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Does the economy enter the ballot-box? : a study of the Spanish voters' decisions

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Abstract: Esta obra se presentó como tesis doctoral en el Instituto Universitario Europeo de Florencia, el 27 de octubre de 2000. El Tribunal estuvo compuesto por los profesores doctores, Richard Breen, Stanley Feldman, José María Maravall y David Sanders. Director de tesis: José María Maravall. El objetivo de esta investigación es analizar hasta qué punto los electores reaccionan a los programas económicos y sociales desarrollados por los gobiernos democráticos. Más concretamente, ¿les importa a los ciudadanos, cuando deciden su voto, la prosperidad económica que el partido en el gobierno les ha proporcionado? ¿Comparan las posibilidades de futuro que les ofrece cada partido aspirante al gobierno? ¿Influyen estas comparaciones en sus decisiones de voto? Para responder a estas preguntas empíricas, la tesis utiliza el marco teórico del voto económico y lo aplica al caso español desde la transición a la democracia hasta la derrota de los socialistas en las elecciones generales de 1996. En la tesis se propone el uso de un modelo teórico de voto económico revisado y adaptado para captar las distintas maneras en que la opinión pública acerca de la economía y el voto pueden estar relacionadas. Más concretamente, el modelo de voto económico propuesto demuestra que existen factores que influyen y mediatizan la relación entre la economía y el comportamiento electoral. Estos factores son los siguientes: la opinión de los electores acerca del principal partido en la oposición, y acerca de determinados acontecimientos políticos (especialmente la corrupción) así como la evaluación de los votantes de las políticas económicas y sociales del partido en el gobierno. El modelo teórico se comprueba empíricamente para las elecciones generales de 1979, 1982, 1986, 1989, 1993 y 1996 en España. El análisis empírico se basa en datos individuales que provienen de encuestas de opinión pública (pre-electorales) realizadas a muestras representativas de la población española. Se realizan comparaciones de los resultados a lo largo del tiempo utilizando distintas técnicas de simulación. Los principales resultados del análisis apuntan a la influencia de las expectativas económicas de los electores sobre su decisión de voto, especialmente después de la consolidación de la democracia. Sin embargo, el impacto electoral de las evaluaciones de los ciudadanos de los programas económicos y sociales del PSOE es sólo relativo en comparación con el impacto de las expectativas económicas o la ideología de los ciudadanos durante las primeras legislaturas socialistas. Es durante los noventa, en las dos últimas legislaturas socialistas, cuando el impacto en el voto de las evaluaciones de las políticas económicas y sociales del gobierno cobra especial

relevancia. La tesis sugiere la existencia no sólo de un componente prospectivo, en el voto durante los años ochenta, sino también de un componente retrospectivo, de control de los programas económicos y sociales de los socialistas, especialmente durante los noventa. De ahí que se concluya que no sólo la economía entra en las urnas electorales sino también y sobre todo, las políticas sociales y sus efectos sobre los ciudadanos. Lo que podría denominarse, el voto social frente al voto puramente económico.

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Instituto Juan March de Estudios e Investigaciones

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**DOES THE ECONOMY ENTER THE
BALLOT-BOX?
A STUDY OF THE SPANISH VOTERS'
DECISIONS**

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Esta obra se presentó como tesis doctoral en el Instituto Universitario Europeo de Florencia, el 27 de octubre de 2000. El Tribunal estuvo compuesto por los profesores doctores, Richard Breen, Stanley Feldman, José María Maravall y David Sanders.

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**Does the economy enter the ballot-box?
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Abstract

The main research question of this thesis is the extent to which electors react to the economic and social programmes implemented by democratic governments, and whether they care about the economic prosperity that the incumbent governments provide them. From this empirical questions some conclusions are drawn about the extent to which voters' control the successive governments by way of their voting decisions in democratic elections. Hence, economic policy voting is used as an example of voters' inducing governments to be either accountable or responsive.

In doing that I make use of the theoretical framework of the economic voting. Within this framework, I define a voting model that is systematically tested across the 1979, 1982, 1986, 1989, 1993, and 1996 elections by way of logistic regression. I then compare the results over time. This analysis employs individual data drawn from pre-electoral surveys carried out in the run-up to every democratic general election held in Spain between 1979 and 1996. Additional statistical techniques are used in order to deal with the problematic assumption on which the economic voting approach is founded, namely that voters' economic expectations are causally prior to their political preferences. I use two-stage probit least squares in order to re-estimate the voting model in such a way that electors' economic perceptions and their voting intentions can be simultaneously related.

The main results of the analysis point to the importance of electors' economic expectations on their voting choice, especially after the consolidation of the Spanish democracy. Individuals' economic expectations moreover have a direct impact on their voting intentions, even once their partisan bias is discounted.

Voters' control over the Socialists' economic and social programme is particularly noteworthy during the nineties, as after three or four consecutive PSOE mandates, when the efficacy of promises decreased, citizens were more likely to vote retrospectively than prospectively. This suggests the existence of both economic and social policy voting.

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I was fortunate enough to go from the Juan March Institute to the European University Institute, Florence. I wish to express my gratitude to the EUI where I get this thesis done in an extremely pleasant research environment. There I have profited from the constant support, patience, and help of Richard Breen. This thesis has benefited from his careful comments, and from his methodological insights. To Richard I also owe thanks for the opportunity to work with him and to learn sociology in his stimulating seminars and conversations.

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Of course, I am 100% responsible of the remaining errors that the text contains.

INTRODUCTION

Democratic theory suggests that citizens vote with the intention of controlling the action of their governments. This assumes that politicians are held responsible for what they have done in the past and for what they will do if elected or re-elected. However, relatively little is known about individual voting decisions or about whether the electorate in fact succeeds in controlling the incumbent through its voting behaviour in elections.

This thesis seeks to cast some light on these issues. Accordingly, it essentially poses two questions. First, what criteria determine voting decisions? Second, do electors react to the economic and social programmes implemented or promised by politicians? In the context of the case study presented here, the answers to these questions will provide clues as to whether Spanish electors attempt to exercise control over the actions of their governments.

The empirical strategy followed in this thesis makes use of the theoretical framework of economic voting. This framework seeks to determine whether citizens' perceptions about the state of the economy influence their voting behaviour. In other words, whether economic issues enter the ballot box when electors decide how to vote. Within the economic voting framework, I define a voting model that is systematically tested across the 1979, 1982,

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1986, 1989, 1993, and 1996 elections. I then compare the results over time. This analysis employs individual data drawn from pre-electoral surveys carried out in the run-up to every democratic general election held in Spain between 1979 and 1996.

In Chapter 1, I examine the theoretical debate over the role of elections in promoting electors' control of governments through their voting decisions. On the basis of this theoretical discussion, I then go on to present the economic voting model that I will test through the survey data on almost twenty years of elections in Spain. Here I contend that the model I propose, which I term the extended economic voting model, is well-suited to be tested in other countries and chronological periods.¹

Chapter 2 demonstrates the significance of the case analysed here and presents my initial hypotheses about the incidence of citizens' economic perceptions on their voting behaviour over time. This chapter also discusses the existing research on electoral behaviour in Spain. Highlighting the scant attention paid to the economic voting thesis until now, this research review serves to confirm the importance of the analysis presented in this thesis.

