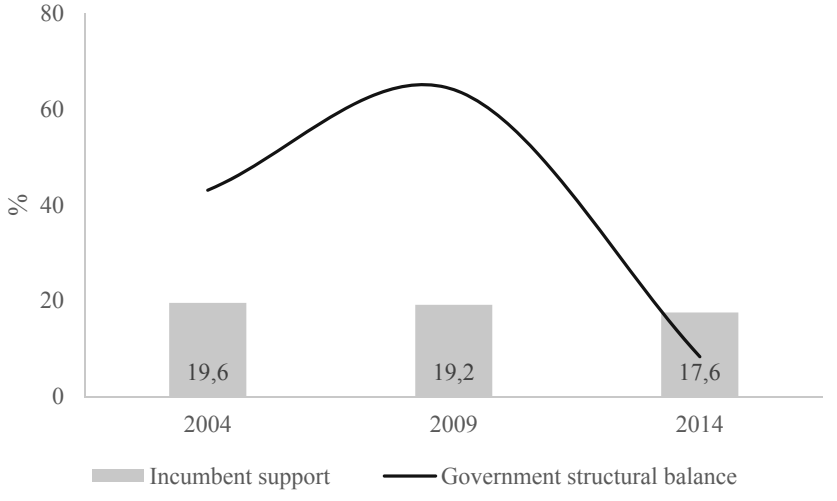
This section first presents a description of the main variables in the analysis. All estimates represent the total sample of 72 surveys, pooled into one dataset (N=77,531). Overall, 18.8% of all respondents in the dataset expressed support for the governing PM party, 50% for some other party, and 31.3% indicated no preference. Data demonstrate considerable variation in the dependent variable across the European countries under study, with the highest PM support levels to be found in Luxembourg (34.6%) and the lowest in the Czech Republic (8.6%). The key explanatory variable, government economic policies, is meas-

the sample size that matters the most is the one at which the effect is measured (see e.g. Snijders 2005). As this analysis tests the effect of a variable measured at the country-year level, the number of country-years is of main importance. With 62 country-years included, the sample size should not lead to major concern here. Nevertheless, the potential limitations of the multilevel setup must be kept in mind when interpreting the findings.

ured as percentage change from the preceding year. Average change in structural balance in the pooled dataset is 33.6%, indicating an overall movement in recent years towards larger budget deficit, i.e. towards fiscal expansion.

While incumbent support in Europe has not gone through considerable fluctuation in the decade between 2004 and 2014, the same cannot be said about government structural balance. Average balance estimates across 24 countries witnessed a substantial shift towards larger budget deficit in 2009, suggesting that governments first reacted to the plummeting economy with expansionary measures (see Figure 18). Indeed, although the individual policy mix varied across nations, the share of government spending generally increased immediately after the start of the crisis. Part of this reflects declining GDP, but the other part points to increased government expenditure, which attempted to ensure the stability of the financial system and to stimulate the economy in response to the crisis (OECD 2011a). However, by 2014 fiscal balance had taken a sharp turn towards surplus, signaling that initial measures taken to stimulate the economy had been replaced, and governments were now trying to shrink the record high levels of deficit with contractionary measures such as budget cuts and tax increases.

Figure 18. Incumbent support and government structural balance between 2004 and 2014.



Source: EES Voter study from 2004, 2009 and 2014 for 24 European countries; IMF; author's own calculations.
Notes: Incumbent as percentage of all respondents. Missing answers not shown.

6.4.2. Voter response to economic policies

To first explore the overall popularity of alternative policy approaches, I estimate a model of incumbent support for the data pool of 72 surveys. The multilevel model contains the same basic set of individual-level predictors as the models presented in

previous chapters. The analysis thus far has demonstrated the importance of economic perceptions in explaining the variation in incumbent popularity, therefore subjective assessments of the national economy are also added. The random effects part of the model, not reported here, implies that economic effects differ significantly across countries (σ^2=0.10) and especially across country-years (σ^2=0.60), underlining the necessity to use the multilevel design. Fixed effects in Model 1 in Table 13 show below that economic opinions play a substantial role in incumbent support levels in the sample used in this chapter. Even when the case selection is extended beyond Western Europe, poor economic evaluations continue to significantly diminish and good ones to consolidate incumbent popularity. Comparing the estimates to those in the earlier multilevel model (see Model 4 in Table 5 in Chapter 4), we witness that average marginal effects of economic perceptions on the incumbent vote are nearly identical. Bad economic conditions decrease PM party support by approximately 8 percentage points and good ones increase it by 9 percentage points. Due to different sample compositions, the coefficients in two models are not directly comparable, but the results still signal considerable similarities. In addition, the same set of individual-level variables influence incumbent popularity as shown above, with signs in a similar direction.

Our main interest in this chapter, however, lies in the impact of government policy approach on vote intention. Three models in Table 13 incorporate different measures of economic policy, introduced separately in order to avoid multicollinearity. Model 1 includes government structural balance as a proxy for economic policy, with a positive estimate pointing to expansionary and a negative one to contractionary measures. The coefficient appears positive in the model, as if to propose that change in government economic policies towards fiscal stimulus is rewarded by an increase in party support levels, but the effect is not statistically significant. The findings for a combined dataset of 72 surveys provide no evidence that developments in government fiscal balance are associated with incumbent support. Let us investigate the results using alternative measures for economic policy position, focusing on government spending and tax revenue. The results displayed in Model 2 and Model 3 in Table 13 demonstrate that public expenditure exhibits a statistically significant relationship with voter political preferences. The effect is positive in direction, suggesting that change towards higher government spending enhances PM party support. The results in Model 3 indicate in a similar manner that fiscal austerity has a negative influence on incumbent vote. All three models, then, point to the same logic in findings: government decision to stimulate the economy tends to boost and fiscal cutbacks to lessen political support for incumbents.[22] However, in a combined dataset, which includes 24 European countries at three different points in time, only two of the three macroeconomic indicators – public spending and tax revenue – show a statistically significant association with party preferences.

[22] Similar findings indicating that austerity leads to electoral punishment also appear in models where the dependent variable is operationalised as vote intention for *all* government parties or as vote choice for the incumbent PM party *in the preceding EP election* (see also robustness tests in section 4.3.4). Results available from the author upon request.

Table 13. Effects of government economic policy on incumbent support.

	(1)	(2)	(3)
Economic evaluations: same	*ref. category*	*ref. category*	*ref. category*
Economic evaluations: worse	-0.08***	-0.07***	-0.07***
	(0.03)	(0.02)	(0.02)
Economic evaluations: better	0.09***	0.09***	0.09***
	(0.03)	(0.03)	(0.03)
Government structural balance	0.11	-	-
	(0.08)		
Government expenditure	-	0.21***	-
		(0.06)	
Tax revenue	-	-	-0.09*
			(0.05)
Left-right self-placement	0.64***	0.64***	0.64***
	(0.02)	(0.02)	(0.02)
Social class	0.09***	0.09***	0.09***
	(0.01)	(0.01)	(0.01)
Religiosity	-0.05***	-0.05***	-0.05***
	(0.01)	(0.01)	(0.01)
Age	0.12***	0.11***	0.11***
	(0.01)	(0.01)	(0.01)
Gender	0.01***	0.01***	0.01***
	(0.00)	(0.00)	(0.00)
Education	-0.01	-0.01	-0.01
	(0.01)	(0.01)	(0.01)
Cabinet time in office logged	0.06	0.06	0.05
	(0.05)	(0.04)	(0.04)
Eurozone membership	0.05**	0.07***	0.07***
	(0.02)	(0.02)	(0.02)
Log likelihood	-18802.65	-19774.42	-19778.33
Number of countries	23	24	24
Number of country-years	63	68	68
Number of individuals	39,894	42,363	42,363

Source: EES Voter study from 2004, 2009 and 2014 for 24 European countries; Eurostat and IMF; author's own calculations.

Notes: Entries are average marginal effects with standard errors in parentheses. Random effects not shown. The dependent variable is 1 if vote intention is for the incumbent PM party and 0 for any other party. Don't knows, refusals, respondents who said they would vote blank, spoil vote or would not vote, and missing answers are excluded. Left-right placement, class and religiosity are adjusted for the PM party's ideology. All control variables are recoded on a 0 to 1 scale.

***p<0.01 **p<0.05 *p<0.1

6.4.3. Variation in policy reactions over time

Preliminary findings provide some support for the understanding that austerity measures are generally less popular among voters, whereas expansionary measures tend to elicit stronger public approval. Indeed, common logic suggests that purely self-interested citizens would react painfully to tax increase, job cuts, reduction in public goods and services and in welfare state functions, all of which would negatively affect their standard of living and economic wellbeing. Nonetheless, the severe magnitude of the economic turbulence of recent years poses the question of whether these attitudinal patterns differed during the crisis, when the salience of government economic policies drastically increased. Citizens may well accept that 'desperate times call for desperate measures', as the saying goes, and be willing to endure the temporary cutbacks. Therefore, I next examine variation in public reactions to government policies over time. To do this, I estimate a similar three-level model of incumbent support as before, but introduce an interaction term between economic policy stance and survey year. This enables us to observe whether the effect of policy decisions on incumbent vote varies between different points in time.

