Economic voting in Europe: Did the crisis matter?

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Abstract

Recent academic literature has been concerned with consequences of the global financial and economic crisis. During 2007-2009 most European countries faced economic meltdown and growing unemployment. On the one hand, this would lead us to expect a strong economic effect on vote choice. Yet, latest academic work suggests that diminishing clarity of responsibility makes it increasingly difficult for voters to attribute blame for economic outcomes, consequently leading to less punishment. Is the economic vote then more or less intense than before the crisis? Analyzing European Election Studies data from 40 cross-sections this paper finds support for neither: the economic effect appears remarkably stable over the years. This is not to conclude, however, that the crisis did not matter: popular discontent rocketed and incumbents were clearly punished. But the strength of the statistical relationship between political support and economic assessments has remained unchanged.

Introduction

Recent global financial and economic crisis has left the academic world concerned with its consequences and highlighted the need to reassess the mechanisms of democratic accountability. The question often asked is whether in the rapidly changing socioeconomic environment voters behave the same way as they have before. This paper addresses the issue by exploring what happened to economic voting in Europe in times global financial and economic crisis of 2007-2009.

The most severe economic shock of our time gives us, on the one hand, a reason to expect that in many countries incumbents are held responsible and being punished for poor economic outcomes. Previous findings namely indicate that economic impact 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 getting less pronounced. The punishing mechanism is stronger when the clarity of responsibility is high (Powell & Whitten 1993) but as economies have become more interlinked and interdependent, the capacity of national governments to shape macroeconomic outcomes has diminished. With economic responsibility becoming increasingly blurred, the tendency for voters to hold governments responsible for poor economy decreases accordingly (see Hellwig 2001; Hellwig & Samuels 2007; Duch & Stevenson 2010).

A number of studies have examined the aftermath of the crisis in separate European countries or regions but have arrived at contradictory outcomes. Some find confirmation for retrospective economic voting, some do not and some conclude that the effect is mediated by other variables. Alas, to date there is no certainty to whether the crisis has changed the economic vote and how. This paper therefore takes up a large-scale multi-country study to analyze the dynamics of economic vote under the crisis. Using European Election Studies data from 1989, 1994, 2004 and 2009 for 10 countries and more than 45,000 respondents, I demonstrate that personal reaction to economic hardship was neither less nor more intense in 2009 than it was prior to the recession. It is important to note, however, that this does not imply that in terms of economic accountability the crisis did not matter. Dissatisfaction with the economy increased significantly and governments were certainly held responsible but the punishing mechanism itself is surprisingly stable over the years.

The paper is structured in four sections. The first section reviews previous studies and proposes theoretical expectations. The second section introduces data, measurements and methods used in the study. The third section presents the empirical results of the multivariate analysis and, finally, the fourth one resumes the main conclusions and their implications.

Economic voting in times of crisis

The central claim of economic voting theory is that under poor economic circumstances voters tend to punish the incumbents by not voting for them (see Campbell et al. 1960; Key 1966; Kramer 1971; Fiorina 1981; Lewis-Beck 1988). The positive relationship between economic performance and incumbent support holds both at the individual and aggregate level of analysis. Macroeconomic indicators, in particular GDP growth, unemployment and inflation rate correlate with incumbent support (Goodhart & Bhansali 1970; Mueller 1973; Jacobson 1990). On the individual level, subjective perceptions of how the economy is performing affect the support for governing parties. The existing literature suggests that when evaluating incumbent performance, voters give more weight to country's overall economic situation rather than their own personal financial situation (Kinder & Kiewiet 1981; Lewis-Beck 1988) and are more influenced by retrospective evaluations than by prospective ones (Key 1966; Fiorina 1981).

During the global financial and economic crisis economy could easily be expected to be a crucial factor in explaining incumbent support. The trigger point of economic collapse occurred in September 2008 with the largest bankruptcy in the US history, the crash of the global financial giant Lehman Brothers, which was an alarm signal to public opinion and an impulse for further crises across the world (Colomer & Magalhães 2012). The recession reached its peak in the first half of 2009 when the Western world faced a severe drop in GDP growth and increasing unemployment (see Fig. 1). All across Europe economy was suddenly the most salient topic in the public agenda. Previous evidence shows that economic voting can be asymmetric: it may be more prevalent during difficult times and less pronounced when the economy is doing well (see Mueller 1973; Anderson 1995). As a consequence of these substantial macroeconomic changes, it is therefore justified to expect a *stronger* economic vote.

Figure 1: Macroeconomic changes in EA17 from 1996 to 2011

Source: Eurostat data for Euro area 17 countries. GDP growth rate marked as a change on previous year (%), unemployment as an annual average (%) and inflation rate as an annual average rate of change (%).

On the other hand, there are also reasons to believe that economic effect after the crisis may be less intense than before. While we know that voters are more eager to punish incumbents in systems with higher clarity of responsibility (Powell & Whitten 1993), current economic developments are sending signals to citizens that government performance is externally constrained when it comes to economic decisions. Globalization, growing economic integration, openness and interdependence blur economic accountability and consequently reduce economic effect (Hellwig 2001; Fernández-Albertos 2006; Hellwig & Samuels 2007; Kayser 2007; Duch & Stevenson 2010). Costa Lobo & Lewis-Beck (2012) argue that the national economic vote is also lessened in the system of multilevel governance where the EU is perceived responsible for economic outcomes. Recent literature therefore discusses the possibility that the global and complex essence of the crisis may have led to economic voting being *less* pronounced.