Along with a discussion of the statistical techniques employed in this thesis, Chapter 3 presents the data used for the empirical analysis and explains the operationalisation of the variables used to test the extended economic voting model across elections. This chapter ends with some comments on the strategy followed in presenting and interpreting the results across elections.

Chapter 4 outlines the Spanish governments' economic programmes and performance from 1977 to 1996, and provides a description, based on survey data, of voters' perceptions (retrospective and prospective) of the state of the economy and its evolution over time. This chapter also includes a discussion of the correspondence or otherwise between objective economic conditions and citizens' perceptions of the state of the economy.

¹ The only requirement is to have sufficiently rich data available to operationalise the proposed model for other countries.

The following three chapters present the results of the statistical analysis carried out for this thesis. The findings constitute the main empirical contribution of the thesis and compelling evidence of the existence of economic voting in Spain. Chapter 5 focuses on voting intentions over time. The primary goal of the chapter is to ascertain the relative influence of electors' economic perceptions on their voting decisions when compared to other possible determinants of the vote, such as ideology or voters' individual characteristics. In short, the chapter discusses the principal findings of the empirical test of the extended economic voting model with data from elections in Spain.

Chapter 6 deals with the problematic assumption on which the economic voting approach is founded: voters' economic perceptions are causally prior to their political preferences. By using two-stage probit least squares, the extended economic voting model is re-estimated in such a way that electors' economic perceptions and their voting intentions can be simultaneously related. The main findings of this re-estimation are discussed in this chapter.

Chapter 7 is concerned with the reasons that account for the Socialists' defeat in the 1996 elections. Aggregate electoral results cannot be explained with the analysis of individual survey data. However, by pooling the data of the 1993 and the 1996 surveys, I provide rigorous empirical evidence on how the individual determinants of the voting intention change across the two mentioned elections. These findings give additional clues to understanding the reasons of the PSOE's electoral defeat in 1996 at the macro-level.

Finally, the concluding chapter summarises the main results of the empirical analysis presented in this thesis and discusses the implications of these findings for the theoretical questions posed in the first chapter. This chapter also includes some suggestions for future research on some of the topics and findings addressed in this thesis. More specifically, it proposes that the extended economic voting model could be exported and systematically tested in other countries, thereby identifying the comparative

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method as one possible direction for future research. Another fruitful line of enquiry suggested by this thesis is the analysis of the electoral consequences of social policies, or what I have called here *social policy voting*. This is a topic with potentially important policy implications, regardless of the political persuasions of the government in power.

PART I

**ELECTIONS AND THE ECONOMY:
THEORIES AND METHODOLOGIES**

CHAPTER 1

FROM DEMOCRATIC THEORY TO ECONOMIC VOTING

Elections are generally conceptualised as key elements of the democratic system of any country. More specifically, theorists have long maintained that the existence of representative government is the most critical feature of democracy. Elections, in turn, are considered to be the main institutional requirement for a government to be considered representative. Paradoxically, in spite of the crucial role attributed to elections within democratic theory, we know relatively little about the way that elections actually effect the behaviour of electors or governments, or their practical significance for the functioning of democracy. In particular, the most important debates in the field centre on a number of crucial (and still essentially unanswered) questions. Foremost among these are the following.

When is a government representative? As Pitkin (1967) emphasises, the most frequent response to this question from scholars of democratic theory has always been that a government is representative when it behaves in the best interests of the public. This, however, is a far from convincing answer, and in fact serves mainly to point to other important questions. How should the best interests of the public be defined? Do citizens know what is in their best interests? Is there one definition applicable for any given population, or do we in fact find a variety of citizens' interests that

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are frequently in conflict with each other? The sheer complexity of the concept of representation explains why both the questions posed and the answers given to them vary so widely. In fact, as Manin *et al.*, (1999) have recently pointed out, despite more than two centuries of debate, there still seems to be little agreement among contemporary theorists of democracy on what political representation actually means.

Even if we set aside for the moment the question of the definition of the general interest, a second question arises: Are elections a guarantee of representative government? The founding fathers of representative government maintained that under appropriately designed democratic institutions, elected governments could indeed be induced to act in the best interests of citizens. Elections were thought to constitute the essential mechanism to ensure that this goal would be achieved. Contemporary researchers, in turn, tend to belong to one of the following two camps. On the one hand, there are the optimists who take it for granted that elections allow citizens to control their agents, and therefore reduce this empirical problem to the status of an a priori assumption within their theoretical models (see, for instance, Bentham, 1954; Dahl, 1970 and 1971; Riker, 1982). On the other hand, there are the theorists who are very pessimistic about voters' capacity to make governments behave in a representative manner through their electoral choice. Hence, elections are considered to be a too blunt instrument for real popular control (see, for example, Keech, 1995; Przeworski, 1998). In accordance with this more pessimistic view, elections may be a useful and effective means of preventing abuses by politicians (Manin *et al.*, 1999) but not for facilitating voters' control of governments.

In contrast to these very broad questions, in this thesis I pose a more manageable question: Through which causal mechanisms can elections enable voters to control their political representatives? Until now, relatively little empirical work has systematically assessed this crucial research question. Moreover, when research has been carried out in this area, the issues of

institutional design and politicians' behaviour have attracted much more interest than the associate theme of voters' behaviour. Take for example, the theories in political economy regarding the way in which governments manipulate the economy in order to be re-elected (known as the political business cycle, or the partisan cycle). While such theories assume that voters respond to governments' economic performance, in practice the validity of this assumption requires further study and confirmation. In fact, very little is known about voters' behaviour outside the United States, where there is, in contrast, a well-established tradition of research in this field.

It would certainly seem, therefore, that we have a limited understanding of the role elections play in facilitating voters' control of politicians. More specifically, there is a need for empirical approaches capable of casting some light on the voters' behaviour. Accordingly, this thesis aspires to contribute to our understanding of elections by presenting the result of an in-depth study of the behaviour and decisions of the Spanish electorate during the first eighteen years of the present democratic regime. In particular, I am interested in furthering our knowledge of the determinants of the behaviour of voters, which along with the candidates, are the leading protagonists of democratic elections.

This analysis focuses on the Spanish case because this offers the exceptionally interesting possibility of studying voters' behaviour since the inception of a democratic regime. In my opinion, an emerging democratic system represents a unique perspective on the way in which the factors explaining voting behaviour are generated, as well as on other dynamic issues such as whether these factors tend to 'freeze' rapidly or, rather, change considerably over time. Indeed, the relatively long time-frame adopted in this thesis also enables me to examine voting behaviour within the context of a period of intense political, economic, and social change. Nonetheless, some of the entrenched cultural and structural factors that are held to be enduring features of particular countries probably can be presumed to have remained constant during the period. In my opinion, all these factors underscore the

theoretical relevance of the case study chosen here, a point that I will nonetheless return to in Chapter 2.