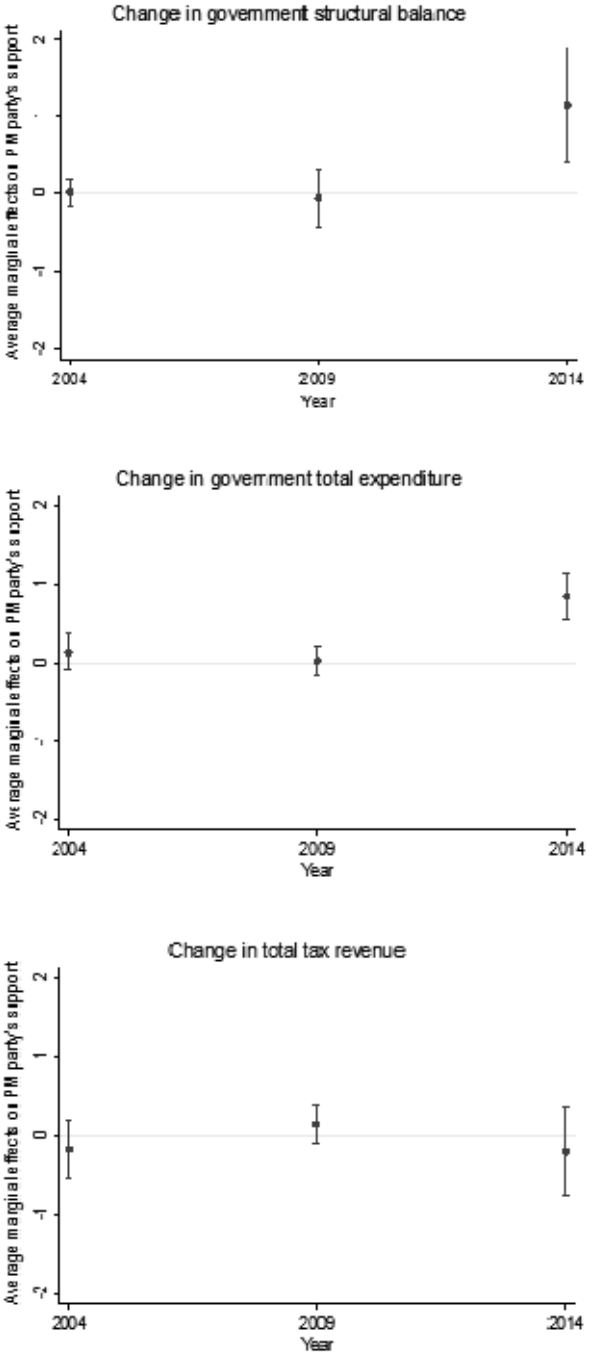
Figure 19 shows the fixed effects of three different policy indicators by year, holding other variables in the models constant. 95% confidence intervals are included. Additionally, regression coefficients from multilevel models in the form of logged odds are shown in Appendix 7. Firstly, the upper plot illustrating the interaction effect between government structural balance and time shows that there is virtually no difference between 2004 and 2009 in the extent to which policy choices affect incumbent support. In both years, the policy effect on party preference remains insignificant. The results for 2014, however, are quite contrasting. In the post-crisis period, a positive change in government structural balance, that is, fiscal stimulus, considerably enhances governing party's support, and, vice versa, the incumbent is sanctioned for austerity measures. On the original scale[23], the average marginal effect for 2014 is 0.0012, indicating that an increase in balance deficit of approximately 8 percentage points raises the likelihood of an incumbent vote by 1 percentage point. Substantively, the effect size may seem low, but if we take into consideration that change in structural balance in 2014 was, for instance, approximately 140 percentage points in Italy, -91 percentage points in the Netherlands, 52 percentage points in Hungary, 42 percentage points in Sweden, and 38 percentage points in Germany, no doubt remains that shifts in economic policy stance may have considerable consequences for government popularity. These results imply, firstly, that policy considerations have gained importance after the crisis. Turbulent times have resulted in citizens observing government economic policy decisions more closely and using this information to form their judgments of leaders' economic competence. Secondly, we observe that after years of austerity, the expansionary fiscal approach, in particular, has greater appeal for the

[23] Recall that all tables and figures reflect variables that have been recoded on a scale from 0 to 1.

public in the post-crisis era. Similar findings emerge on the middle plot in Figure 20 below, which measures national economic policy direction via government expenditure. The effect remains around zero in 2004 and 2009, but is significantly different for 2014, when higher public spending considerably increases incumbent popularity. The lower plot in Figure 20, which uses tax revenue to measure economic policies and where a positive figure refers to austerity, points to a similar outcome – in 2014, contractionary policies harmed government support. However, the overlapping of confidence intervals and the results in Appendix 7 indicate that the difference in the effect between years is not statistically significant.

We see, then, that policy considerations affect political support much more strongly in the post-crisis period. Where does this fit in with the overall vote prediction equation? What is the relative importance of policy effects compared to more traditional determinants of vote choice? To properly assess this, we need to bring all independent variables to a comparable metric. Currently, the variables have been rescaled on a similar metric from 0 to 1, enabling us to observe their effect on the outcome variable when they change from their minimum to their maximum value. However, variables are measured on a very different scale using different units, and have different normal distributions, which limits our ability to properly compare the effect sizes. For this reason, I will next use z-standardisation, where the scales of all variables are converted to z-scores, measuring how many standard deviations above or below the sample mean a raw score is. A standardised score tells us where each value is situated compared to the sample mean (the score of 0 means that the observation is at the sample's mean level, and a score of 1 points to an observation one standard deviation above the mean). Because the standardised scores do not express the original unit of measurement, the effect sizes within models can now be more easily compared (see e.g. Rubin 2012: 86–93). Appendix 8 presents separate models for each of the three economic policy measures by year. The results for all three policy proxies indicate that government economic policy actions have gained importance over time as a predictor of vote preference. Compared to earlier years, government policy decisions are strongly correlated with the likelihood of voting for the PM party in office. Furthermore, in 2014 government policies are the strongest predictor of vote intention after political ideology (see Models 3, 6 and 9 in Appendix 8). In two other survey years, incumbent vote is, as traditional voting theories suggest, primarily determined by respondent ideological leaning, subjective economic perceptions, and social cleavages (see Models 1, 2, 4, 5, 7, and 8 in Appendix 8). In other words, even though an individual's vote decision is still strongly determined by traditional long-term and short-term factors, a new dimension has been added to the conventional voting mechanism that cannot be ignored. Citizens have become more responsive to government actions in the field of economic policy, and the decision of governing parties to pursue fiscal austerity may have significant consequences on incumbent support levels after the crisis.

Figure 19. Effects of economic policies on incumbent support by year.



Source: EES Voter study from 2004, 2009 and 2014 for 24 European countries; Eurostat and IMF; author's own calculations.

6.5. Conclusions

During the worldwide economic and financial crisis, economic policies may emerge as an important determinant of vote choice next to economic perceptions. The traditional responsibility attribution is blurred between various actors and levels of governance, and citizens may search for other indicators than the state of the national economy to evaluate incumbent performance. When the economy is performing poorly everywhere, it is feasible to assume that the way governments react to the crisis gains voters' attention. This chapter offered a novel exploration of economic policy voting in the face of a crisis when virtually everyone agrees that the economy is performing poorly and the usual mechanism of economic voting is clogged. It first explored the influence of national policy positions to political support in general, and then tested the hypothesis that citizens' policy reactions vary simultaneously with economic fluctuations. The analysis utilised an operationalisation of government policy approach that is new in the political science literature, but is commonly used in economics. The key indicator used was government structural balance, which reveals a government's underlying fiscal position while taking into account a country's current position in the economic cycle. The work also contributes to the literature by providing large-scale empirical evidence on the electoral consequences of the crisis, while previous academic knowledge on the subject matter is often limited to single elections or nations.

The results of a multilevel analysis of 24 nations measured before, during and after the crisis demonstrate that for elections held in years when government expenditure increased in relation to the year previous, the probability of voting for the incumbent increased. On the other hand, in elections held in years when total tax revenue increased the probability of voting for the incumbent deteriorated. However, when examined by year, increases in government expenditure and loosening of fiscal policy only boost the likelihood of the incumbent vote after the crisis, suggesting that economic policy voting is a post-crisis phenomenon. European citizens react to government policy decisions more strongly in the post-crisis period, and economic policy choices have emerged as one of the key predictors of political preference next to traditional indicators. In 2014, five years after the worst of the global collapse, voters expressed particularly strong disapproval of fiscal retrenchment: budgetary cuts and tax increase clearly led to lower incumbent support levels. The political rhetoric of 'no pain, no gain' has not earned long-term success; instead, citizens in Europe have grown tired of large-scale cuts, especially if these failed to bring with them the promised results (see also Clarke et al. 2013). The continuing rise in public debt and deficit as well as persistently high unemployment levels have done little to boost voter confidence in incumbents as capable economic managers. Meanwhile, there is no empirical evidence that stringent reduction measures found overwhelming public endorsement during the worst years of the crisis due to belief that cutbacks are justified, temporary, and no better alternatives are available. Citizens are not willing to accept desperate measures in desparate

times if they require sacrifice on their part. But reductions were not associated with great electoral losses either – in fact, in 2009 economic policies exhibited no considerable impact on political support at all. These tendencies suggest that voters in the midst of the crisis primarily reacted to economic conditions. Policy considerations had little impact on vote choice in the immediate aftermath of the crisis; instead, citizens in many countries focused on incumbents' performance and simply punished them for hard economic times (see also Bartels 2012; Magalhães 2014b; Bellucci 2014; Marsh and Mikhaylov 2014; Okolikj and Quinlan 2016). In the early years of the crisis, stronger consensus existed between political actors on the causes of the economic troubles and on necessary measures, and voters did not associate parties with alternative policy positions. It is likely that for similar reasons no significant policy effects occured in 2004. However, over time voter considerations have become more multidimensional and citizens have grown more policy-oriented. With government struggles to balance public finances placed under the media's magnifying glass, voters are able to observe and assess actions taken in the economic field, and so the likelihood for electoral repercussions increases (see also Armingeon and Giger 2008). Thus, we are increasingly witnessing a phenomenon that Lewis-Beck et al. (2013) call the 'compleat economic vote': the vote is influenced by various economic dimensions. Citizens punish and reward incumbents on the basis of economic performance, but they also rely on other aspects of the economy when making their choices. They assess central aspects of economic policy, and the positions they take also shape their political preference (Lewis-Beck, Nadeau, and Foucault 2013).[24] Considering the multiple dimensions of the economic voting model helps us to better understand how economic voting performs overall and also under extraordinary circumstances.

That said, there are also certain data limitations that may inhibit the identification of the effects of austerity during the crisis years. Macroeconomic dynamics reveal that governments in Europe first responded to the economic collapse with attempts to revitalise the economy, whereas fiscal reductions intended to shrink the rapidly growing deficits were only introduced later. For this reason, it is possible that by measuring government policy position in 2009 and 2014 we do not capture the harshest crisis-time fiscal adjustments as in many countries these were only implemented in the period in between these two years. For example, in Greece and Portugal the first austerity packages were enacted in 2010, in Italy in 2011, and in Cyprus only in 2012. In other words, using data from only certain points in time in this analysis – a decision dictated by the availability of survey data – may limit our ability to capture voters' immediate reaction to rigorous austerity programs. Still, even if fiscal retrenchment was met with a degree of sympathy and understanding at first, it is safe to say that the optimism wore off quickly.

[24] The authors also introduce a third dimension, patrimony, or voter wealth portfolio, which is not discussed in this dissertation.