Studies on economic vote in times of crisis have hitherto come to opposing conclusions. Analyzing German parliamentary elections of 2009, Anderson and Hecht (2012) find no evidence of retrospective economic voting whereas Rattinger and Steinbrecher (2011), albeit stating that economic effects are not "dominant", do. Tillman (2011) argues that in British general elections in 2010 the blame attribution is exercised by more knowledgeable voters. Clearer signs of retrospective economic vote are detected in countries that were hit harder by the crisis: Ireland, Ireland, Greece, Italy, Spain and Portugal (Marsh & Mikhaylov 2012; Indridason 2014; Nezi 2012; Bellucci 2012; Fraile & Lewis-Beck 2012; Freire & Pereira 2012). Torcal's (2014) results confirm that the incumbent was punished in Spain in 2011 but imply that punishment is mediated by deep ideological divisions among the electorate. Bellucci (2014) finds some support for retrospective economic voting in Italy in 2013 but concludes that the effect is conditioned by the extent to which the EU is blamed for the crisis. Several single-country studies demonstrate that while there is clear evidence of punishing mechanism, the first post-crisis elections were relatively "normal": the economic shock did not result in substantially redefining the political landscape (Marsh & Mikhaylov 2014; Indridason 2014; Magalhães 2014).

Hence, up till now there is no explicit understanding if and how the economic crisis has shaped economic voting. Single-country or regional studies provide some insight but the lack of extensive comparative research on the topic prohibits drawing broader conclusions. This study therefore undertakes an extensive multi-country study in order to avoid being biased by national idiosyncrasies. By empirically testing data from 40 cross-sections, the paper contributes to the existing literature in mapping the patterns of economic voting before and after the crisis.

Data, measurements and methods

Data and case selection

To empirically test the stability of economic effect over time, I use quantitative data analysis. The focus is on the individual-level data which are obtained from the EES Voter study, carried out every four years since 1989. Within four weeks after the European Parliament elections,[i] face-to-face or telephone interviews are typically conducted with a nationally representative sample of voters aged 18 and over from every country that is included in the survey wave. Each of the studies has been designed in a similar manner and the questionnaires contain a large number of identical questions. The high-quality datasets thereby offer large temporal and spatial variance, a necessary condition to answer the research question at issue.[ii]

For the present analysis, I include respondents from 10 European countries and EES Voter Study surveys from 1989, 1994,[iii] 2004 and 2009, with a total of 40 cross-sections and an overall sample of more than 45,000 respondents (n≈1000 interviews per survey per country, see Table 1 in Appendix A). The first wave of the EES Voter study, in 1979, is not included due to data missing on one of the main variables of interest, retrospective economic evaluations. For the same reason, data from 1984 are not included. The EES Voter study of 1999 has been excluded from the analysis due to economic evaluations having been measured conceptually differently than in other years.

The country selection, too, largely issues from the availability of data. Although the number of countries included in the EES Voter study originally ranges from 12 in 1989 to 27 in 2009, only those involved in all four survey waves are selected for the analysis: Denmark, France, Germany,[iv] Greece, Ireland, Italy, Netherlands, Portugal, Spain and United Kingdom.[v] Luxemburg has been excluded due to a small number of respondents in some of the survey waves (only 300 respondents in 1989 and 500 respondents in 1994). Belgium was excluded because the data on vote intention was not collected in 2004.

In order to maximize variance in economic and political conditions over time and across space and consequently more accurately estimate the economic effect, the data for four survey waves and ten countries have been pooled into one dataset. Such an approach is made possible by extensive similarities in sample set-ups and questionnaires across all 40 surveys. The final data pool exhausts the total of N=45,026 respondents. The weights are not included because no continuity exists in the weight variables for separate study waves and countries.

Dependent and independent variables

Building on the notion that vote choice is the generally preferred dependent variable in electoral behavior studies (Lewis-Beck 2006), the outcome variable in this analysis is vote intention. Even though the EES Vote study also contains data on actual vote choice in European Parliament elections, vote intention is chosen here instead due to European Parliament elections often being considered second-order elections (see Reif & Schmitt 1980) where the accountability mechanisms behave differently than in national elections.

Variable operationalization in economic voting studies is extremely diverse. In their ample overview of literature on economic effects in 1981-2007, Bellucci and Lewis-Beck (2011) demonstrate at least 8 different ways of operationalizing the dependent variable. This indicates that there is no common and widely approved way to measure incumbent support. Previous individual-level studies have often defined choice between government and opposition as their outcome variable but the size and type of governments differ remarkably between countries and moments of time, possibly making conclusion drawing complex and ambiguous. Additionally, van der Brug, van der Eijk and Franklin (2007, p.9) emphasize that such a set-up fails to take into account that parties may be differently affected by the economy. In diverse coalition governments parties share dissimilar responsibilities and may consequently suffer or gain from economic changes to a different extent.

Bearing these concerns in mind, incumbent support is here measured as vote intention for PM party in next national elections.[vi] Respondents in the EES Voter study were shown a list of parties and asked to name the party they would vote for if the general elections in a country were held tomorrow. The answers are recoded as 1 if the preferred party was incumbent PM party at the time of the fieldwork and 0 if any other party was preferred. Don't knows, refusals, respondents who said they would not vote, would spoil the vote or vote blank, and missing answers have been excluded. Although the role of PM party can vary in political systems depending on, for example, its dominance, size, strength and whether the government is formed by multiple participants, in multiparty systems PM parties are still typically held more accountable for economic performance than others (see Duch & Stevenson 2008; Fisher & Hobolt 2010).