This chapter is organised as follows. I begin by justifying the importance of studying elections empirically if we are to understand how democracy actually works. In the second section, I describe the debate over the mechanisms through which elections can induce governments to be representative. The reference points for my treatment of this debate are the two most common perspectives on the role elections play in democracy, which Manin *et al.* (1999) term the ‘mandate view’ and the ‘accountability view’. I then turn to the specific theoretical approach within which this thesis is located, namely the framework known as economic voting (hereafter EV). More specifically, I explain the basic principles of EV theory, as well as its usefulness for this research. I argue that by applying this theoretical model to the Spanish case we can learn about how democracy works in Spain. More importantly, however, in my opinion the specific characteristics of the Spanish case provide a unique opportunity to test the logic of this theoretical framework, and thereby try to improve it. In this way, this thesis can be seen as what is generally known as a critical case study. I then go on to summarise my original contributions to the existing theory, which I reframe, and rename, as *the extended EV model*, which I formulate in such a way as to permit it to be tested in other countries or over other periods of time.

1. Elections and democracy

One of the few issues on which democratic theorists tend to agree is that there are a number of minimum requirements for any democracy, and that the holding of elections is one of them. Elections, therefore, are a necessary (though not sufficient) condition for democracy to exist. In other words, periodic elections endow democracy with a systematic characteristic that distinguishes it from other forms of government. This in itself

constitutes a good reason to study elections, their consequences, and their significance.

Let us consider the question in a little more detail. Elections serve, first and foremost, as a means for the ruled to elect the rulers. They give voters the opportunity to select, from a range of candidates, those that they believe will best advance their interests. Perhaps more importantly, elections also represent an implicit and rather imperfect mechanism for voters to express their preferences and expectations about the future behaviour of governments. This specific feature of elections mainly derives from the dynamic dimension of elections: since they are periodic, voters' current choices might also help to dissuade governments from acting in a way that could turn the electorate against them in the future. In other words, elections provide voters with a mechanism that could potentially affect governments' behaviour, namely the threat of not re-electing the incumbent.

Hence, elections simultaneously serve to select governments and to limit their actions while in office. This is what democratic theory tells us about the practical, explicit effects of elections. However, the precise details of the way they operate are far less clear. What is the most important function of elections, to select or limit governments? Are there any trade-offs between these two functions? Empirical evidence on voting behaviour should help to answer these questions.

Democratic theory also tells us that elections perform other necessary functions in the political system. For example, they can legitimise the authority of governments. The fact that governments are elected may make voters more willing to accept their actions (even while not agreeing with them). Elections also have a special symbolic role in that they express the popular will. This may be especially important in periods of transition to democracy.

It can be concluded, therefore, that there are good reasons to believe that elections are a crucial institution for the existence of democracy. Equally, they appear to play a decisive role in determining what happens within democratic systems. Studying the effects of elections on the behaviour of voters constitutes,

therefore, a way to improve our understanding of the way democracy works. In the pages that follow I summarise the causal pathways through which, in accordance with democratic theory, elections can promote representative governments, and, hence the electorate's control over its agent.

2. Pathways of representation: elections and democratic government

If we take as our point of departure the premise outlined above, namely that a government is *representative* when it behaves in the best interests of the majority of citizens,¹ it is difficult to assume a priori (as some democratic theory does) that elections systematically induce governments to be representative. It is important to note, for instance, that the fact that in a democracy the incumbent must face consecutive elections does not in itself make it representative: the re-election of a given government does not necessarily imply that it has behaved in the best interests of the citizens, but at most demonstrates that this is what voters believe (Pitkin, 1967). Information is crucial here. Therefore, an uninformed electorate can unfairly punish governments acting in the best interests of citizens (and vice versa, that is, non-representative governments can be rewarded, and therefore, re-elected). This implies that governments, as agents of the electorate (the principal), might have to choose between voters' wishes and voters' welfare.

Pitkin demonstrates how democratic theory has simply (and probably wrongly) assumed that what people wish coincides with what is good for them. However, this might not always be true, particularly if governments have more information than electors do, or if voters' desires are deliberately not oriented towards their own objective interests (but rather, for instance, towards values). This implies that those representatives willing to be re-elected

¹ Hence, a government is not representative when it behaves either in the best interests of a minority or in its own best interest (Manin *et al.*, 1999).

should not only behave in their principal's objective interests, but also be aware of their principal's wants. That is, governments must also be *responsive* to the electorate's wishes.

Moreover, in the existing democratic regimes there is no such a thing as a *mandate*, that is, no mechanisms have been established in order to allow citizens to force governments to act according to their wishes, or to fulfil their electoral promises (Pitkin, 1967; Manin, 1997). This implies that, once elected, governments are completely free to act in whatever way they think is best for the people (that is, they are independent). There are, however, seemingly good reasons for this autonomy. The basic idea is that, given the considerable uncertainty regarding the connections between means and ends, politicians should be free from their pre-electoral commitments in order to implement policies best adapted to the changing circumstances. An additional, underlying reason for the absence of mandates is that representatives are assumed to have more information on, and a better knowledge of, which means are conducive to which ends. Hence, we would not want our governments to have their hands tied. Representatives, nonetheless, need to avoid persistently going against the desires of the electorate, even if they are defending its best interests, since this could cost them a loss of popularity which could prove fatal for the incumbent's chances of being re-elected.

All this implies that, under certain circumstances (when citizens' interests and desires do not coincide), governments can decide to be more popular at the cost of undermining citizens' general interest (that is, they will then be *responsive* but not *representative*, or at least not according to the classic definition of representation). At the same time, if they decide to defend voters' general interests despite their unpopularity, they could be unjustly punished, being, in this case, representative but not responsive. These are two hypothetical paths of action in which elections might not induce governments to behave in the best interests of people.

To sum up, it is not enough for a government to pursue the general interest in order to be re-elected. First, due to changing

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circumstances, or wrong assumptions about means-ends connections, it might fail to deliver the expected results, and therefore face electoral failure. Second, even if the government succeeds, and makes a significant contribution to promoting citizens' welfare, it might be punished if citizens give priority to their own subjective desires over their objective interests. In order to maximise its chances of re-election, therefore, a government should also try to be as responsive as possible. It is *responsive* when it follows the current wishes or preferences of the majority of the people that it represents. However, this adds a further complication to the picture of elections and representation, suggesting that there might be different ways for a government to be representative: either being responsive or being accountable (Manin *et al.*, 1999). In any event, in order to avoid confusion, here we will stick to the classic definition of representation, that is, by applying the term representative to a government that acts in the best interest of its voters. It is important to clarify, however, that the two alternative definitions of the term correspond to the two main current views about elections: the first sees elections as a prospective mandate, the second sees elections as opportunities for voters to retrospectively sanction governments. Each of these two views offers a different account of how candidates compete, and, more importantly for the research question posed in this thesis, of how people decide to vote. Let us consider these two contrasting views in a little more detail.