The findings presented in this chapter provide confirmation that national economic policies help explain political support. Future research will have to reveal whether this was a one-off effect or whether it will remain an important dimension of economic voting. The fact that national economic policies had no remarkable influence on political support before the crisis, in 2004, does not allow us to exclude the former possibility. Either way, voter policy reactions must be placed within the larger context of rules and institutions in which policymaking essentially takes place. Countries in Europe operate in a complex system of multilevel governance, where room for fiscal manoeuvre by governments is externally limited. Intergovernmental organisations and supranational institutions constrain national fiscal policy responses through the provision of financial assistance to states in difficulties, but also by the introduction of stronger fiscal rules, reinforcement of financial supervision and broadening of surveillance in order to secure financial stability. Altogether, eight Eurozone countries were forced to seek a bailout, receiving financial support from the EU, the IMF or the World Bank. These disbursements were strongly conditional on policy achievements in fiscal consolidation, forcing countries to implement stringent austerity measures and structural reforms in order to restore financial stability and to return to sustainable growth. Consequently, countries that received a bailout were even more constrained in their execution of national economic policies as they were subject to much higher scrutiny from external institutions (Okolikj and Quinlan 2016). Additional pressure to control national budgets followed from international bond markets. However, voters are generally aware of the limitations that economic internationalisation imposes on policymaking (Fernández-Albertos 2006), and if policies are externally imposed, then the former may be less willing to hold national governments accountable for policy decisions. Especially in the early years of the Great Recession, international pressures on states with regard to fiscal adjustments may have affected public perceptions of national-level crisis management and muddied the waters of responsibility attribution. In other words, in a system where a government's ability to steer the national economy is curbed and policy responsibility is divided between various levels of governance, voters could be less inclined to hold governments accountable for unpopular economic policy measures. Moreover, the electoral consequences of austerity may vary depending on the ideological leaning of the governing parties. The costs of fiscal consolidation for left-wing parties may differ from these for the parties on the right flank of the political spectrum. Further research is needed in order to shed more light on how these contextual factors interact with individual-level voting behaviour.

7. SUMMARY AND DISCUSSION

7.1. Summary of main findings

There is a widely acknowledged robust relationship between the economy and electoral results: voters are prone to holding political leaders responsible for economic outcomes, and sanction or reward them based on the government economic record. Incumbent support typically suffers when the economic climate worsens and increases when the economy booms. Previous work shows that voters form their political preferences based on national rather than personal economic circumstances, and give more weight to the incumbent's past rather than future economic performance. But not all elections are determined by national economic conditions. The course of history has witnessed presidents, governments and incumbent parties being voted out of office during periods of prosperity and economic growth, and getting re-elected amidst deep recessions. Academic work on the topic, too, suffers from the lack of consistency in research results. Students of voting behaviour often find empirical evidence of economic effects on political support, but not always and not everywhere, and it remains unclear why that is. The fact that previous studies on economic voting have produced contradictory, puzzling and inconclusive findings was a major motivating factor for the present author in writing this dissertation.

A strand of recent work attributes the inconsistency in empirical outcomes in academic studies to methodological issues (see Lewis-Beck and Paldam 2000; van der Brug, van der Eijk, and Franklin 2007). It is argued that discrepancies in variable operationalisation, model specification, methodological approach and other similar research decisions have led to contradictory conclusions not only across elections but also in works using similar datasets. The first task of this dissertation was to address namely these concerns. In the first stage of the analysis, I compiled a highly heterogeneous dataset with regard to political and economic contexts, including time periods from before, during and after the global economic crisis. Giving careful consideration to variable selection, measurement issues and model specification, I then tested in Chapter 4 the stability of economic voting in ten established Western European democracies, using data for five survey years between 1989–2014 and a total sample of more than 55,000 respondents. The analysis provides solid evidence that economic considerations have a strong effect on incumbent support (see Table 14). Citizens clearly withdraw support from governments during economic decline and rally behind incumbents when the economy flourishes. As demonstrated later on in Chapter 6, these tendencies extend well beyond Western Europe. Next, I challenged the results by applying a number of statistical and methodological robustness checks and demonstrated that economic effects remain stable against these tests. These outcomes provide me with enough confidence to be able to conclude that the economy matters to voters in developed democracies, in that

citizens regularly observe national economic outcomes and shape their electoral decisions accordingly.

The global financial and economic crisis of 2007–2009 has underlined the concerns about the instability dilemma in economic voting. During the crisis, a large part of the Western world was hit by severe economic hardship and a sharp increase in unemployment. Considering that economic effects are generally more pronounced during weak economic times than during strong, such a harsh recession was widely regarded as being bad news for incumbent governments as voters were expected to use elections as a means to give voice to their discontent and punish political leaders (see Mueller 1973; Anderson 1995). On the other hand, there are reasons to believe that economic effects have weakened over time. A growing body of academic literature suggests that low clarity in the attribution of responsibility for economic developments diminishes economic voting (see Katzenstein 1985; Powell and Whitten 1993; Hellwig 2001; Fernández-Albertos 2006; Kayser 2007; Duch and Stevenson 2010). Multilevel governance, increasing economic interdependence and the complex global nature of the crisis have left voters confused about responsibility for national economic outcomes, consequently blurring patterns of blame attribution and weakening the link between the economy and the vote. Following the above, the second task of this dissertation was to test two competing theoretical expectations. According to the first, economic voting in times of crisis should increase over that seen in non-crisis times due to negative asymmetry. According to the rival account, the effects of the economy on voting should lessen due to the lack of clarity in the attribution of economic responsibility. In order to draw generalised conclusions on voting behaviour patterns and avoid the influence of election-specific characteristics, I again employed large-scale cross-sectional time-series data with a sample of more than 55,000 respondents. The findings in Chapter 5 demonstrate that there is very little abrupt change in economic voting over time: economic effects were neither less nor more pronounced during the worldwide crisis compared to the other years under study. The statistical relationship between the economy and voting remained remarkably constant and was not subject to short-term fluctuations, even after the most dramatic economic recession in our lifetime (see Table 14). The stability of economic voting is particularly noteworthy considering that levels of voter dissatisfaction with national economic performance soared in 2009.

These results pose a serious challenge to the theory of economic voting. If the magnitude of economic effects has remained more or less constant, then drastic economic changes should have led to a reshaping of national political landscapes as a consequence of the Great Recession. However, mid-crisis and post-crisis elections in many European countries demonstrate that this was not necessarily the case. Incumbent governments were voted out of office in many countries, but consolidated their popularity and were re-elected in several others. Survey data, too, indicate that even though respondent economic assessments worsened sharply by 2009, incumbent support levels reflected a surprisingly steady pattern. Does this mean that there are other dimensions to eco-

nomic considerations that explain voter political behaviour? In this dissertation I argued that part of the variation in incumbent vote can be attributed to national economic policies. Voters typically observe macroeconomic outcomes in order to evaluate government performance, but when the clarity of economic responsibility is poor and, furthermore, when the economy is in recession everywhere, citizens may need additional sources of information in order to form a reasoned opinion. It is feasible to assume that government policy response to the crisis is one such source: citizens observe and assess government policy actions and use this information to judge the economic competence of incumbents. Using comparative survey data, which in Chapter 6 is extended to 24 European countries and more than 77,000 respondents, and utilising macroeconomic indicators novel to political science research, I showed that in addition to traditional retrospective economic evaluations, the policy context helps explain electoral outcomes. In fact, economic policies have emerged as one of the key predictors of individual vote choice next to more conventional determinants, revealing the new and multidimensional face of economic voting (see also Lewis-Beck and Nadeau 2011; Lewis-Beck, Nadeau, and Foucault 2013). The results indicate that citizens in Europe react more painfully to contractionary fiscal measures than to fiscal expansion. Contrary to theoretical expectations, I found no evidence that austerity measures were overwhelmingly endorsed by voters in the immediate aftermath of the crisis due to being perceived as inevitable in order to restore public finances (see Besley and Case 1995; Stokes 1996). However, it is clear that five years on citizens in many countries have grown weary of tax increases and radical cuts to welfare state functions, public services and benefits. In the post-crisis era, government decision to pursue fiscal austerity significantly lowers incumbent support (see Table 14).

Table 14. Research question, theoretical focus and main findings of the empirical chapters.

	Research question	Theoretical focus	Main findings
Chapter 4	How robust are economic effects on incumbent support?	There is a strong link between the economy and elections, but empirical evidence for responsibility attribution lacks stability. This chapter tested the robustness of the overall mechanism of economic voting in Western Europe.	A strong robust association exists between the economy and incumbent support in Western Europe measured over the course of 25 years. Voters punish and reward political leaders based on national economic performance. Strong economic conditions enhance and poor ones diminish popular support for incumbents.
Chapter 5	Did the global crisis influence the relationship between economic performance and voting? If so, how?	The financial and economic crisis led to major political and economic instability. This chapter explored the question of whether economic voting also changed. It tested two alternative arguments: increased punishment of incumbents as suggested by the asymmetry hypothesis, or decreased punishment as proposed by the clarity of responsibility hypothesis.	Voter evaluations of national economies worsened considerably by 2009, but the magnitude of economic effects on incumbent support did not change significantly in response to the global crisis. Before, during and after the recession, economic pessimism reduced the likelihood of an incumbent vote by roughly 5-11 percentage points and positive perceptions increased it by approximately 8-9 percentage points.
Chapter 6	How do voters respond to economic policies in general and during an economic crisis in particular?	The crisis was met by national countermeasures, ranging from radical austerity programs to fiscal expansion. The focus of public discourse turned to the government response to the crisis, and it is feasible to expect these government decisions to have influenced political support for incumbents. This chapter extended the focus beyond the classic mechanism of economic voting and examined the new dimension of economic voting, the role of attitudes to economic policies in voter behaviour.	Economic policies have emerged as an important predictor of vote choice next to traditional determinants. Overall, European citizens tend to be critical towards fiscal retrenchment. There is no evidence that austerity was publicly accepted during the worst years of the crisis, but voters' reaction to cutbacks is particularly strong in the post-crisis period. Five years after the worst point of the global recession, incumbent popularity has considerably suffered from government decision to raise taxes and cut public spending.

Summing up, this work has three major conclusions. First, it provides solid evidence that there is a strong and robust positive statistical relationship between the economy and political support, as first suggested by foundational theories of voting behaviour and later confirmed by numerous studies observing the electoral decision-making process of democratic citizens in Europe and elsewhere. Concerns over the instability of the relationship between the economy and voting should beyond doubt be taken seriously. Outliers do exist, and sometimes appear more frequent than the advocates of traditional economic voting theory would like to admit. Nevertheless, while addressing these worries by advancing the study of political support mechanisms, we should keep in mind that the broader goal of the scientific method is to create systematic knowledge by identifying patterns and regularities. Unique cases are fascinating and provide nuanced understanding of the subject matter, but the underlying target is to generate universal knowledge.