Another methodological matter often raised is whether vote intention indicated in surveys reflects actual aggregate-level electoral outcomes. Final vote choice may be a consequence of several factors such as partisanship, attitudes toward a party and its leader, campaign influence, or strategic and protest voting (see van der Eijk et al. 2006) which may not appear in responses given in survey interviews. The EES Voter study pooled data look trustworthy: average aggregated vote intention for PM party in the survey is 30.3% whereas PM parties' actual average aggregated vote share in next national elections following the survey was 32.3% (Pearson's r=0.5). Although it is necessary to retain caution when comparing individual-level and aggregate-level measures, the results do indicate congruence between survey data and the "real" world.

Even more emphasis has been put on what is on the right side of the prediction equation, specifically how to measure economy. A large part of individual-level economic voting studies rely on subjective measures of economic perceptions rather than of actual economic conditions but it has been disputed how much people really know about "real" economy (see van der Brug, van der Eijk & Franklin 2007; van der Eijk & Franklin 2009). With regard to these considerations, I conduct a test by measuring aggregated individual-level subjective economy in the EES Voter study against objective economy. Results show a strong correlation between retrospective economic evaluations and one of the primary measures of the actual state of economy, GDP growth rate (r=0.8). Moreover, regressing national-level aggregate economic perceptions on main macroeconomic indicators (for similar approach see Fraile & Lewis-Beck 2012), implies that all three – GDP growth rate, unemployment rate and inflation rate – have a statistically significant effect on subjective assessments on a 99% confidence level with signs in the expected direction. Hence, the individual-level survey data are doing a good job in reflecting the economic reality. Several studies confirm these results (see Bélanger & Lewis-Beck 2004; Fraile & Lewis-Beck 2012; Nadeau & Lewis-Beck 2001) arguing that voter beliefs about national economies "are grounded in economic reality" (Duch & Stevenson 2010, p. 113).

The main independent variable of interest in this analysis is citizens' retrospective sociotropic economic assessments.[vii] Respondents were asked to assess on a 5-point scale whether they think that compared to 12 months ago the general economic situation in the country has got a lot better, a little better, stayed the same, got a little worse or a lot worse. Talking about economic perceptions, Fraile and Lewis-Beck (2012) draw attention to the restricted variance problem. They argue that the lack of variance in economic opinion, specifically under the crisis when the majority of citizens agree that economy has deteriorated, makes it difficult to estimate the actual effect of the economy. Indeed, the pooled data of the EES Voter study from 1989, 1994, 2004 and 2009 indicate that only 2.3% of people consider the economic situation in their country a lot better than a year ago (in 2009, the peak year of financial and economic crisis, only 0.9%). In order to address this concern, the economic perceptions variable has been recoded into a 3-point scale where 1=worse (45.1%), 2=stayed the same (28.5%) and 3=better (24.1%).

In order to test the relative impact of economic perceptions, a number of control variables are included in the models. These consist of fundamental predictors typically known to influence voters' political preferences. The key socio-psychological factor influencing electoral choice in the American political system is party identification (see Campbell et al. 1960), with the majority of people having a sense of attachment with one of the two main parties. In Europe, where the party landscape is more fragmented, stronger emphasis falls on voters' ideological identification (see Inglehart & Klingemann 1976). Therefore, left-right self-placement is chosen as a central control variable here: I expect people's ideological leaning to have a strong influence on their vote choice. Additionally, standard sociodemographic indicators that may determine vote preference such as age, gender,

education, religion and social class are included in the models. All these items are consistently measured in the EES Voter study surveys.

To assure the correct model specification, respondents' left-right ideology, social class and attendance of religious services have been adjusted to match the ideology of a PM party in power at the time of fieldwork (for similar approach, see Nadeau, Lewis-Beck & Bélanger 2013). For example, the ideology scores remained the same (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.[viii] This enables to avoid an ambiguous situation in combined models where in some countries or in some years positive regression coefficient indicates higher support for a left-wing PM party and in others for a right-wing one.

Finally, in order to account for possible effects of the electoral cycle and the so-called cost of ruling effect (Chappell & Veiga 2000), distance from elections is controlled for. The variable is measured as a number of months from last national elections to the starting date of the survey fieldwork. Calculations are based on information available in the EES Voter study methodological reports and The European Election Database. Because I expect the relationship between the electoral cycle and incumbent support to be nonlinear, a squared term for the electoral cycle is used.

Method of the study

The statistical data analysis in economic voting studies is typically conducted via quantitative multivariate modeling. Using individual-level empirical survey data determines a similar approach here. The dichotomous nature of the dependent variable – the observed outcome can only take on two possible values, 1 if the respondent would vote for incumbent PM party in next national elections and 0 if the vote would go to any other party – indicates that the relationship between variables is nonlinear and this requires using logistic regression (Pampel 2000). Coefficients in models will point to increase or decrease of probability of voting for incumbent PM party due to one-unit change in a given independent variable. For the sake of comparability, all control variables are recoded on a scale from 0 to 1.

The prediction function is specified as follows:

$$P(Y=1)=\frac{e^{(\alpha+\beta_1 X_1+\beta_2 C_1+\ldots\beta_k C_k)}}{1+e^{(\alpha+\beta_1 X_1+\beta_2 C_1+\ldots\beta_k C_k)}} \qquad [1]$$

where $P(Y=1)$ is the probability of voting for incumbent, e is exponent, α is intercept, β is regression coefficient, X_1 is economic perceptions and $C_1 - C_k$ are control variables.