2.1. The mandate view of elections

This approach tells the following story about candidates and electors. It begins with the electoral campaign, with candidates putting forward policy proposals, carefully explaining their appropriateness, and the ways they will improve voters' welfare. Then, electors decide which of the proposals is better, and choose the candidate accordingly. Once the candidate has been elected,

she is bound to implement the policy proposals for which voters have elected her (Manin *et al.*, 1999).

Elections, therefore, give voters the opportunity to choose from among alternative future governments. Hence, elections concern the future, and voters' confidence in alternative proposals and promises. They are about selecting "good types" (Fearon, 1999), that is, trustworthy candidates or good policy proposals. Moreover, voters' decisions in elections can be considered as a relatively specific set of instructions to the elected officials.

Nevertheless, two assumptions need to be fulfilled if elections are to serve as a mandate.² First, both politicians and citizens must have clear preferences with respect to policies. This might not always be true, especially in the case of citizens, who compared to politicians have much less information at their disposal and also far fewer incentives to compile it. Undoubtedly, some voters' may have a relatively clear policy preference, but it is difficult to argue that all voters always do. Moreover, and even in the case of those voters who do happen to have clear and consistent preferences, it is reasonable to assume that, more often than not, they will lack information about means-ends connections, that is, about the likelihood that a given policy will lead to the expected outcome. Imagine the effort and amount of knowledge required to analyse in this way even just a restricted set of proposals on a particular policy area. How can voters carefully consider all the proposals that are made by different candidates in the electoral campaign? Hence, it would seem, to start with, that the mandate view of elections is clearly too demanding in terms of the amount of interest, information and knowledge that it requires from voters.

The second assumption in this view is that politicians' post-electoral preferences actually coincide with voters' pre-electoral preferences. However, it is easy to imagine situations in which this is not the case. To start with, a priori we cannot rule out the possibility that politicians actually prefer to engage in rent-seeking

² Note, however, that there are milder versions of the mandate theory which maintain that elections are only about choosing candidates, not policy proposals (see Schumpeter, 1976).

behaviour, and are therefore not interested in being re-elected. However, even if we assume a great deal of good will on the part of politicians, there are a number of situations in which this assumption would not hold. As we mentioned before these are when voters' preferences are not coherent with their objective interests, or when the scenario has changed so much that the politicians' proposals no longer correspond to voters' best interests. This second situation is particularly probable. Imagine, for instance, that once in power a government decides not to adhere to its mandate because it discovers that it was probably wrong to promise certain policies, which will certainly not bring the expected outcomes.³ And that it only realises this after it has won power, when it obtains new information. Under these circumstances, governments are not mandate-responsive, since they do not fulfil their promises, but they are representative because they behave in the best interests of the people. Nevertheless, it may be quite possible that the electors, considering the politicians to have betrayed their promises (rather than to have behaved in the electors' best interest), will unjustly punish such governments.

The same argument can be applied to a government that adheres to its mandate despite the fact that it already knows that its policies will not enhance citizens' welfare. In this hypothetical case, governments are mandate-responsive (they fulfil their promises) but they are not representative. It is possible, therefore, that the incumbent will be unjustly rewarded, as it is perceived as a government fulfilling its promises (rather than as a non-representative government). Those two examples correspond to hypothetical cases in which the electorate's mandate to the elected government will not induce it to behave in the best interests of voters. And the main reason is because politicians, and especially, voters, do not know everything they should know in order to

³ Take this classic example: after a candidate has proposed expansive economic measures, once in power she realises that it may be irresponsible to implement them (in the sense that the costs are too high in terms of inflation, productivity, etc.).

predict the complex causal relationships between policies and outcomes, while the latter frequently lack even clear preferences over future policies.

To sum up, either when voters lack the interest, knowledge or information required to judge the potential effects of policy proposals, or when politicians' and voters' preferences do not coincide (Przeworski, 1998:10): "voters cannot be certain whether the government is acting in their best interest when it implements its promises or when it betrays them. And since governments know that voters do not know, they have room for doing things they, rather than voters, want". In spite of its flaws, however, the mandate theory of elections indicates that another dimension apart from that of representation as accountability should be taken into account: namely, *mandate responsiveness*. Governments are mandate-responsive when they fulfil the campaign promises (policy proposals) on which they have been elected.

Given all the inconsistencies discovered in the logic of the mandate view, one might well be tempted to ascribe more enthusiastically to the alternative version about elections, a view that is said to be more realistic, to the extent that it somehow demands less from electors. Let us now carefully consider how electors are supposed to behave in the accountability view of elections.

2.2. The accountability view of elections

In this version, voters hold governments accountable for their past performance. They decide on a standard of what they consider good performance, and reward the incumbent if this standard has been achieved. Elections are, therefore, a kind of referendum on the incumbent's performance. They at least allow electors to "throw the rascals out". Representation is said to operate in this view in the following way. Politicians want to be re-elected, they anticipate voters' evaluations of their performance and implement policies which are likely to satisfy their electors. Therefore, the

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fear of rejection at the polls becomes a good incentive for the incumbent to behave in the best interests of the people (Key, 1966; Mayhew, 1974).

In accordance with the accountability view, elections are about sanctioning the incumbent's performance on the basis of a retrospective analysis of its past behaviour. This is the story summed up in the well-known adage in which elections are seen as a process where "opposition parties never win; but rather incumbents lose". Hence, elections should not be seen as an occasion for voters to express their prospective demands for change, but rather as voters' expression of their rejection or acceptance of the incumbent's retrospective behaviour. Therefore, as Keech (1995:140) suggests, "the impact of voters on policy-making should be viewed less in terms of what voters demand than in terms of what they will tolerate and reward. Voters are not the initiators of public policy; they are more like an audience whose approval is necessary for a show to continue".

This view has been taken up by a number of scholars who consider it to be a much more reliable pathway of representation, in the sense that clearer, and more credible, causal mechanisms are identified as inductors of representative government (Keech, 1995; Riker, 1982). However, there are several reasons to think that this second view is also flawed. This is especially evident when one focuses on the second dimension of representation mentioned above: *accountability*. We should perhaps begin the analysis by defining the concept. A government is accountable when it has to face periodic and systematic electors' evaluations. That is, when, at least to some extent, it is forced to answer for its past actions.

However, being accountable does not always mean being representative, at least not according to the classic definition of political representation. Above all when voters lack the information required to objectively and systematically evaluate what the government is doing or has done up to the moment of deciding how to vote, the incumbent can behave in a non-representative way. Consider, for example, a case in which the government is implementing an economic programme that needs a

long time to develop and bring effective, visible results. If the elections take place before the voters can appreciate its full, beneficial consequences, uncertain voters might unjustly punish the government.