Secondly, we can conclude that despite the major contextual fluctuations that have occurred over the past decade, economic voting has proved to be quite consistent over time. This is certainly not to argue that the worldwide crisis had no influence on voter attitudes: subjective economic evaluations deteriorated sharply with the vast majority of people expressing deep discontent with economic performance. The restricted variance in these evaluations may make it methodologically complex to detect temporal changes in economic effects, but additional tests carried out to address these difficulties did not lend any support to the view that economic voting has become either more or less intense in response to the crisis. In substantive terms, the patterns of retrospective voting identified in this analysis are fairly consistent. However, this work revealed the emergence of a novel dimension to the formation of political support, economic policy voting, which has arisen in the voter calculus as a consequence of the economic slump. The study demonstrated that citizens pay more attention to national fiscal policies than before, and hold incumbents responsible for painful austerity programs. The policy dimension does not replace the traditional mechanism of economic voting, but holds, at least in the post-crisis context, an influential position at its side as an accompanying vote determinant.

7.2. Limitations of the study

This dissertation helps us to understand the role of the economy in citizens' electoral behaviour. It reported robust economic effects that hold steady across different geographical locations, against the macroeconomic turmoil during the global economic crisis, and against commonly stressed methodological challenges in economic voting research. The analysis reminds us of the importance of the individual-level cross-sectional time-series approach in studies of voting behaviour in order to draw generalisable conclusions on the basic mechanisms of the responsibility attribution. However, this work has shortcomings that need to be highlighted and, where possible, to be taken into account in future studies.

First and foremost, the analysis presented here does not eliminate the much-debated problem of inconsistency in retrospective economic effects. It does not look at the contextual factors that characterise the countries under study, for instance the institutional setting, which may condition the magnitude of electoral sanctioning or rewarding and help explain cross-national diversity in the economic vote. Instead, it focuses on temporal dynamics. We are able to say based on the findings presented in this work that the overall statistical relationship between the economy and the vote is strong, even in the context of severe macroeconomic turbulence. However, a large part of the variation in political support remains unexplained: clearly, additional drivers exist that determine individual decision to cast a vote for or against governing parties, which are not identified here. I propose in the dissertation that national economic policies are one such covariate, and I believe that this emerging dimension of voter economic considerations needs greater attention. Government policy reactions to external impulses are a relevant feature not only in the context of the crisis, but increasingly define national economic outcomes in the current environment of growing economic interdependence and multilevel governance. It is fair to expect that citizens pay attention to and assess government policy performance, and use this information when they form their political attitudes. Furthermore, future work should consider the possibility that the relationship between economic policies and incumbent support is mediated by the clarity of responsibility for policy choices. If economic policies are externally constrained, then voters may be less willing to hold national governments accountable for unpopular measures. Therefore, the effect can be expected to depend on the extent to which national governments share responsibility for economic policies with supranational and intergovernmental institutions. Of course, voter willingness to punish incumbents for unpopular policies may also be moderated by domestic factors, such as the ideological leaning of the government. It is possible that governing parties on the right flank of the political spectrum, which are traditionally associated with conservative fiscal policies, find more support and understanding from voters when they introduce cuts to public goods and services than they would from their left-wing counterparts, who typically advocate larger government and higher spending. These are only some of the conditioning mechanisms that may help reveal to what extent and in which direction incumbent popularity is affected by the policies they pursue.

Common challenges of individual-level studies on economic voting, which this work inevitably suffers from as well, are the endogeneity issue and the restricted variance problem. Both remind us to avoid drawing overly reaching conclusions based on our research findings, and call for caution when making causal inferences. In the presence of either of the two phenomena, it may be complicated to assess the substantive connection between the economy and voting in survey-based research, which may as a result lead to incorrect estimations of economic effects. Throughout this analysis, special methodological measures were taken in order to account for potential endogeneity of and restricted variance in economic perceptions. Nevertheless, these are fundamen-

tal problems in the broad field of empirical studies of political science, which cannot be fully addressed with observational data. Perhaps in the future new methodological possibilities such as experimental designs could be utilised in studies on crisis consequences, in order to deal with such issues and to properly assess causal relationships between variables.

Critics may also express concern over measurement, modelling, and methodological decisions used in this study – these are topics often discussed in economic voting research. While I attempted to pay careful attention to each of these matters and undertake robustness tests where possible, disagreements between researchers over such decisions are ultimately unavoidable. For example, it could be argued that data from 2009 is not suitable for measuring the influence of the economic crisis. The survey fieldwork of the EES Voter study in 2009 was carried out in the middle of the year, and it is possible that the severity of the economic downfall was not yet reflected in respondents' answers given in June. Moreover, using data on government policies from 2009 may be problematic because in many instances fiscal consolidation measures were only implemented later in the year. One may also claim that it is a misjudgement to consider 2014 as a post-crisis year because some countries were still experiencing serious financial difficulties, and many were surely still struggling with balancing the public finances. Unfortunately, however, the hands of a researcher are tied with regard to these decisions, as choices are dictated by data availability, especially in the matter of high-quality survey data that enable cross-sectional time-series comparisons. While the search continues for improved ways and better data for studying voter behaviour, these caveats must be kept in mind when interpreting the results of this research.

7.3. Theoretical and practical implications

By addressing concerns about the instability of economic voting from various aspects, this work contributes to the existing knowledge by providing empirically and methodologically sound confirmation of the presence of retrospective voting in general, and during the financial and economic crisis in particular. Although the literature on the political impact of crises on electoral behaviour is growing, we still know little about the wider political consequences of the Great Recession. Existing research by political scientists remains incomplete, often only focusing on single elections, countries and regions, making it difficult to draw broader conclusions. This dissertation aspired to fill some of these gaps in the knowledge. While exploring context-specific conditions is undoubtedly necessary, a fuller understanding of the core mechanisms of voting behaviour from more systematic analyses is essential as it constitutes a foundation for further studies in the field and helps build comprehensive theory. Responding to academic concerns over the lack of consistency in economic effects, the robust and extensive analysis carried out in this dissertation provides systematic and reliable evidence of strong economic vote as well as its temporal stability. The

economy is a powerful predictor of electoral support in Europe, and the strength of the punishing-rewarding mechanism seems to be largely immune to external shocks.

The dissertation also contributes to the literature from a theoretical point of view, in that it introduces government economic policies as a determinant of incumbent support. Up until now, policy-based voting has received little attention in the academic literature, but I argue that especially in times of crises the way national governments react to global economic fluctuations gains significance in the public agenda and, subsequently, affects voter attitudes and their electoral decisions. Voter calculus has become more complex amid the economic turmoil. It contains various economic dimensions, and only by taking into account all of these dimensions can we fully understand an economic voter and assess the performance of the mechanism of economic voting, both under ordinary and extraordinary socioeconomic circumstances (see also Lewis-Beck and Nadeau 2011; Lewis-Beck, Nadeau, and Foucault 2013). Recently, a growing number of studies have noted the significance of national crisis-time policies, discussing the economy from a positional perspective (see Clarke et al. 2013; Magalhães 2014a; Nezi and Katsanidou 2014; Karyotis and Rüdig 2015; Kavanagh 2015; Whiteley et al. 2015). Still, we know very little about how government economic policy decisions shape political support patterns, and I believe that next to the traditional reward-punishment approach, the policy dimension requires greater awareness in future work. Importantly, I also draw attention to the shortcomings of how economic policies are measured in previous works. In this study, I introduce a novel measure of government policy stance by using macroeconomic indicators that are commonly employed in economics, but have thus far found little use in political science. Utilisation of these variables enables us to more precisely assess economic policy voting.

Past decades have seen a decline in traditional social cleavages in predicting electoral choice, and the shift to performance-based voting has increased the evaluative content of elections. Parties are increasingly judged by the policies they advocate, which suggests greater democratic responsiveness (Dalton 1996: 340). With regard to wider implications, the conclusions presented in this dissertation provide support for the judgement that there exists healthy democratic accountability in Europe. Of course, economic voting is only one of the many ways in which citizens give feedback to political leaders, but if voters maintain a capacity to monitor national policymaking and to react accordingly, then parties seeking electoral success are forced to take into account public interest and to act with the public benefit in mind when establishing and pursuing economic policies. This assures that governmental business remains public business. For citizens, maintaining their right to demand accountability for how public policies are being executed – and being aware that such a possibility exists – empowers them to fulfil their role as democratic actors and to actively participate in the process of decision-making. This democratic mechanism, ultimately, helps determine national policy.

That said, recommendations for policymakers based on these findings are less straightforward than advising them to blindly follow public demands. In many ways, democratic accountability can be imperfect. Previous scholarship suggests that political behavior of the great majority of the citizens is driven by how they feel about the economy and by political loyalties typically acquired in childhood, rather than the facts of political life and government policy (Achen and Bartels 2016). To expect ordinary people to possess thorough expertise in political and economic matters would be naïve. In fact, citizens may exhibit contradictory opinions when it comes to economic issues: for example, voters have been found to expect more benefits for the same or lower level of taxes (see Steinmo 1996). The public may also resist certain policy measures, even necessary ones, when these are pursued 'in their backyard' and threaten their own wellbeing. Furthermore, citizens may not be able to correctly put into perspective long-term and short-term gains, short-sightedly opting for the latter. Even when voting is based on public approval or disapproval of the past performance of the political leaders – which requires less elaborate and informed policy views – ordinary citizens may lack sensible judgements about credit or blame. Retrospective voters can be blind, i.e. hold incumbents accountable for events that they do not control, and myopic, i.e. focus only on short periods of time (Achen and Bartels 2016). These tendencies make it hard for elected officials to respond to public preferences. On the other hand, overall economic knowledge has grown over time and society has become more demanding, expecting effective economic management from political leaders. Incumbents unable to effectively respond to economic challenges face the threat of being voted out of office. This applies particularly strongly in periods of crisis, when the salience of economic issues is greater and political parties compete in their ability to manage national policy reactions to external shocks. Governments seeking re-election must find a viable balance in this complex situation between what is rational and necessary for the country and what is supported by the electorate.

There is no doubt that the economy matters for voters. The sequence of banking and sovereign debt crises that unfolded in 2007, and a very slow recovery from the steep crash, had powerful consequences, resulting not only in short-term electoral losses but led to, in several countries, substantial restructuring of the political landscape. Popular discontent has evoked an anti-establishment wave, as demonstrated by unforeseen support levels of Donald Trump in the United States and by the emergence of left and right populism all across Europe. In the United Kingdom, the willingness of citizens to punish the incumbents took a particularly dramatic turn when the country voted to leave the EU at public referendum in June 2016. Economic considerations played an essential role in determining where people stood on the referendum decision. Voters who wished to remain in the EU feared the great risks that leaving the EU would bring along to the country's economy, prices and jobs, whereas the 'leave' voters saw more threats than opportunities to their living standard from the way the economy and society are changing, for example as a result of immi-

gration and the free movement of people (Lord Ashcroft 2016). Moreover, many supporters of the British exit from the EU, known colloquially as 'Brexit', saw the referendum as an opportunity to express their deep dissatisfaction with long-time economic malaise and several years of Tory-led austerity policies. However, economic issues were not the only ones that drove the 'leave' vote in Britain. The protest sentiment was also strongly motivated by psychological and emotional aspects related to security, culture and national identity, and by the overall resentment towards the ruling elite, both within the country and in Brussels.