Logistic regression coefficients can be estimated in various ways which express the same thing, e.g. probability, odds or odds ratio (Menard 2002, Pampel 2000). In order to linearize the nonlinearity in regression models with binary outcome, further logit transformation is used. Most statistical packages, then, by default produce logistic regression results as logged odds. Unfortunately, while this transformation improves linearity, it brings along 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 effect but variation in the dependent variable caused by omitted variables (see Allison 1999, Mood 2010). The advised solution is transforming coefficients into changes in probability, for example marginal effects, based on derivatives of the prediction function (Mood 2010). Marginal effects measure discrete change in predicted probabilities for different levels or mean values of independent variables. Here, the results are presented in average marginal effects which express the population average effect of X_1 on $P(Y=1)$ (Ibid.).

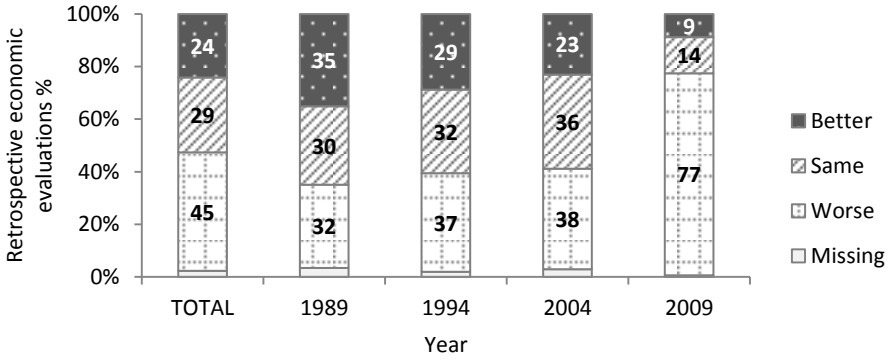
Empirical results

Descriptive overview

While it is straightforward that by the peak of the crisis in 2009 macroeconomic circumstances had worsened sharply, let us have a look at what happened to subjective economy. In all 40 surveys combined (n=45,026), on average 24.1% of respondents say that the general economic situation in their country is now better than 12 months ago and 45.1% say it has deteriorated (see Fig. 2). These assessments, however, vary greatly over time. In 1989 only one third (31.7%) of respondents stated that the economy has worsened over the year. By 2009, the amount of people sharing this opinion had more than doubled (76.8%). Thus, both survey data and actual macroeconomic trends indicate severe economic deterioration by 2009.

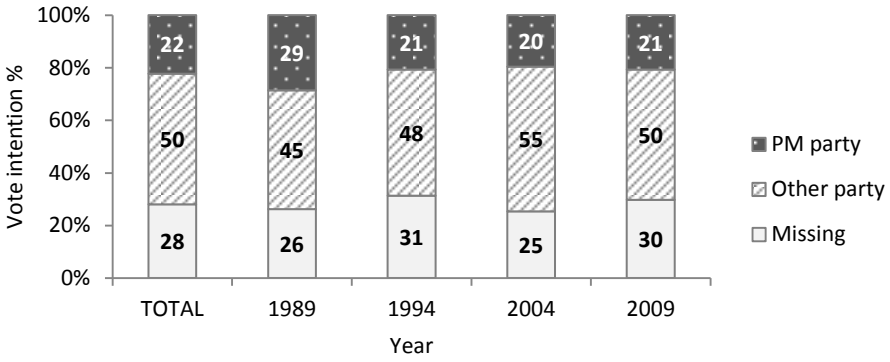
Despite a sharp decline of real as well as subjective economy, there is no vast difference in incumbent support before and after the crisis. Figure 4.3 reflects the frequency distribution of incumbent support. The results show that in all surveys combined, 22.3% of respondents support the PM party in power (see Fig. 3). The numbers of 2009 do not differ much with estimated 20.7% willing to vote for incumbents. Interestingly, the proportion of people with no clear vote intention did not increase either. In 2009, 7.6% suggested that they would not vote at all and 14% did not know who they would vote for. Less than 2% said they would spoil the ballot or vote blank. These figures differ from previous years only by a few percentage points.

Figure 2: Economic evaluations (%) by survey year, 10 countries combined



Source: Author's calculations, EES Voter study.

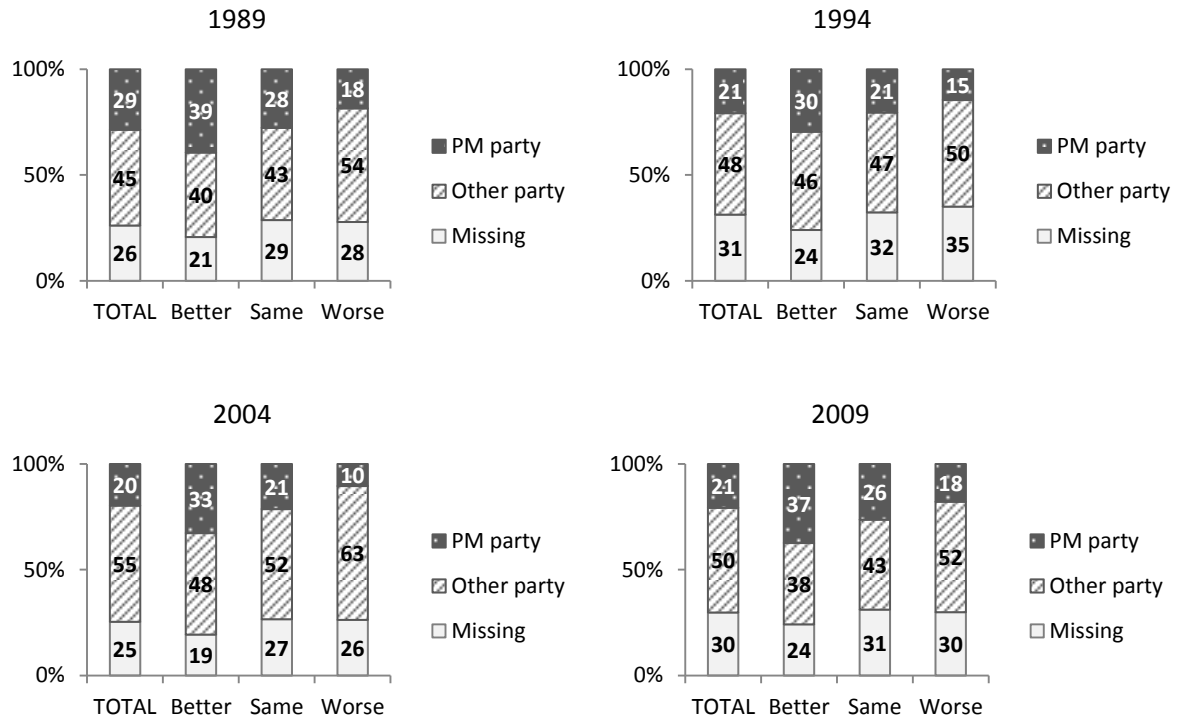
Figure 3: Vote intention (%) by survey year, 10 countries combined