The time required for government programmes to be correctly implemented and achieve their expected results is nevertheless a question that has hardly been considered in the accountability view of elections.⁴ The question may be of great importance, especially from this perspective, with its emphasis on outcomes or government performance. The crucial point here is the difference between policies and outcomes. When politicians try to anticipate electors' reactions (this is, in fact, the mechanism through which representation is supposed to be activated), they may overlook the fact that representative policies sometimes take a long time (from the moment of implementation) to bring results, and that a single term may not be long enough. This can discourage politicians from behaving in the best interests of the people. Hence, the question remains as to how much time governments need to achieve good performance after having implemented representative policies. Even more importantly for this thesis, how much time do voters need to appreciate this good performance? No clear answers can be given to these questions as the literature has not studied them in any depth.

Moreover, governments are at an advantage with respect to voters, having more information, in both qualitative and quantitative terms, and can manipulate accountability in their favour. This implies that they can try to escape responsibility for poor performance using very different discourses. For instance, by blaming the previous government for its bad performance, attributing this to an uncontrollable, international factor, or

⁴ The only issue that has been raised with respect to the timing dimension is that of the "intertemporality" of certain economic programmes (see Przeworski, 1996). This term is used in the literature to describe those policies that involve a trade-off between present and future welfare. However, as will become clear in the following chapters, intertemporality is only one concrete instance of the more general problem of timing.

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appealing to the patience of the electorate by arguing that poor performance in the present means prosperity in the future (Stokes, 1996). Hence, the problem of incomplete information about means-end connections is aggravated here by the existence of asymmetric information (i.e. politicians having more complete information than voters do). This opens the door to a moral danger, namely, governments' deliberate exploitation of their superior information in order to advance their own interests at the expense of voters' welfare. Hence, accountability is not always perfect and, therefore, does not always induce representation, especially if electors do not have complete information about the reasons and conditions under which governments decide and implement their policy programmes.

More generally, we have seen that re-election does not only depend on whether or not democratic representation is effected. In other words, the chances of a victory at the polls will not only depend on a given government's contribution to advancing voters' welfare, but also: on its degree of responsiveness towards people's wishes (we have seen that even a truly representative government, if it wants to survive, needs to be relatively popular); on whether or not it adheres to the mandate for which it was elected, so that a solid relationship of trust can be developed between politicians and voters; and finally on whether or not it manages to escape the blame for poor performance, whatever the grounds for this exoneration may be.

We can conclude, therefore, that the way in which elections can permit voters to control the incumbent, and hence induce governments to behave in the best interests of the people is far from clear. This does not imply, however, that elections do not allow voters to control their representatives. We know very little about how electors behave in elections, or under what circumstances voters are more willing to control governments through the ballot box. Even if governments have informational advantages over the electorate, we should not underestimate voters' capacity to acquire information. Voters, moreover, can learn from their past mistakes. They can also come to trust

politicians, their explanations, and the promises they make during electoral campaigns. All of this is possible (and empirical evidence exists to support it), but it depends on voters' willingness to invest in information, in acquiring the skills needed to interpret it, as well as, most critically, on the behaviour of governments. In particular, it depends on the transparency of governments' actions, the extent to which they provide the public with information, the explanations they give about their policy programmes, and the changing conditions under which these are adopted.

Imagine, for instance, a country in which promises made in electoral campaigns are systematically betrayed.⁵ It is obvious that after a while, electors will become less willing to listen to explanations, to accept temporary hardship, or to believe alternative proposals. Rather, they will probably begin to use elections to repeatedly sanction the incumbent (in this case, the accountability view of elections would fit this country better), or, in other words, as a means of punishing *moral hazard*. However, in a country in which politicians traditionally stick to their mandate and give detailed explanations to electors when they do not, the reverse would be true.⁶ Citizens in such a country would be more willing to listen to explanations and alternative proposals, to accept temporary hardship, etc.. Therefore, they would probably use elections to select those candidates whom they can rely on, that is, as a means of avoiding *adverse selection*⁷ (this is the mandate view of elections).

⁵ This might be the case, for example, in Peru or Argentina, where candidates often fail to adhere to their mandate (see Stokes, 1998b).

⁶ See Manin *et al.*, 1999, for a discussion of the role that a government's good reputation can play in ensuring that voters will give it some margin of manoeuvre to implement representative policies that imply betraying its original promises.

⁷ Adverse selection is a concept borrowed from economics and which refers to situations in which a given policy has the effects of attracting only the 'bad lemons', that is, the least favourable candidates. It was coined to refer to the insurance market, within which it is frequently the case that only those individuals with a higher level of risk (and therefore with a high likelihood of generating large costs to the insurance companies) have an incentive to buy an insurance policy.

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In short, according to these two interpretations of elections, we can conclude that elections serve either to select from among the candidates the ‘good types’ who will govern in the future, or to sanction incumbents that have failed to live up to their past promises or to achieve a certain level of performance (Fearon, 1999, Manin *et al.*, 1999). Nevertheless, can voters use elections to achieve both of these two objectives simultaneously? This is the question I consider below.

2.3. *Choosing or sanctioning? Is voting a consumption or an investment decision?*

Voters often make use of only one instrument -elections- to achieve two objectives: first, to choose the best candidate and, second, to sanction the incumbent. (Manin *et al.*, 1999). Some citizens will think of elections primarily in terms of sanctions, others in terms of selection. And still others will try to combine both of these two goals.

The problem is that in some situations it may prove quite difficult to combine both objectives. Moreover, the logic of the two goals may conflict. And yet the theory is not sufficiently developed to allow us to discern the exact inverse correlation between the two aims. For instance, is the logic of choosing good candidates completely contrary to the logic of sanctioning bad ones? Can we conclude that choosing impedes sanctioning, or that sanctioning prevents choosing good governments?

Consider the following situations. In the first situation, the citizen approves of the incumbent’s past performance. At the same time, she also prefers the policy proposals for the future that the incumbent has expressed in the present electoral campaign over those offered by the other alternative candidates. In the second, the voter does not approve of the incumbent’s performance, and she prefers the proposals put forward by an alternative candidate. Hence, we have two hypothetical possibilities in which elections can be used to achieve both objectives, that is selection and

sanctioning. This is because the message of the citizen's vote is unequivocal in both cases, even though the outcome is obviously distinct: that is, supporting the incumbent (in the first case), or trying to throw it out (in the second). In this case, the interpretation of the vote is quite straightforward.

Unfortunately, we know that these simple, straightforward situations are often rare. It may be the case that a voter does not approve of an incumbent's performance but is still not convinced that there is any better candidate in the electoral campaign. Or, alternatively, she might approve of the incumbent's past performance but distrust its future potential, or dislike its current electoral programme, and prefer that of another candidate. In these two cases, retrospective judgements contradict prospective preferences, the information to be drawn from electoral choices is equivocal, and the interpretation of the vote becomes more complex.

It seems likely, therefore, that electors will often be forced to choose between one of the two objectives when deciding how to vote. Nonetheless, it is difficult to say a priori which aim voters will opt for in any given election. One of the prevailing hypothesis within the literature is that their decision in this respect may be a function of their degree of aversion to risk. That is, in the face of considerable uncertainty about the future, the more risk-averse the voter is, the more likely it is that they will give priority to retrospective judgements, while the less risk-averse the voter is, the more likely it is that they will be guided by a prospective orientation.