The British case illustrates vividly that while the economy plays a major – and a very consistent – role in how citizens evaluate the work of political leaders, the final vote choice is a complex combination of various aspects, some of which are rational and many of which are not. A major lesson from the British shock vote is that it is a risky decision to trust the populist rhetoric over rational arguments in political campaigns and media framing in a situation where so much is at stake. A dissatisfied citizenry demanding change is one thing, but when populist ideas catch fire, it has the potential to swing the results in a direction that irreversibly changes the course of history, not only for the state in question but possibly for much of the interdependent and globalised international community. The danger is real, given the emerging anti-establishment sentiment in many parts of the advanced industrial world.

Finally, the experience from the Great Recession has taught us that governments can also survive the crises. Sometimes miserable economic conditions are not directly associated with government actions; sometimes the situation, albeit poor, is still perceived as being preferable to that of another place or another moment in time, and sometimes other issues than the economic ones receive primary focus in the minds of the electorate. This knowledge is particularly comforting for political parties seeking to be elected or re-elected in today's world, where both political and economic instability are growing. The continued aftermath of the financial and economic crisis, the ongoing immigration crisis, and the as-yet-unpredictable consequences of Brexit provide clear signals that countries operate in a context full of uncertainty, external threats, and sudden transformations, which require quick and adequate reactions. This new reality, where what constitutes as a 'non-crisis' time remains ambiguous, changes the rules of the political game and makes political calculation more challenging. Nevertheless, this work provides evidence that one way for incumbents to increase their prospects for survival is to ensure as much as possible that their actions benefit the country's current and future economic wellbeing.

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Appendix 1. Description of the EES Voter study waves.

	1979	1984	1989	1994	1999	2004	2009	2014
Survey type	Excluded due to data missing on retrospective economic evaluations	Excluded due to data missing on retrospective economic evaluations	Pre-electoral study (part of Euro-barometer)	Post-electoral study (part of Euro-barometer)	Excluded due to conceptually different measurement of economic evaluations	Post-electoral study	Post-electoral study	Post-electoral study
Target group			Citizens 18+ yrs.	Citizens 18+ yrs.		Citizens 18+ yrs.	Citizens 18+ yrs.	Citizens 18+ yrs.
Data collection method			Face-to-face interviews	Face-to-face interviews		Face-to-face and telephone interviews	Face-to-face and telephone interviews	Computer assisted personal interviews
Sample			Nationally representative; ~1000 respondents per country	Nationally representative; ~1000 respondents per country		Nationally representative; ~1000 respondents per country	Nationally representative; ~1000 respondents per country	Nationally representative; ~1000 respondents per country
Fieldwork date			Oct .to Nov. 1988	Nov. to Dec. 1994		June 2004 to Jan. 2005	June to July 2009	May to June 2014
No of countries			13	13		24	27	28

Source: EES homepage.

Appendix 2. Descriptive statistics for Chapters 4 and 5.

If there was a general election tomorrow, which party would you vote for?	21.41% 'Current PM party' 49.76% 'Other party' 28.83% Missing (incl. refused, don't know, would vote blank, would spoil the vote, would not vote)
What do you think about the economy? Compared to 12 months ago, do you think that the general economic situation in [country] is…	43.23% 'Worse' 29.03% 'Same' 25.69% 'Better' 2.05% Missing
In political matters people talk of "the left" and "the right". What is your position? Please indicate your views using any number on a scale from 0 to 10, where 0 means "left" and 10 means "right". Which number best describes your position?	Mean 5.37 Std. deviation 2.31 12.07% Missing
If you were asked to choose one of these names for your social class, which would you say you belong to?	29.76% 'Working class' 63.55% 'Middle class' 1.69% 'Upper class' 5% Missing
Apart from special occasions such as weddings and funerals, how often do you attend religious services nowadays?	3.98% 'Several times a week' 17.77% 'Once a week' 32.86% 'Few times a year' 12.08% 'Once a year or less' 21.09% 'Never' 12.21% Missing (incl. not applicable in 1989, 1994)
What year were you born? Recoded into age in full years.	Mean 47.46 Std. deviation 17.39 0.49% Missing
Are you …	47.71% 'Male' 52.17% 'Female' 0.12% Missing
How old were you when you stopped full-time education?	6.04% 'Still studying' 26.29% 'Up to 15' 35.04% '16–19' 30.55 '20 or more' 2.08% Missing
Cabinet time in office (months)	Mean 20.73 Std. deviation 13.99 0% Missing

Which party did you vote for at the General Election of [year]?	26.03% 'Current PM party' 44.59% 'Other party' 29.38% Missing (incl. refused, don't know, was not eligible, voted blank, spoiled vote, did not vote)
GDP growth, change on previous year (%)	Mean 1.48 Std. deviation 3.20 0% Missing
Inflation, annual average rate of change (%)	Mean 2.13 Std. deviation 2.78 0% Missing
Unemployment, annual average rate of change (%)	Mean -0.25 Std. deviation 1.54 0% Missing
If there was a general election tomorrow, which party would you vote for?	27.54% 'Government party' 43.63% 'Other party' 28.83% Missing (incl. refused, don't know, would vote blank, would spoil the vote, would not vote)
Which party did you vote for in the European Parliament elections? 1989 not included.	16.32% 'PM party' 42.64% 'Other party' 41.04% Missing (incl. refused, don't know, was not eligible, voted blank, spoiled vote, did not vote)
If there was a general election tomorrow, which party would you vote for?	21.41% 'PM party' 55.49% 'Other party, or would vote blank, spoil vote or not vote' 23.1% Missing (incl. refused, don't know)
Aggregated positive economic evaluations (%)	Mean 25.69 Std. deviation 15.97 0% Missing

Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 countries; Eurostat and OECD; author's own calculations.

Appendix 3. Interaction effects of economic evaluations and year on incumbent support.

Economic evaluations: same	*ref. category*
Economic evaluations: worse	-0.33* (0.17)
Economic evaluations: better	0.46*** (0.10)
Left-right placement	4.06*** (0.28)
Class	0.45*** (0.16)
Religiosity	-0.45** (0.16)
Age	0.93*** (0.13)
Gender	0.09** (0.04)
Education	-0.05 (0.07)
Cabinet time in office logged	-0.49 (0.31)
1989	0.51*** (0.19)
1994	0.23 (0.21)
2004	0.01 (0.24)
2014	-0.26 (0.19)
Worse X 1989	-0.24 (0.27)
Worse X 1994	-0.06 (0.20)
Worse X 2004	-0.41* (0.24)
Worse X 2014	-0.05 (0.24)

Better X 1989	-0.02 (0.13)
Better X 1994	-0.07 (0.14)
Better X 2004	0.08 (0.18)
Better X 2014	0.00 (0.18)
McFadden's R^2	0.19
N	30,980

Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; author's own calculations.

Notes: Entries are regression coefficients, standard errors in parentheses. The dependent variable is 1 if vote intention is for the incumbent PM party and 0 for any other party. Don't knows, refusals, respondents who said they would vote blank, would spoil their vote or would not vote, and missing answers are excluded. Left-right placement, class and religiosity are adjusted for the PM party's ideology. All control variables are recoded on a 0 to 1 scale. Country dummies are not shown. Standard errors clustered by survey (each country in each year).

***p<0.01 **p<0.05 *p<0.1

Appendix 4. Effects of the exogenised economy on incumbent support.

	(1) Basic model	(2) Interactions
Good economic evaluations	0.01*	-0.01
	(0.01)	(0.04)
Left-right placement	4.22***	4.25***
	(0.28)	(0.29)
Class	0.50***	0.55***
	(0.16)	(0.17)
Religiosity	-0.45***	-0.44***
	(0.15)	(0.15)
Age	0.86***	0.91***
	(0.13)	(0.12)
Gender	0.04	0.04
	(0.03)	(0.03)
Education	-0.01	-0.00
	(0.07)	(0.07)
Cabinet time in office logged	-0.47*	-0.49*
	(0.31)	(0.27)
1989	0.37	-1.13**
	(0.28)	(0.57)
1994	0.16	-0.07
	(0.22)	(0.56)
2004	-0.04	-0.61
	(0.22)	(0.50)
2014	-0.32	-0.10
	(0.28)	(0.53)
Good economic evaluations X 1989		0.07
		(0.04)
Good economic evaluations X 1994		0.03
		(0.04)
Good economic evaluations X 2004		0.04
		(0.04)
Good economic evaluations X 2014		0.02
		(0.04)
McFadden's R^2	0.17	0.18
N	31,350	31,350

Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; author's own calculations.

Notes: Entries are regression coefficients, standard errors in parentheses. The dependent variable is 1 if vote intention is for the incumbent PM party and 0 for any other party. Don't knows, refusals, respondents who said they would vote blank, would spoil their vote or would not vote, and missing answers are excluded. Left-right placement, class and religiosity are adjusted for the PM party's ideology. All control variables are recoded on a 0 to 1 scale. Country and year dummies are not shown. Standard errors clustered by survey (each country in each year).

***p<0.01 **p<0.05 *p<0.1

Appendix 5. Interaction effects of economic evaluations and GDP growth on incumbent support.

Economic evaluations: same	*ref. category*
Economic evaluations: worse	-0.42*** (0.08)
Economic evaluations: better	0.45*** (0.08)
GDP growth	0.13** (0.05)
Economic evaluations: worse X GDP growth	-0.02 (0.02)
Economic evaluations: better X GDP growth	-0.01 (0.02)
Left-right placement	4.10*** (0.28)
Class	0.47*** (0.15)
Religiosity	-0.44*** (0.15)
Age	0.91*** (0.13)
Gender	0.09** (0.04)
Education	-0.05 (0.06)
Cabinet time in office logged	-0.49 (0.30)
McFadden's R^2	0.19
N	30,980

Source: EES Voter study from 1989, 1994, 2004, 2009 and 2014 for 10 European countries; OECD; author's own calculations.
Notes: Entries are regression coefficients, standard errors in parentheses. The dependent variable is 1 if vote intention is for the incumbent PM party and 0 for any other party. Don't knows, refusals, respondents who said they would vote blank, would spoil their vote or would not vote, and missing answers are excluded. Left-right placement, class and religiosity are adjusted for the PM party's ideology. All control variables are recoded on a 0 to 1 scale. Country and year dummies are not shown. Standard errors clustered by survey (each country in each year).
***p<0.01 **p<0.05 *p<0.1

Appendix 6. Descriptive statistics for Chapter 6.