Source: Author's calculations, EES Voter study.

Average incumbent support is the highest among people who give good evaluations to the state of national economy (34.4%) and notably lower among those who think it as deteriorated (15.4%). But does this tendency differ over the years? Figure 4 suggests relative stability. Similarly to other survey years, the support for governing PM party is the highest among people with good economic assessments in 2009, and the proportion of incumbent support per subgroups does not fluctuate much over the years. A first glance at the data, then, suggests that despite major economic shock, incumbency support patterns seem to have remained relatively steady. These results need to be tested further with directional analysis.

Figure 4: Vote intention (%) by economic evaluation per year, 10 countries combined



Source: Author's calculations, EES Voter study.

Impact of the crisis

To examine the effect of economy on incumbent support, I first estimate a bivariate logistic regression model where the only explanatory variable is retrospective economic perceptions. The variable is defined as categorical (1=worse, 2=same, 3=better) which allows us to see the effect on incumbent support of all three groups of economic evaluations separately. In order to account for the possibility that responses are nested within countries and years, robust clustered standard errors approach has been used throughout.

Turning to results, we see in Model 1 in Table 1 that compared to people who say the economy has become worse over the past year, the probability of voting for incumbent PM party is 11 percentage points higher if the economic situation is considered to have stayed the same and 22 percentage points higher if the economy is considered to have improved. Translated into predicted probabilities, the results imply that the likelihood of voting for the governing PM party is 22% for people who think the economy has deteriorated, 33% for people who think it has stayed the same and 44% for people who say the economy has become better over the year.

Table 1: Logistic regression for incumbent PM party's support in 10 European countries

	(1) Bivariate model	(2) Basic model	(3) Year dummies	(4) Interactions
Worse	*ref. category*	*ref. category*	*ref. category*	*ref. category*
Same	0.11***	0.07***	0.09***	0.09***
	(0.03)	(0.02)	(0.01)	(0.01)
Better	0.22***	0.16***	0.17***	0.17***
	(0.02)	(0.02)	(0.02)	(0.02)
LR placement	-	0.66***	0.66***	0.66***
		(0.05)	(0.05)	(0.05)
Class	-	0.05	0.06**	0.06**
		(0.03)	(0.03)	(0.03)
Religiosity	-	0.10***	0.10***	0.10***
		(0.03)	(0.03)	(0.03)
Age	-	0.15***	0.15***	0.15***
		(0.02)	(0.02)	(0.02)
Gender	-	0.02**	0.01**	0.01**
		(0.01)	(0.01)	(0.01)
Education	-	-0.08	-0.04	-0.04
		(0.05)	(0.05)	(0.05)
Months from elections	-	-0.01	-0.01	-0.01
		(0.05)	(0.06)	(0.06)
1989	-	-	0.00	0.01
			(0.03)	(0.03)
1994	-	-	-0.03	-0.02
			(0.03)	(0.03)
2004	-	-	-0.09**	-0.08**
			(0.03)	(0.03)
Same X 1989	-	-	-	0.10**
				(0.04)
Same X 1994	-	-	-	0.07***
				(0.02)
Same X 2004	-	-	-	0.11***
				(0.02)
Same X 2009	-	-	-	0.06**
				(0.03)
Better X 1989	-	-	-	0.19***
				(0.04)
Better X 1994	-	-	-	0.15***
				(0.02)
Better X 2004	-	-	-	0.20***
				(0.02)
Better X 2009	-	-	-	0.14***
				(0.03)
McFadden's R2	0.03	0.17	0.18	0.18
N	31,875	24,418	24,418	24,418

Source: Author's calculations, EES Voter study. Entries are average marginal effects, standard errors in parentheses. The dependent variable is 1 if vote intention is incumbent PM party and 0 if any other party. Don't knows, refusals, respondents who said they would vote blank, would spoil vote or would not vote and missing answers have been excluded. Left-right placement, class and religiosity are adjusted to 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

As pointed out earlier, there are various socio-demographic indicators that have traditionally been found to affect vote choice and can be argued to correlate with economic evaluations; these are now taken into account as controls for economic effect. In order to control for unobserved heterogeneity due to omitted variables, country and year fixed effects in the form of dummy variables are also added in the model. Comparing the pseudo R-squared of the multivariate model (0.18) to the one with only one explanatory variable (0.03), we see some improvement in model fit. In line with previous findings, primarily respondents' ideological views show strong influence: citizens are more likely to vote for incumbent PM party with ideological views close to their own (Model 2 in Table 1). In addition, social class, frequency of church attendance, age and gender significantly influence vote intention. More importantly, however, we see that the effect of economic perceptions does not change remarkably when the carefully selected set of control variables is added: retrospective economic evaluations continue to be one of the primary predictors of PM party's support in the model.