Metaphorically, I like to conceive it in the following way. On the one hand, *risk-averse voters* are those who prefer to view candidates' elections as a *consumption activity*. They know more or less what they have been consuming, as they have tried the "product" before (that is, they have experienced government by the incumbent). Therefore, they decide whether they want it or not in just the same way as they may decide whether they want to buy

the olive oil that they have already tasted.⁸ That is, when faced by uncertainty about the future potential of each candidate, they will generally tend to favour the product they have already tried and tested (unless they were deeply disappointed with its quality). On the other hand, *risk-loving voters* prefer to treat the election of candidates as an *investment activity*. The information they have at their disposal is insufficient to tell them what life will be like in the future (under the government of the chosen candidate), but they respond to that situation by acting in accordance with their current beliefs about the future prospects of each candidate, relatively independently of their past behaviour. In particular, they may often opt for an unknown candidate even in the event of relatively mild disappointment with the known candidate. The risk of choosing a bad candidate is higher for these voters. At the same time, however, they open the door to the possibility of obtaining a better government and therefore a better future than that offered by the incumbent (even if the future offered by the latter is itself not at all bad).

Another, different issue is to determine voters' initial degree of risk-aversion. To make matters worse, it is important to note that risk aversion might not be an exogenous variable: rather, the candidates at the polls may play an important role in promoting voters' risk aversion. In particular, it seems reasonable to assume that two important variables here are candidates' reputation and their capacity to convince voters that it is worth investing in what they offer the electorate in the future. Nonetheless, it is also likely that voters' risk aversion is partly exogenous, that is, it is a function of their personal experiences and individual characteristics. For instance, it is now well established that a higher level of income can lead to less risk aversion. At the same time, better-educated voters tend to acquire and process more information, and hence to be more aware of current events and future trends (Krause, 1997). New information can be crucial for investing. Past experiences of other candidates might also be

⁸ Consumption, of course, can also be experimental, but I do not consider this possibility here.

important here: past positive experiences with previously unknown candidates might promote risk-taking behaviour, while the opposite may also be true.

Moreover, this analysis raises another, extremely interesting issue. Do governments' expectations regarding the retrospective-prospective orientation of voters and their varying degrees of risk aversion have any implications for incumbents' behaviour? Only in the two most extreme situations would the answer to this question appear to be reasonably clear. On the one hand, faced with a predominantly risk-averse electorate, which will tend to favour the incumbent in most circumstances, the government in office might not have sufficient incentives to always try to perform better. On the other (and paradoxically), a predominantly risk-taking electorate will have similar effects, which could however be self-reinforcing, and therefore lead to the nightmare situation described by Manin *et al.*, 1999:) "if voters always think that the challenger is better, then the incumbent can never be re-elected, and he will always choose to extract high rents. In turn, if incumbents extract high rents, voters will never vote for them".

To conclude, democratic theory encounters major difficulties when it comes to explaining the way in which elections can systematically induce governments to behave in the best interest of citizens (that is, to be representative). In all likelihood, these difficulties spring from the idea of representation itself, which "is a highly complex concept that has not changed much in its basic meaning since the seventeenth century" (Pitkin, 1967:8).

However, it is one thing to recognise that the classic theory has been unrealistically optimistic about the way in which elections promote citizens' control of governments, and that elections may not always induce governments to be representative, but quite another to conclude that elections are a hollow institution. Empirical evidence demonstrates that voters do not systematically punish good governments, quite to the contrary, they tend to demand that governments behave in a representative manner. Hence, the "slack between principal and agent can be used constructively as well as perversely" (Keech, 1995:149). In

what follows, I will opt for this constructive approach, trying to emphasise both the strengths and limitations of elections as a means of fostering representative democracy. As I will show in the following section, one way of moving forward in this direction is to analyse the questions outlined above within a more specific, less overarching, theoretical framework. In order to do so, I have chosen to focus on the EV approach, which offers a set of restricted hypotheses conducive to empirical testing. In fact, EV represents a fruitful combination of ideas originating in both economics and democratic theory. I consider this interdisciplinary approach to be an additional strength, which makes the EV framework particularly attractive for research.

3. From democratic theory to economic voting: towards the empirical testing of theoretical questions

If we want to investigate the way in which elections can induce governments to be representative, an empirical strategy may constitute an appropriate way of proceeding. In this case, the first step would be to choose a concrete area of policy and to focus the analysis on this. EV seeks to measure the extent to which the electorate reacts to governments' economic performance. In other words, it attempts to determine whether economic conditions shape voters' views of governments. If voters respond to (both retrospective and prospective) economic performance, I will assume that some degree of democratic control exists over governments. Nevertheless this hypothesis represents one way of investigating the manner in which elections provide voters (or not) with tools to control governments. Of course, I am not suggesting that this is the only way of investigating this question. There may well be other policy areas and other issues to be researched, but I have chosen economic performance for two main reasons.

The first one concerns the relative consensus that can be found almost everywhere with respect to the existence of a set of economic outcomes generally considered to be desirable. For

instance, prosperity, economic growth, and low levels of unemployment and inflation are objectives that any government (regardless of its matter its colour or ideology) and voter will aim for.⁹ This relative, underlying consensus can be better understood if economic issues are compared with other policies that can be prominent in electoral campaigns, such as abortion or immigration. Bitter disagreements can be expected over these issues, since the understanding of good or bad is mediated by competing, conflicting moral visions.

The second main reason for opting to analyse economic performance involves the continuous interest that exists in the state of the economy (in terms of both policies as well as outcomes). It can be safely argued that this is a constant found in every single political discourse of absolutely all the candidates in any electoral campaign. In fact, it is difficult to think of another issue or policy which plays such a prominent role in each single election as the economy, and the same is true with regards to the day-to-day discourses of elected politicians.

From a different perspective, research on EV has a relatively long-established tradition within the social sciences. The analysis of the link between public opinion and the economic performance of governments has proved an especially fruitful line of research in the United States in particular. The original works of Downs (1957) and Key (1967) can be considered as the point of departure in this field. Downs laid the foundations for the mandate view of elections within the EV approach. Key, in turn, did the same for the accountability view of elections. Key's proposals had a more elaborate and precise formulation, probably because the theoretical underpinnings for *retrospective EV* were somehow easier to establish than those for *prospective EV*. In fact, until very recently, conventional EV has been retrospective. And this is so

⁹ It should be recognised, however, that the relative consensus might not apply as regards the appropriate policies or means to achieve these economic outcomes. The same may be true in the presence of proven trade-offs between outcomes, a complex issue that will be explicitly addressed in the empirical analysis.

because retrospective EV was believed to induce representation in governments more clearly than prospective EV. As I show below, this is not necessarily true.