If there was a general election tomorrow, which party would you vote for?	18.78% 'PM party' 49.96% 'Other party' 31.25% Missing (incl. refused, don't know, would vote blank, spoil vote or not vote)
What do you think about the economy? Compared to 12 months ago, do you think that the general economic situation in [country] is…	49.00% 'Worse' 27.80% 'Stayed the same' 18.82% 'Better' 4.39% Missing
Change in government structural balance (%)	Mean 33.56 Std. deviation 117.57 6.75% Missing
Change in government total expenditure (%)	Mean 3.99 Std. deviation 5.03 0.00% Missing
Change in government total tax revenue (%)	Mean 1.69 Std. deviation 6.89 0.00% Missing
In political matters people talk of "the left" and "the right". What is your position? Please indicate your views using any number on a scale from 0 to 10, where 0 means "left" and 10 means "right". Which number best describes your position?	Mean 5.26 Std. deviation 2.54 15.33% Missing
If you were asked to choose one of these names for your social class, which would you say you belong to?	29.10% 'Working class' 62.29% 'Middle class' 2.04% 'Upper class' 6.56% Missing
Apart from special occasions such as weddings and funerals, how often do you attend religious services nowadays?	3.12% 'Several times a week' 13.29% 'Once a week' 30.85% 'Few times a year' 18.00% 'Once a year or less' 28.63% 'Never' 6.10% Missing
What year were you born? Recoded into age in full years.	Mean 49.70 Std. deviation 17.35 3.56% Missing
Are you…	45.29% 'Male' 53.38% 'Female' 1.34% Missing

How old were you when you stopped full-time education?	5.37% 'Still studying' 15.30% '15 or younger' 38.50% '16-19' 36.24% '20 or older' 4.58% Missing
Cabinet time in office (months)	Mean 21.38 Std. deviation 15.31 0.00% Missing
Eurozone membership	59.47% 'Yes' 40.53% 'No' 0.00% Missing

Source: EES Voter study from 2004, 2009 and 2014 for 24 European countries; Eurostat and OECD; author's own calculations.

Appendix 7. Interaction effects of government economic policy and year on incumbent support.

	(1)	(2)	(3)
Economic evaluations: same	*ref. category*	*ref. category*	*ref. category*
Economic evaluations: worse	-0.51***	-0.47***	-0.47***
	(0.16)	(0.15)	(0.16)
Economic evaluations: better	0.51***	0.51***	0.51***
	(0.16)	(0.15)	(0.16)
Government structural balance	-0.39	-	-
	(1.19)		
Government expenditure	-	0.14	-
		(0.64)	0.88
Tax revenue	-	-	(0.81)
2004	-0.39	-0.71	0.98
	(0.55)	(0.69)	(1.04)
2014	-3.02***	-3.01***	1.05
	(1.02)	(0.68)	(1.33)
2004 X Government structural balance	0.48	-	-
	(1.33)		
2014 X Government structural balance	7.83***	-	-
	(2.83)		
2004 X Government expenditure	-	0.68	-
		(1.05)	
2014 X Government expenditure	-	5.12***	-
		(1.18)	
2004 X Tax revenue	-	-	-2.01
			(1.53)
2014 X Tax revenue	-	-	-2.18
			(1.99)
Left-right self-placement	4.11***	4.12***	4.12***
	(0.06)	(0.06)	(0.06)
Social class	0.60***	0.57***	0.57***
	(0.06)	(0.05)	(0.05)
Religiosity	-0.31***	-0.30***	-0.29***
	(0.05)	(0.05)	(0.05)
Age	0.79***	0.72***	0.72***
	(0.06)	(0.06)	(0.06)

	(1)	(2)	(3)
Gender	0.08***	0.08***	0.08***
	(0.03)	(0.03)	(0.03)
Education	-0.03	-0.04	-0.04
	(0.05)	(0.05)	(0.05)
Cabinet time in office logged	0.49*	0.53**	0.19
	(0.29)	(0.26)	(0.27)
Eurozone membership	0.37***	0.55***	0.39***
	(0.14)	(0.13)	(0.15)
Log likelihood	-18796.34	-19761.76	-19787.37
Number of countries	23	24	24
Number of country-years	63	68	68
Number of individuals	39,894	42,363	42,363

Source: EES Voter study from 2004, 2009 and 2014 for 24 European countries; Eurostat and IMF; author's own calculations.
Notes: Entries are regression coefficients, standard errors in parentheses. Random effects not shown. The dependent variable is 1 if vote intention is for the incumbent PM party and 0 for any other party. Don't knows, refusals, respondents who said they would vote blank, spoil vote or would not vote, and missing answers are excluded. Left-right placement, class and religiosity are adjusted for the PM party's ideology. All control variables are recoded from 0 to 1.
***p<0.01 **p<0.05 *p<0.1

Appendix 8. Effects of economic policies on incumbent support by year, standardised variables.

	(1) 2004	(2) 2009	(3) 2014	(4) 2004	(5) 2009	(6) 2014	(7) 2004	(8) 2009	(9) 2014
Economic evaluations	0.42*** (0.08)	0.35*** (0.10)	0.42*** (0.10)	0.40*** (0.08)	0.34*** (0.10)	0.41*** (0.09)	0.40*** (0.08)	0.34*** (0.10)	0.42*** (0.10)
Government structural balance	-0.00 (0.06)	-0.26 (0.16)	0.83** (0.32)	-	-	-	-	-	-
Government expenditure	-	-	-	0.20** (0.10)	-0.10 (0.12)	0.65*** (0.14)	-	-	-
Tax revenue	-	-	-	-	-	-	-0.03 (0.20)	0.06 (0.15)	-0.55* (0.33)
Left-right self-placement	0.92*** (0.03)	0.94*** (0.02)	1.00*** (0.03)	0.89*** (0.03)	0.94*** (0.02)	1.03*** (0.03)	0.89*** (0.03)	0.94*** (0.02)	1.03*** (0.03)
Social class	0.20*** (0.03)	0.16*** (0.03)	0.16*** (0.03)	0.20*** (0.03)	0.16*** (0.03)	0.15*** (0.02)	0.19*** (0.03)	0.16*** (0.03)	0.15*** (0.02)
Religiosity	-0.16*** (0.03)	-0.17*** (0.03)	0.06** (0.03)	-0.18*** (0.03)	-0.16*** (0.03)	0.06** (0.03)	-0.17*** (0.03)	-0.16*** (0.03)	0.07** (0.03)
Age	0.13*** (0.02)	0.13*** (0.02)	0.24*** (0.02)	0.11*** (0.02)	0.12*** (0.02)	0.22*** (0.02)	0.11*** (0.02)	0.12*** (0.02)	0.22*** (0.02)
Gender	-0.00 (0.02)	0.03 (0.02)	0.09*** (0.02)	0.00 (0.02)	0.03 (0.02)	0.08*** (0.02)	0.00 (0.02)	0.03 (0.02)	0.08*** (0.02)
Education	-0.01 (0.02)	-0.04** (0.02)	0.04 (0.02)	-0.02 (0.02)	-0.05** (0.02)	0.04* (0.02)	-0.02 (0.02)	-0.05** (0.02)	0.04* (0.02)
Cabinet time in office logged	0.04 (0.10)	0.59*** (0.14)	-0.06 (0.10)	0.19* (0.11)	0.54*** (0.14)	-0.04 (0.08)	0.09 (0.11)	0.49*** (0.13)	-0.16* (0.09)
Eurozone membership	0.25*** (0.08)	0.16 (0.12)	0.07 (0.12)	0.34*** (0.08)	0.21* (0.12)	0.18* (0.10)	0.32*** (0.10)	0.17 (0.11)	-0.03 (0.12)

	(1) 2004	(2) 2009	(3) 2014	(4) 2004	(5) 2009	(6) 2014	(7) 2004	(8) 2009	(9) 2014
Log likelihood	-5879.66	-6733.75	-6134.74	-6272.92	-6944.19	-6494.61	-6274.99	-6944.46	-6502.98
Number of countries	19	23	21	21	24	23	21	24	23
Number of individuals	12,162	14,333	13,399	13,363	14,830	14,170	13,363	14,830	14,170

Source: EES Voter study from 2004, 2009 and 2014 for 24 European countries; Eurostat and IMF; author's own calculations.
Notes: Entries are regression coefficients, standard errors in parentheses. Random effects not shown. The dependent variable is 1 if vote intention is for the incumbent PM party and 0 for any other party. Don't knows, refusals, respondents who said they would vote blank, spoil vote or would not vote, and missing answers are excluded. Left-right placement, class and religiosity are adjusted for the PM party's ideology. The scales of all variables are converted to z-scores.
***p<0.01 **p<0.05 *p<0.1

SUMMARY IN ESTONIAN

Akadeemiline kirjandus pakub ulatuslikku tõestust sellest, et majanduslike tingimuste ja valimistulemuste vahel on tugev positiivse suunaga seos. Valijad peavad võimulolijaid riigi majanduse eest vastutavaks: valitsusparteide toetus kasvab, kui majandus kosub, ning kannatab, kui majandusel läheb kehvasti. Paraku ei ole aga kõikide valimiste tulemused üheselt majandusest tingitud. Ajalugu on olnud tunnistajaks nii riigijuhtidele, kes kindlustavad oma populaarsust sügavas majanduslanguses, kui ka nendele, kes on kaotanud oma koha majandusedust hoolimata. Ka akadeemiline töö antud valdkonnas pakub ebaühtlaseid tulemusi. Majanduslik hääletamine leiab empiirilist tõestust sageli, kuid mitte alati ega igal pool, ja pole päris selge, miks see nii on.

Hiljutine finants- ja majanduskriis on küsimuse majandusliku hääletamise ebastabiilsusest taas teravalt päevakorda kergitanud. Kriisi ajal koges valdav enamik läänemaailma riikidest sügavaimat majanduslangust alates 1930ndatest, asetades valitsused silmitsi kahanevate riigituludega, kasvavate kulutustega ja rekordkõrge võlatasemega, sundides mitmeid riike ellu viima karme kärpemeetmeid. Lähtudes klassikalisest majandusliku hääletamise teooriast peaks niivõrd tähelepanuväärne majanduslik ebastabiilsus viima tõsiste poliitiliste tagajärgedeni. Tõepoolest, mitmed Euroopa valitsusparteid said valimistel armutult lüüa, ent mitmetes teistes õnnestus võimulolijatel oma positsioon säilitada või seda isegi tugevdada. Need arengud on tõstatanud vajaduse majandustingimuste ja hääletamise omavahelist seost paremini mõista.