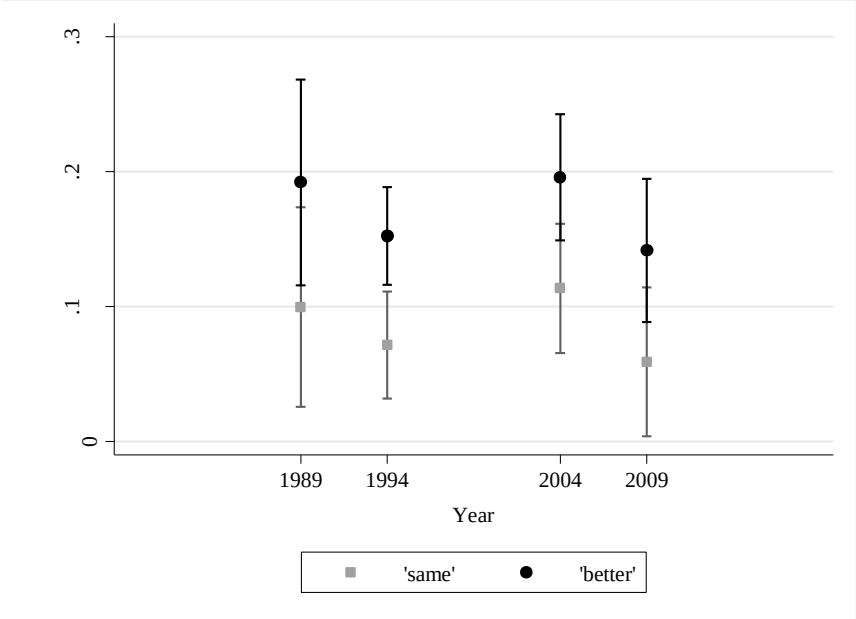
With the basic economic voting model set, a similar analysis could be now conducted for each survey year. Comparing separate models across years, however, has one essential restriction: it does not enable to properly estimate the effect of time because in each of those models time is constant (see van der Eijk et al. 2006, Lewis-Beck & Nadeau 2012). For this reason, it is suggested to use pooled dataset and, in order to account for unobserved heterogeneity over time, include a dummy variable for each survey year. Here, 2009 – the main time point of interest – is defined as a reference category. In a model like this the economic main effect can be interpreted as average effect of economy on incumbent support across all years included and can easily be compared with that in previous models. We observe that there is no remarkable change in the economic perceptions' coefficient: even when temporal diversity is taken into account, subjective economy continues to have a strong effect on political support (see Model 3 in Table 1). We can also see that the only year dummy showing some significant effect on incumbent support compared to 2009 is 2004 when the support for PM party appears to be somewhat lower.

To detect whether the effect of economy varies together with time, economic evaluations are next interacted with the year variable. The results in Model 4 in Table 1 imply that the main effect of economic perceptions is still present and just as strong. Significant interaction effects tell us that that in all four years, people are clearly more inclined to vote for the incumbent if their economic assessments fall into categories "same" or "better". However, we are primarily interested in learning whether the economic effect differs between time points. The answer to that emerges on Figure 5, which for space considerations only focuses on the effect of the economic variable. The results show that change in economic evaluations from "worse" to "better" raises the probability of incumbent vote by 19 percentage points in 1989, by 15 points in 1994, by 20 points in 2004 and by 14 points in 2009. Relatively stable results over the years also appear in average marginal effects for category "same". We can thus witness that the economic effect is somewhat lower in 2009

than in other years but the horizontal overlapping of confidence intervals indicates that the difference is not statistically significant.

Comparing the four time points in Figure 5, it is rather 2004 that stands out. The economic effect appears slightly stronger and attitudes towards incumbent are noticeably negative. To explain the divergent results of 2004 will have to be a task of another paper. With macroeconomic conditions being relatively stable that year, we for now can only speculate whether the strong protest against government was due to general lack of trust in politics, the EU enlargement and increasing euroscepticism, domestic political and security issues in given countries, or something else. One way to minimize the weight of atypical 2004 when estimating the crisis effect on economic vote is to recode the year variable into a crisis variable; coded as 1 for 2009 and 0 for all other years. Alas, neither this nor excluding 2004 from the analysis altogether provide support for economic effect significantly varying over time.

Figure 5: Average marginal effects of economic evaluations on incumbent support by year (with 95% confidence intervals; 10 countries combined; ref. category “worse”)