Unfortunately, sophisticated theoretical contributions about elections and democracy are difficult to find in the EV literature.¹⁰ On the one hand, this is probably due to the marked empirical focus of most of the literature. More generally, it is a clear illustration of the trade-off between clear, testable hypotheses and conceptual sophistication that generally characterises social sciences research. Moreover, the quantitative emphasis of the EV approach explains why this line of research is rife with interminable methodological discussions (regarding, for example, the type of data to be used - either aggregated/individual or cross-sectional/longitudinal - the type of statistical analysis to be applied, and the different specifications of the models to be tested).¹¹

As a result of all this, EV research has traditionally been seen within the discipline as too empirically oriented. That is, it lacks prior theoretical reflection justifying the specifications adopted in the model to be systematically tested. In my opinion, this is the reason why research has encountered enormous difficulties in establishing systematic results and conclusions about the relationships between elections and the economy.¹² EV studies

¹⁰ Of course, there are some exceptions: for example, Chapell and Keech, 1985; Harrington, 1993; Kiewiet, 1983; Kramer, 1983; Przeworski, 1996 and 1998; Stokes, 1996, 1998a, and 1998b. Nevertheless, when theoretical sophistication applies, divergent assumptions appear in all of them.

¹¹ More specifically, different lines of research are found depending on the type of data used in the analysis. First, there are studies using aggregate data (that is, unemployment, inflation, economic growth rates as well as the percentage of vote) and, second, the studies using individual data. The type of data used is also related to the estimated dependent variable. As for the latter, four different types can be found: (i) cross-national or intertemporal changes in individual vote; (ii) the percentage change in the aggregate total vote for the incumbent party; (iii) alternance in office; and (iv) popularity scores. For an exhaustive survey of the EV literature, see Nanestad and Paldam, 1994.

¹² Apart from the lack of theoretical reflection, this literature has not given (at least until very recently) systematic consideration to both the political and

have also been said to have a North American bias in terms of both the hypotheses that they test and the results that they obtain.

Of course, EV studies have evolved considerably over the last two decades. As a result of this, the basic retrospective logic has been subject to a critique. Hence, some scholars have used new empirical definitions of what might be considered to be good economic performance (see, for instance, Chapell and Gonçalves, 2000; Nagler and De Boef, 1999; or Suzuki and Chapell, 1996). Others have tried to reintroduce the mandate view into the theory, and combine it with the accountability view (see, for example, Lockerbie, 1992; Mackuen *et al.*, 1992 and 1996; Stokes 1998a and 1998b; Przeworski, 1996). Another set of authors, in turn, have used more sophisticated methods and techniques (see Kinder *et al.*, 1989, and especially Alvarez and Nagler, 1995, 1998a, and 1998b; Alvarez *et al.*, 2000, Duch *et al.*, n.d.; Palmer, 1999; Whitten and Palmer, 1999). Still others have studied different countries such as Denmark, Germany and the United Kingdom (see Nanestad and Paldam, 1995 and 1997; and Hibbs, 1993).¹³ Furthermore, others have considered the importance of the political and institutional contexts (see Powell and Whitten, 1993; Whitten and Palmer, 1999; Anderson, 1995, and 2000). Another important line of research has focused on the comparative analysis of EV (Lewis-Beck, 1988; Anderson, 2000; Radoliff, 1995; Whitten and Palmer, 1999).

However, it is difficult to find empirical EV studies that combine statistical soundness with elaborated theoretical analysis of the relationship between elections and democracy. It is easier to find, on the one hand, excellent empirical and methodological work which, however, lacks theoretical relevance (see, for example, Alvarez and Nagler, 1995, 1998a and 1998b; and also Palmer and Whitten, 1999). On the other hand, there are some

institutional context of each country (or case study). I will return to this point below.

¹³ Only very recently have scholars started to study transitional democracies from the logic of EV. See, for instance, Dominguez and MacCaun, 1996; Duch, 2000; Paceck, 1994; Powers and Cook, 1997; and Stokes 1998a and 1998b.

solid theoretical contributions that, however, lack systematic empirical tests of the hypotheses that have been correctly stated (see, for example Manin *et al.*, 1999).¹⁴

In this thesis I present a study of EV which tries to resolve some of these shortcomings. The methodology used here takes account of different issues regarding the type of data to be used, the statistical models to be run, as well as the specification and interpretation of the results obtained from those models. The empirical results of the statistical analysis, however, will be related to the broader theoretical discussions going on within the theory of democracy and summarised above. On the basis of all these ingredients, I hope to be able to draw some conclusions on two main theoretical issues. First, the factors that influence voters' decisions or, in other words, the criteria guiding voters' decisions. The identification of these factors should give us clues as to whether or not electors control governments. Second, the ways in which EV theories can be improved and systematically tested, independently of the case under consideration or the institutional features of the democratic system under analysis.

In the following section, I discuss how the broader debate about elections outlined above is re-formulated within the EV approach. This debate focuses on the relative prevalence of retrospective or prospective assessments when voting on economic issues. This controversy, moreover, has important theoretical implications for the study of economic performance, public opinion, and voting. If voters are guided by retrospective assessments of the economy, then incumbents can be induced to be accountable. If, in contrast, voters are prospectively oriented, they can potentially shape economic policy, and hence induce governments to be responsive.¹⁵ Both phenomena constitute

¹⁴ This brief survey of the most recent literature on EV makes no claim to be exhaustive. For a good example of the most recent improvements, see, however, the special issue of *Electoral Studies* 19 (2000).

¹⁵ These two possibilities limit both democratic accountability and democratic responsiveness to economic efficiency. There are, however, other examples of voters' control over governments' actions and promises. For example, regarding issues such as abortion, immigration, corruption, etc..

mechanisms for the electorate to control the incumbent through its voting decisions in elections.

4. The main debate within the EV approach: retrospective versus prospective economic voting

The retrospective EV model has its origins in research carried out by Key (1967). His work signalled a radical departure from the previous (rather deterministic) trend within electoral studies, which tended to treat voters as passive subjects driven by traditions, family ideology, etc..¹⁶ Key was the first scholar to portray the electorate as being rational as well as responsible: “in the large run, the electorate behaves about as rationally and responsibly as we should expect, given the clarity of the alternatives presented to it and the character of the information available to it” (Key, 1967:7).¹⁷ Although he focused on retrospective EV, there are good reasons to believe that his alleged neglect of prospective voting was due to the fact he was unable to complete the book as planned.¹⁸ I suspect that he would not have reached the conclusion that electors are purely retrospective had his research reached the 1960 US elections, as he originally intended.

What is undeniable, however, is that Key laid the foundations for the concept of retrospective voting, in other words, the view that corresponds with the accountability approach to elections. In this view, voters are guided by outcomes rather than policies. They calculate a minimum standard of general welfare and, if they

¹⁶ A good example of these studies is *The American Voter* (Campbell *et al.*, 1960) which presented the dominant view within the literature of the day on US electoral behaviour. A notable exception, however, is the work of Downs.