Majandusliku hääletamise ebastabiilsus oligi selle väitekirja kirjutamise peamiseks ajendiks. Kui seost majanduse ja valimiste vahel ei eksisteeri, siis on piiratud ka valijate võime võimulolijaid majandustulemuste eest vastutavaks pidada, mis omakorda jätab viimastele vabad käed ellu viia neile sobivaid poliitikaid, isegi kui need ei ole kooskõlas avaliku huviga. Väitekiri käsitles majandusliku hääletamise ebastabiilsuse küsimust kolmest aspektist, millest igaühele oli pühendatud eraldi empiiriline peatükk. Esmalt uuris töö majanduse ja poliitilise toetuse vahelise seose üldist tugevust. Pöörates erilist tähelepanu metodoloogilistele küsimustele, vaatles töö majandusliku hääletamise stabiilsust kümnes Lääne-Euroopa demokraatias, kasutades indiviidi-tasandi küsitlusandmeid ajavahemikust 1989-2014 ja hõlmates enam kui 55 000 vastajat. Tulemused kinnitavad, et majanduslikel kaalutlustel on tugev mõju poliitilistele eelistustele. Valijate toetus võimulolijatele kasvab, kui majandus õitseb, ja kahaneb, kui majandus on languses. Loomulikult esineb erandeid, kuid üldjoontes on riigi majanduse käekäik kodanike jaoks arenenud riikides oluline – seda jälgitakse ja võetakse oma poliitiliste eelistuste kujundamisel arvesse.

Teiseks uuris töö, mil moel mõjutas majanduslikku hääletamist Euroopas finants- ja majanduskriis. Selle osa eesmärgiks oli võrrelda valijakäitumist n.ö harilikul ja ebaharilikul ajal, ning kaardistada 2007-2009. aasta sügava kriisi poliitilised tagajärjed. Teoreetiliselt oleksime pidanud tunnistajaks olema tugevale valitsusparteide karistamisele valimistel, kuivõrd majandustingimuste mõju

hääletamisele on tavapäraselt tugevam siis, kui majandusel läheb kehvasti. Teisest küljest aga võib majanduslik hääletamine olukorras, kus riigid üha enam teineteisest sõltuvad ja vastutuse omistamine majandustulemuste eest on ebamäärane, olla hoopis nõrgem. Analüüsitulemused aga kinnitasid, et majanduslik hääletamine ei ole aja jooksul üldse erilisel määral muutunud. Statistiline seos majanduse ja hääletamise vahel jäi sarnasele tasemele, isegi ajal, mil Euroopat raputas viimaste aastakümnete tugevaim majanduslangus. See viitab asjaolule, et majandusliku hääletamise mehhanism on välistele šokkidele võrdlemisi immuunne.

Kolmas ja viimane empiiriline peatükk tõi välja uudse dimensiooni majanduslikus hääletamises, suunates fookuse majanduspoliitikale. Analüüs keskendus väitele, et olukorras, kus vastutus majandustulemuste eest on hägune ja kus majandus on igal pool ühtlaselt languses, vajavad valijad mõnd muud infoallikad peale majandusnäitajate, et adekvaatselt hinnata riigijuhtide majanduslikku kompetentsust. Kasutades võrdlevaid küsitlusandmeid, mis selles peatükis olid laiendatud 24 Euroopa riigile ja enam kui 77 000 vastajale, ning rakendades makromajanduslikke mõõdikuid, mis on politoloogia-alases kirjanduses uudsed, näitasin, et lisaks traditsioonilistele retrospektiivsetele majandushinnangutele aitab valimistulemusi seletada see, milline on riikide majanduspoliitiline kurss. Kriisi järel pööravad kodanikud fiskaalpoliitikatele enam tähelepanu kui varem, ja valitsejaid karistatakse karmide kärpemeetmete eest. Veelgi enam, majanduspoliitikad on tavapäraste tegurite kõrval kerkinud üheks keskseimaks determinandiks, mis indiviidi valimisotsust määravad, viidates asjaolule, et majandusliku hääletamise fenomen on muutunud mitmetahulisemaks.

Väitekirja panus akadeemilisse teadmisse seisneb ühelt poolt selles, et see annab metodoloogiliselt ja empiiriliselt tugevat tõestust asjaolust, et majandustingimuste ja valimiste vahel on oluline seos – seda nii üldiselt kui ka kriiside ajal. Teoreetilisest aspektist pakub töö välja uudse käsitluse majanduspoliitilisest hääletamisest, mis on kriisi tulemusena esile kerkinud. Töös esitatud järeldused annavad tunnustust, et demokraatlik vastutus Euroopas on heal järjel. Loomulikult on majanduslik hääletamine kõigest üks mehhanism, mille kaudu kodanikud riigijuhtidele tagasisidet annavad, kuid kui valijad säilitavad võimaluse jälgida riiklikke poliitikaid ja neile adekvaatselt reageerida, tuleb erakondadel, kes valimisedu nimel tegutsevad, võtta poliitikakujundamisel arvesse avalikku huvi. Kodanikud, kellel säilib võimalus nõuda vastutust poliitikate loomise ja elluviimise eest – ja kes on teadlikud sellest, et neil selline võimalus on – saavad efektiivsemalt täita oma rolli demokraatlike tegutsejatena ning osaleda otsustusprotsessides. Selline demokraatlik mehhanism aitab lõpptulemusena kaasa sellele, milliseks riigi poliitikad kujunevad.

CURRICULUM VITAE

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Education

2011–….	PhD studies in Political Science, University of Tartu, Johan Skytte Institute of Political Studies
1998–2002	BA and MA in Sociology, University of Tallinn, Department of Sociology

Academic positions

10/2016–...	Research Associate at the University of York, Department of Politics
03/2016–12/2016	Guest Researcher at the WZB Berlin Social Science Center, research unit Inequality and Social Policy

Grants and scientific projects

Participating in the work of a research group at the Institute of Government and Politics, University of Tartu, in studying Estonian e-voters (September – December 2014).

Mobility grant within Foundation Archimedes National Scholarship Program for a research visit to the University of Iowa, Iowa City, United States, to work under the supervision of Prof. Michael S. Lewis-Beck (September – December 2013).

Participating in the project "Types of Democratic Representation in Post-Communist Democracies", University of Tartu, Estonia (August – December 2013).

An individual research grant for a visit to the EUROLAB, GESIS Leibniz-Institute for the Social Sciences, Cologne, Germany (May – June 2013).

Participating in the project "Explaining electoral choice sets: Estonia in comparative perspective", University of Tartu, Estonia (September 2011 – December 2014).

Publications

Talving, Liisa (forthcoming in 2017). "The electoral consequences of austerity: Economic policy voting in Europe in times of crisis." Special issue "Rules, Institutions, and Electoral Behaviour: An Impact Assessment" in *West European Politics*.

Talving, Liisa (forthcoming in 2017). "Economic voting in Europe: Did the crisis matter?" *Comparative European Politics*.

Talving, Liisa and Braghiroli, Stefano (forthcoming in January 2017). "Political consequences of the crisis: Has economic voting in Italy changed?" Special

issue "Political Parties and Partisanship in Italy" in *Contemporary Italian Politics*.

Talving, Liisa (forthcoming in 2017). "The effect of the economy on voting behaviour". Toomla, Rein, Solvak, Mihkel and Kilp, Alar. (Ed.) *The Estonian Parliamentary Elections of 2015*. (In Estonian).

Talving, Liisa and Pukelis, Lukas (2014). "The Baltic States: Mixed results for incumbents." De Sio, Lorenzo; Emanuele, Vincenzo; Maggini, Nicola. (Ed.). *The European Parliament Elections of 2014*. (133–139). Rome: Centro Italiano Studi Elettorali.

Ehin, Piret; Ainsaar, Mare; Talving, Liisa; Reiljan, Andres (2014). *Attitudes of the Estonian population towards democracy*. (8–34) Tartu: University of Tartu. (In Estonian)

Manuscripts and work in progress

Talving, Liisa and Ehin, Piret. "Economic voting and constraints on government accountability: Are small, open and integrated nations different?" *Manuscript in preparation*.

Blog posts

"Estonia continues on a pro-Western course", *The European Parties Elections and Referendums Network* (EPERN) blog, March 17 2015, https://epern.wordpress.com/2015/03/17/estonia-continues-on-a-pro-western-course/

"The Baltic States: mixed results for incumbents", with Lukas Pukelis, *Centro Italiano Studi Elettorali* blog, June 2014, http://cise.luiss.it/cise/2014/05/30/the-baltic-states-mixed-results-for-incumbents/

Conferences, workshops, training

EPOP conference, University of Kent (9–11 September 2016). Paper presented: *Economic voting and constraints on government accountability: Are small, open and integrated countries different?* (with Dr. Piret Ehin).

Comparative Study of Electoral Systems (CSES) Plenary Session of Collaborators, Philadelphia (30–31 August 2016).

ECPR Graduate Student Conference, Tartu (10–13 July 2016). Chair of section Political economy and of panel Institutional setting and the economy. Paper presented: *The electoral consequences of austerity: Economic policy voting in Europe in times of crisis*.

PADEMIA PhD School: "Parliamentary Accountability in the EU: An Emergent Multilevel System or a Mixed Bag?", Dublin (1–3 June 2016). Paper presented: *Public Reactions to Economic Policies in Multilevel Governance*. Organized by University College Dublin.

Workshop "The Disintegration of Europe", Berlin (30–31 May 2016). Paper presented: *Public Reactions to Economic Policies in Multilevel Governance*. Organized by the Hertie School of Governance.

Workshop "Comparative Perspectives on Electoral Behaviour: The Impact of the Electoral and Party System", Rome (16–18 September 2015). Paper presented: *Economic voting amid the crisis: How voters in Europe respond to economic policies*. Organized by the Centre for Citizenship and Democracy, University of Leuven.

73rd annual MPSA conference, Chicago, US (April 16–19 2015). Paper presented: *Economic voting in Europe: Did the crisis matter?*

The 2014 ECPR General Conference, Glasgow, UK (3–6 September 2014). Paper presented: *Economic voting in Europe: Did the crisis matter?*

4th Annual Conference of the European Political Science Association, Edinburgh, UK (19–21 June 2014). Paper presented: *Economic voting and constraints on government accountability: Are small, open and integrated countries different?* (with Dr. Piret Ehin).

3rd European Conference on Comparative Electoral Research, Thessaloniki, Greece (25–27 April 2014). Paper presented: *Economic voting in Europe: Did the crisis matter?*

5th Winter School on Methodological Issues in Comparative Electoral Analysis. The True European Voter, University of Mannheim, Germany (5–9 March 2014). By Prof. Cees van der Eijk, University of Nottingham.

Causal Inference and Missing Data Problems. The Doctoral School of Behavioral, Social and Health Sciences, Tartu, Estonia (13–17 May 2013). By Dr. Levente Littvay, CEU.