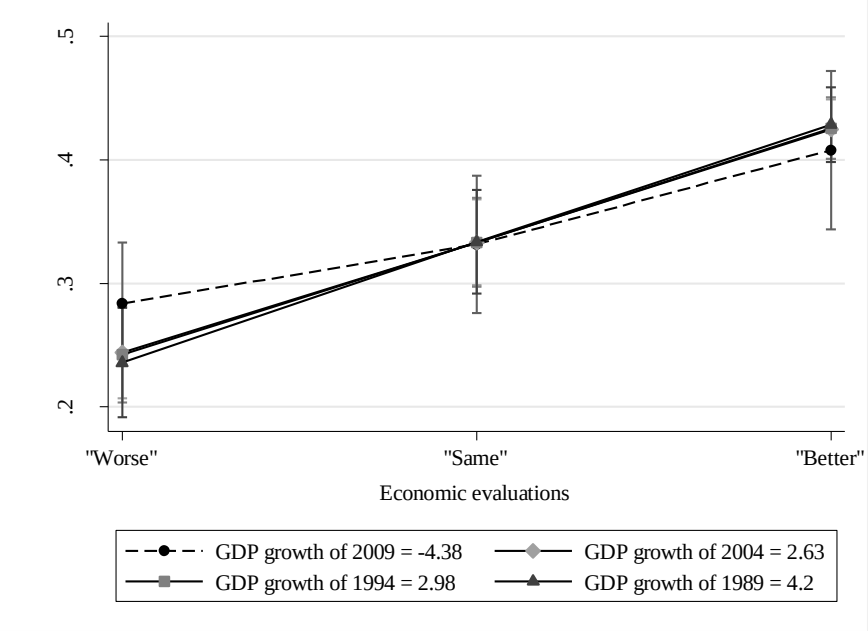


Source: Author’s calculations, EES Voter study.

To ascertain the robustness of the results, let us experiment with one more measurement of the crisis. It is necessary to consider that survey year may not be enough to capture the contextual changes that took place during the two decades in question. There is a possibility that differences in economic effect only become apparent if we take into account the severity of economic downfall 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 economy is change in GDP. Growth rate of real GDP, usually estimated annually, depicts the percentage change in economic activity and allows comparisons of the dynamics of economic development over time and between economies (Eurostat). Drastic decline in GDP growth was distinctly visible by 2009. According to The World Bank data, average GDP growth rate in 10 countries in consideration was 4.2% in 1989, 2.98% in 1994, 2.63% in 2004 and then dropped to a remarkable -4.38% in 2009. Recalling Figure 4 above, the change in two other macroeconomic indicators commonly used in economic voting studies – inflation and unemployment rate – did not occur nearly as sharp or fast. Based on the latter, I will now replace the survey year variable with real GDP growth rate of a given year. I then go on to estimate the incumbent vote probability depending on economic evaluation, for each economic growth value. In addition to providing a "reality check", this approach also enables to address the issue of 2004 potentially being an outlier because on the macro level 2004 does not appear substantially different from other pre-crisis years.

Figure 6: Adjusted predictions of incumbent support depending on economic perceptions, by real GDP growth (with 95% confidence intervals; 10 countries combined)



Source: Author's calculations, EES Voter study.

The results are visualized on Figure 6. Looking at the graph we see that the line of 2009 does indeed occur somewhat less steep compared to those of other years which could imply that economic effect is slightly less pronounced after the crisis. The difference in incumbent support between economic perceptions group "worse" and "better" is smaller; hence

moving from poor to good economic evaluations may not have as strong an effect on vote preference. However, the significance test tells us that the interaction effect between subjective economy and GDP growth is not statistically significant on the 95% confidence level. In other words, voter perceptions of the state of economy influence incumbent support to a similar extent both in poor and good macroeconomic conditions. This allows us to conclude that using alternative ways to measure the recession does provide sufficient evidence that the economic effect is more or less intense after the crisis compared with that in years before.

Results and conclusions

The purpose of this paper was to learn if and how the recent financial and economic crisis has affected economic voting. The EES Voter study data from 1989, 1994, 2004 and 2009 for 10 Western democracies indicates that individual dissatisfaction with the economy escalated by 2009, with as much as 77% of respondents expressing their discontent with the state of national economy. At the same time, there is no evident decline in incumbent support: similarly to previous years, approximately every 5th citizen was willing to vote for the PM party in power.

Recent academic work has proposed that as a consequence of the crisis economic voting mechanism may have changed. The asymmetry hypothesis, according to which economic voting is more pronounced during difficult times, allows us to expect that the Great Recession led to a strong negative economic effect on vote. On the other hand, arguments of lower clarity of responsibility have emerged stating that globalization of economy has resulted with governments having less control on national economic outcomes and economic effect consequently being weaker. This study, analyzing large-scale data covering various political and economic contexts, finds support for neither: taking 10 Western democracies together, the effect of economy on incumbent support does not change significantly with time. The crisis certainly worsened citizens' economic evaluations but did not change the magnitude of economic effect itself.

Whereas on average there is no empirical evidence of economic voting being less or more intense after the crisis, part of the puzzle still remains. If economic vote hasn't changed, why did the high discontent with economy not lead to more punishing? While this chapter has shed some light on the much-debated topic of consequences of the economic shock, it does contain a number of limitations which may hinder answering this question. Firstly, it does not directly target the heterogeneity in economic effect across countries. Although general trends may seem stable, it is likely that the punishing mechanism is not homogenous for example in Southern Europe, which suffered a great deal from the crisis, compared to Germany, which remains the biggest and most stable economy in Europe.

Additionally, it must be considered that 2009 may not be the best measure of post-crisis period. Although the macro economy had started showing signs of recovery, the aftermath of the recession still went on for some time. In the middle of 2009, when the EES Voter study fieldwork took place, some governments in Europe were only beginning to work on developing post-recession policies. Moreover, different approaches in tackling the crisis led to belt-tightening austerity measures in some places and generous stimulus packages in others, sometimes ending up with political distrust and public protests even many years later. In future work, possibly using newer data, public reaction to economic policies should certainly receive attention.

Appendix A: Country data on the EES Voter study fieldwork

Table 1: Number of respondents in the EES Voter study per country per year

	1989	1994	2004	2009	Total
Denmark	1,006	1,001	1,317	1,000	4,324
France	1,001	1,007	1,406	1,000	4,414
Germany	1,051	2,052	596	1,004	4,703
Greece	1,000	1,002	500	1,000	3,502
Ireland	1,012	626[ix]	1,154	1,001	3,793
Italy	1,058	1,055	1,553	1,000	4,666
Netherlands	1,006	1,047	1,586	1,005	4,644
Portugal	1,000	997	1,000	1,000	3,997
Spain	1,013	1,006	1,208	1,000	4,227
United Kingdom	1,323	1,351	3,082	1,000	6,756
Total	10,470	11,144	13,402	10,010	45,026

Source: EES Voter study.