Multilevel Regression Modelling. ECPR Winter School, University of Vienna, Austria (18–22 Feb 2013). By Dr. Levente Littvay, CEU.

What happened to incumbency voting? Conference organized by the Centre for Citizenship and Democracy, University of Leuven, Belgium (22 November 2012).

Multivariate Statistical Analysis and Comparative Crossnational Surveys Data. ECPR Summer School, University of Ljubljana, Slovenia (30 July – 10 Aug 2012). By Dr. Bruno Cautrès, CEVIPOF.

3rd Winter School on Methodological Issues in Comparative Electoral Analysis. The True European Voter, LUISS Guido Carli, Rome, Italy (6–9 Feb 2012). By Prof. Cees van der Eijk, University of Nottingham.

Flash Eurobarometer Annual Training. Gallup Hungary and European Commission, Budapest, Hungary (2009).

Teaching

Electoral studies, fall 2012, 2014 and 2015, University of Tartu (in Estonian and English).

Qualitative methods, spring 2013 and 2014, University of Tartu (in Estonian).

Public opinion and political behavior, spring 2012 and 2014, University of Tartu (in Estonian).

Methodology of social sciences, spring 2012, University of Tartu (in English).

Various lectures in other Estonian universities on political research and opinion polling (in Estonian and English).

Reviewing experience
Article review for *Acta Politica*; BA and MA theses reviews at the University of Tartu.

Membership in professional organizations
Member of ECPR, MPSA, PSA and EPSA.

Non-academic work

11/2010–...	Member of Board at At Front
09/2008–09/2011	Research Manager at Saar Poll
07/2004–07/2005	Member of Board at Turu-uuringute AS
07/2004–05/2005	Manager of Research Department at Turu-uuringute AS
10/2002–07/2004	Research Manager at Turu-uuringute AS
06/2002–10/2002	Fieldwork Manager at Turu-uuringute AS
08/2001–06/2002	Researcher at Turu-uuringute AS
10/2000–08/2001	Assistant to Research Manager at Turu-uuringute AS

Language skills
Estonian (mother tongue), English (advanced in speaking, reading and writing), Finnish (intermediate in reading, elementary in speaking and writing), Russian (elementary in speaking, reading and writing), German (elementary in speaking, reading and writing).

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Haridus

2011–….	Doktoriõpe politoloogias, Tartu Ülikool, Johan Skytte poliitika-uuringute instituut
1998–2002	Bakalaureuse- ja magistrikraad sotsioloogias, Tallinna Ülikool, sotsioloogia osakond

Akadeemilised töökohad

10/2016–...	Teadur, Yorki Ülikool, poliitika osakond
03/2016–12/2016	Külalisteadur, WZB Berliini sotsiaalteaduste keskus, eba-võrdsuse ja sotsiaalpoliitika üksus

Grandid ja teadusprojektid

Osalemine TÜ Riigiteaduste instituudi uurimisgrupi töös Eesti e-hääletajate uurimisel (september – detsember 2014).

Sihtasutuse Archimedes mobiilsusgrant välissõiduks Iowa Ülikooli Ameerika Ühendriikides, töötamaks Prof. Michael S. Lewis-Becki juhendamise all (september – detsember 2013)

Osalemine projektis "Demokraatliku esindatuse tüübid postkommunistlikes riikides", Tartu Ülikool (august – detsember 2013)

Individuaalgrant uurimisvisiidiks EUROLABi, GESIS Leibniz Sotsiaalteaduste instituuti Kölnis Saksamaal (mai – juuni 2013).

Osalemine projektis "Valikukomplektid ja nende mõju valimiskäitumisele: Eesti võrdlevas perspektiivis", Tartu Ülikool (september 2011 – detsember 2014).

Publikatsioonid

Talving, Liisa (avaldatakse 2017). "The electoral consequences of austerity: Economic policy voting in Europe in times of crisis." Erinumber "Rules, Institutions, and Electoral Behaviour: An Impact Assessment" ajakirjas *West European Politics*.

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Töös olevad käsikirjad

Talving, Liisa ja Ehin, Piret. "Economic voting and constraints on government accountability: Are small, open and integrated nations different?" *Käsikiri koostamisel.*

Blogipostitused

"Estonia continues on a pro-Western course", *The European Parties Elections and Referendums Network* (EPERN) blogi, 17. märts 2015, https://epern.wordpress.com/2015/03/17/estonia-continues-on-a-pro-western-course/

"The Baltic States: mixed results for incumbents", koos Lukas Pukelisisega, *Centro Italiano Studi Elettorali* blogi, juuni 2014, http://cise.luiss.it/cise/2014/05/30/the-baltic-states-mixed-results-for-incumbents/

Konverentsid, töötoad ja koolitused

EPOP konrerents, Kenti Ülikoool (9.–11. september 2016). Ettekanne *Economic voting and constraints on government accountability: Are small, open and integrated countries different?* (koos Piret Ehiniga).

Comparative Study of Electoral Systems (CSES) Plenary Session of Collaborators, Philadelphia (30.–31. august 2016).

ECPR Graduate Student Conference, Tartu (10.–13. juuli 2016). Sektsiooni "Poliitökonoomia" ja paneeli "Institutsionaalne kontents ja majandus" juhataja. Ettekanne *The electoral consequences of austerity: Economic policy voting in Europe in times of crisis*.

PADEMIA doktorantide suvekool: "Parliamentary Accountability in the EU: An Emergent Multilevel System or a Mixed Bag?", Dublin (1.–3. juuni 2016). Ettekanne *Public Reactions to Economic Policies in Multilevel Governance*. Korraldaja University College Dublin.

Töötuba "The Disintegration of Europe", Berliin (30.–31. mai 2016). Ettekanne *Public Reactions to Economic Policies in Multilevel Governance*. Korraldaja Hertie School of Governance.

Töötuba "Comparative Perspectives on Electoral Behaviour: The Impact of the Electoral and Party System", Rome (16.–18. september 2015). Ettekanne *Economic voting amid the crisis: How voters in Europe respond to economic policies*. Korraldaja Centre for Citizenship and Democracy, Leuveni Ülikool.

MPSA 73. aastakonverents, Chicago, Ameerika Ühendriigid (16.–19. aprill 2015). Ettekanne *Economic voting in Europe: Did the crisis matter?*

ECPR üldkonverents 2014, Glasgow, Ühendkuningriigid (3.–6. september 2014). Ettekanne *Economic voting in Europe: Did the crisis matter?*

EPSA 4. aastakonverents, Edinburgh, Ühendkuningriigid (19.–21. juuni 2014). Ettekanne Economic voting and constraints on government accountability: Are small, open and integrated countries different? (koos Piret Ehiniga).

3. Euroopa konverents "Comparative Electoral Research", Thessaloniki, Kreeka (25.–27. aprill 2014). Ettekanne *Economic voting in Europe: Did the crisis matter?*

5. metodoloogia talvekool *"Comparative Electoral Analysis"*. The True European Voter, Mannheimi Ülikool, Saksamaa (5.–9. märts 2014). Läbiviija Prof. Cees van der Eijk, Nottinghami Ülikool.

Käitumis- ja sotsiaalteaduste doktorikooli koolitus *"Causal Inference and Missing Data Problems"*, Tartu (13.–17. mai 2013). Läbiviija Levente Littvay, Kesk-Euroopa Ülikool.

ECPR talvekool *"Multilevel Regression Modelling"*, Viini Ülikool, Austria (18.–22. veebruar 2013). Läbiviija Levente Littvay, Kesk-Euroopa Ülikool.

Konverents *"What happened to incumbency voting?"*, Leuveni Ülikool, Belgia (22. november 2012). Korraldaja Centre for Citizenship and Democracy.

ECPR suvekool *"Multivariate Statistical Analysis and Comparative Cross-national Surveys Data"*, Ljubljana, Sloveenia (30. juuli – 10. august 2012). Läbiviija Bruno Cautrès, CEVIPOF.

3. metodoloogia talvekool *"Comparative Electoral Analysis"*. The True European Voter, LUISS Guido Carli, Rooma, Itaalia (6.–9. veebruar 2012). Läbiviija Prof. Cees van der Eijk, Nottinghami Ülikool.

Flash Eurobarometer Annual Training, Budapest, Ungari (2009). Korraldajad Gallup Hungary ja Euroopa Komisjon.

Õpetamiskogemus

Valimisuuringud, sügis 2012, 2014 and 2015, Tartu Ülikool (eesti ja inglise keeles).

Kvalitatiivsed uurimismeetodid, kevad 2013 ja 2014, Tartu Ülikool (eesti keeles).

Avalik arvamus ja poliitiline käitumine, kevad 2012 ja 2014, Tartu Ülikool (eesti keeles).

Sotsiaalteaduste metodoloogia, kevad 2012, Tartu Ülikool (inglise keeles).

Erinevad üksikloengud Eesti ülikoolides poliitikauuringute ja avaliku arvamuse teemal (eesti ja inglise keeles).

Retsenseerimiskogemus
Artikli retsensiooni ajakirja *Acta Politica* jaoks; bakalaureuse- ja magistritööde retsensioonid Tartu Ülikoolis.

Erialastesse organisatsioonidesse kuulumine
ECPR, MPSA, PSA ja EPSA liige.

Mitteakadeemiline töökogemus

11/2010–...	At Front, juhatuse liige
09/2008–09/2011	Saar Poll, uuringute juht
07/2004–07/2005	Turu-uuringute AS, juhatuse liige
07/2004–05/2005	Turu-uuringute AS, uuringuosakonna juht
10/2002–07/2004	Turu-uuringute AS, uuringujuht
06/2002–10/2002	Turu-uuringute AS, küsitlustöö juht
08/2001–06/2002	Turu-uuringute AS, uurija
10/2000–08/2001	Turu-uuringute AS, uuringujuhi assistent

Keeleoskus
Eesti (emakeel), inglise (edasijõudnud kõnes ja kirjas), soome (keskmine kirjas, algtase kõnes), vene (algtase kõnes ja kirjas), saksa (algtase kõnes ja kirjas).

DISSERTATIONES RERUM POLITICARUM UNIVERSITATIS TARTUENSIS

1. **Allan Sikk.** Highways to power: new party success in three young democracies. Tartu, 2006.
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12. **Kristian Lau Nielsen.** Soft Power Europe:The Lesser Contradiction in Terms and Practices. Tartu, 2016, 156 p.
13. **Birgit Poopuu.** Acting is everything: the European Union and the process of becoming a peacebuilder. Tartu, 2016, 242 p.
14. **Kristina Kallas.** Revisiting the triadic nexus: An analysis of the ethnopolitical interplay between Estonia, Russia and Estonian Russians. Tartu, 2016, 152 p.