Table 2: Fieldwork dates in the EES Voter study

	1989	1994	2004	2009
Denmark	31.10. - 19.11.1988	01.12. - 18.12.1994	18.06. - 26.09.2004	08.06. - 28.06.2009
France	22.10. - 10.11.1988	30.11. - 15.12.1994	01.06. - 30.10.2004	08.06. - 08.07.2009
Germany	17.10. - 09.11.1988	01.12. - 19.12.1994	16.06. - 23.07.2004	08.06. - 28.06.2009
Greece	17.10. - 17.11.1988	30.11. - 16.12.1994	21.06. - 28.06.2004	09.06. - 03.07.2009
Ireland	18.10. - 10.11.1988	30.11. - 23.12.1994	01.06. - 30.10.2004	06.06. - 27.06.2009
Italy	26.10. - 10.11.1988	29.11. - 23.12.1994	1.06. - 30.10.2004	08.06. - 27.06.2009
Netherlands	22.10. - 06.11.1988	30.11. - 31.12.1994	18.06. - 29.06.2004	05.06. - 03.07.2009
Portugal	19.10. - 15.11.1988	29.11. - 16.12.1994	15.06. - 15.07.2004	08.06. - 24.06.2009
Spain	17.10. - 04.11.1988	28.11. - 12.12.1994	05.07. - 12.07.2004	08.06. - 24.06.2009
United Kingdom	20.10. - 15.11.1988	28.11. - 21.12.1994	12.06. - 17.06.2004	08.06. - 27.06.2009

Source: EES Voter study.

Appendix B

Descriptive statistics (10 countries and years 1989, 1994, 2004 and 2009 combined)

If there was a general election tomorrow, which party would you vote for?	22.27% "PM party" 49.73% "Other party" 28.01% Missing (incl. refused, don't know, would vote blank, would spoil 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…	18.09% "A lot worse" 27.03% "A little worse" 28.50% "Stayed the same" 21.85% "A little better" 2.26% "A lot better" 2.27% 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?	1.78% "0" 4.38% "1" 4.05% "2" 9.59% "3" 9.75% "4" 24.53% "5" 9.95% "6" 8.90% "7" 8.26% "8" 2.57% "9" 5.18% "10" 11.05% Missing
If you were asked to choose one of these five names for your social class, which would you say you belong to?	26.38% "Working class" 13.79% "Lower middle class" 44.41% "Middle class" 8.69% "Upper middle class" 1.36% "Upper class" 5.36% Missing
Apart from special occasions such as weddings and funerals, how often do you attend religious services nowadays?	4.33% "Several times a week" 19.41% "Once a week" 32.89% "Few times a year" 10.33% "Once a year or less" 17.72% "Never" 15.32% Missing (incl. not applicable in 1989, 1994)
What year were you born? *Recoded into age in full years.*	Mean 45.71 Std. deviation 17.44 0.61% Missing
Are you …	48.06% "Male" 51.79% "Female" 0.15% Missing
How old were you when you stopped full-time education?	Mean 16.83 Std. deviation 7.11 1.89% Missing
GDP growth rate, change on previous year (%)	Mean 1.47 Std. deviation 3.50 2.25% Missing

Source: Author's calculations, EES Voter study.

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[i] 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 present analysis due to the availability of the variables needed for the comparison.

[ii] Alternatively, data from Comparative Study of Electoral Systems (CSES) or Eurobarometer could be considered for testing the stability of economic vote in Europe. Unfortunately, the CSES does not provide consistent measurement of economic perceptions over the years and Eurobarometer surveys lack homogeneity in data collection and sampling procedures over time and across countries.

[iii] 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, the 1st wave of the 1989 survey (EB30) and the 4th wave of the 1994 survey (EB42) were selected.

[iv] 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 reunited and the federal as well as the EP elections of 1994 were held unitarily in the entire country, two datasets have been combined.

[v] In 1989, 1994 and 2004 the fieldwork was carried out separately in Great Britain and Northern Ireland. For the purpose of comparability with 2009, the data for Great Britain and Northern Ireland have been combined and United Kingdom has been treated as a unitary item throughout the analysis.

[vi] The EES Voter Study data indicates that two incumbency measures, vote intention for incumbent PM party vs vote intention for incumbent government, are highly correlated (r=0.9 in 1989, r=0.8 in 1994, r=0.8 in 2004 and r=0.9 in 2009). Carrying out the multivariate analysis with both incumbency measures provides similar results.

[vii] Prospective economic evaluations, also often used in economic voting studies albeit showing considerably weaker effects than the retrospective ones, are not included in the present analysis due to the question not having been asked in the 1989 survey wave.

[viii] PM parties in different countries at different time points were divided into left and right category depending on which side of the midpoint of a typical left-right scale they fall on. In categorizing the parties, internet resources (see e.g. Parliament and government composition database on http://parlgov.org and Parties and elections in Europe database http://www.parties-and-elections.eu/) and country experts were consulted.

[ix] 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, previously an 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 present analysis, Fianna Fáil has been selected as an incumbent PM party. All respondents interviewed later than on the 14th of Dec 1994 have been excluded from the dataset. Decision reviewed with Prof. Michael Marsh (Trinity College Dublin) in personal communication on 11th of Nov, 2013.