¹⁷ Here I use the term *responsible* in the Key's sense of deliberative, and thoughtful. This is different from the term *responsible* used with reference to government's behaviour.

¹⁸ Unfortunately, the author died before finishing his book, and just before writing the chapter dedicated to the 1960 American elections results, which can hardly be explained without reference to the mandate view of elections.

consider that the incumbent has achieved this, they re-elect it. Generally speaking, therefore, the incumbent will be rewarded for sound economic performance, but thrown out if the economy performs poorly. This, the so-called “reward - punishment” principle, has become the dominant paradigm within EV literature. There are two reasons for the predominance of retrospective over prospective voting.

First, retrospective voting is said to induce governments to be accountable in a way that prospective voting does not: the incumbent’s anticipation of voters’ opinions of its performance will induce it to promote citizens’ general interests in order to avoid future electoral defeat, while the same does not apply to prospective voting. Second, the mechanism through which voters should make their predictions if they are to vote prospectively is far too complex to be credible. It requires the use of a much more sophisticated information ‘tool-kit’ than in the case of retrospective voting. Hence, according to this logic, retrospective voting would involve far lower decision-making costs. The informational demands required to vote on the basis of performance appear to be modest in comparison to those required to prospectively promote good economic results. For that reason, future expectations about the economy are said to be more politicised than retrospective assessments, and hence their influence on voting choice might be more difficult to establish. However, retrospective EV is also very complicated, and certain mechanisms at work in sociotropic thinking have not received sufficient attention. These are worth some attention.

According to the retrospective interpretation, voters first set a standard of general welfare to be met by the incumbent. How is this standard defined? The easiest way (from the voters’ point of view) would be to use information freely available and at their immediate disposal. Therefore, such a standard would be calculated on the basis of individuals’ own experience, or that of the people belonging to their reference group. This is *egocentric EV* (or pocketbook voting). There are, however, theoretical reasons to believe that people in fact base their vote on the state of

the national economy as a whole (see Kiewiet, 1983, and Ferejohn, 1986), in what is termed *sociotropic EV*. Moreover, empirical research has almost unanimously confirmed that this is indeed the case (see, for example, Fiorina, 1981; Kinder and Kiewiet, 1979; Kinder *et al.*, 1989; and so on).

The logic of sociotropic voting is clear: many other factors apart from the government's economic policies contribute to the individual's personal economic wellbeing. For example, life-cycle conditions such as getting married or having children (see the seminal article by Kramer, 1983) make the attribution of responsibilities difficult.¹⁹ Imagine extreme cases, such as a voter winning the lottery, or marrying a wealthy partner, where it would make no sense to attribute responsibility to the government. Other cases may be more complex. Should a woman who loses her job attribute the responsibility for this to the incumbent or to her personal circumstances? The average economic outcomes in a given country therefore seem a much more reasonable basis for evaluating government performance. It would appear to be the case, however, that sociotropic judgements require the voter to use a substantial amount of information.

Additionally, it should be noted that sociotropic EV does not postulate voters' altruism (see Kinder and Kiewiet, 1979, and 1981; Kiewiet, 1983; and Kiewiet and Rivers, 1985). Rather, it maintains that voters are highly likely to consider the state of the national economy to be both a good predictor of their own personal welfare in the future and/or a good indicator of the government's economic competence. In short, there are good theoretical grounds, as well as convincing empirical evidence, to suggest that retrospective EV is also sociotropic. If this is indeed the case, then retrospective EV is not necessarily simpler than

¹⁹ These are the reasons that Kramer gives to explain why the egocentric EV hypothesis, when tested at the individual level, does not work at all, since evaluations of personal economic conditions (at the individual level) must be contaminated by changes in personal finances that are not induced by the government.

prospective EV, since we have seen that sociotropic thinking is more complex than might at first appear.

The process of sociotropic attribution involves a number of further complications that have received insufficient attention until now. Take, for instance, the way in which voters define the minimum standard of prosperity required of the incumbent. Clearly, this standard may be defined in many different ways. Furthermore, the notion of good or bad economic performance seems to be inherently relative, and to vary significantly over time and space. Under certain special circumstances, voters may be more willing to forgive the incumbent for poor economic performance. Take, for example, the case of international economic crises, legacies of the past, or policies that must be implemented over the long-term in order to be effective.²⁰ These are three situations in which voters may take a more benevolent attitude when calculating the minimum level of welfare to be provided by the incumbent.

In addition, and most critically, the calculation of this minimum standard may also be conditioned by the level of social protection provided by the government. Surprisingly enough, not one contribution to the EV literature includes this variable in the statistical models constructed to explain voting behaviour. However, it may be possible to find instances of poor economic performance coexisting with an improvement in social protection. And more importantly, the probabilities of electors taking a more benevolent attitude to the incumbent when calculating the minimum standard to be met are high if social policies are used as *compensations* or side-payments.²¹

A final issue that has received too little attention within the literature is the fact that the level of the minimum standard to be met by the incumbent may also be influenced by the existence of a credible opposition party. Imagine, for instance, that a voter initially considers that the incumbent has failed to provide the

²⁰ See Stokes, 1996 for a detailed explanation of exonerative voters.

²¹ I have taken the idea that social policies constitute social compensations from Maravall, 1997.

minimum standard of prosperity required to be re-elected (call this standard: X_*), reaching an insufficient level of prosperity, say X_1 . However, suppose that the same voter also considers that the main opposition party will never achieve the degree of prosperity X_* but only another level defined as X_0 . When X_0 is lower than X_1 , it would hardly be rational to punish the incumbent. This is the typical situation in which the voter may think that the incumbent could have done better, but that the opposition is expected to do even worse.

To conclude, all the complications raised here with respect to retrospective thinking suggest that retrospective EV is not as simple as the standard literature suggests. That is, as Stokes (1998a) has remarked: “nothing so simple as ‘observing one’s welfare’ is sufficient”. Hence, the predominance of retrospective over prospective voting is not entirely justified: elections are about the future; they constitute both a mechanism for competition and an expression of expectations. Moreover, empirical research shows that prospective evaluations have a significant influence on voting decisions (see for example, Kuklinski and West, 1982; Prince and Sanders, 1995; Sanders, 2000). In fact, the evidence suggests that when citizens have to decide how to vote, they use all the information they have at hand. This information refers to both the past and the future performance of the economy.

In short, the retrospective mechanism of reasoning is not as simple as the literature tends to suggest. On the one hand, the process by which voters attribute responsibility to the incumbent for their economic situation is a complex one. On the other, the electors’ calculation of the minimum standard of welfare expected from the incumbent may be mediated by contextual conditions, individual subjective bias, factors pertaining to the party system, and social policy compensations.

In this thesis I therefore incorporate the hypothesis that Spanish voters are prospectively oriented. My argument that voters’ prospective economic expectations impinge on voting decisions does not mean, however, that voters have to undertake a sophisticated analysis of the political and economic reality.

Rather, they are only required to do something much more manageable, namely form a general impression of the state of the economy under candidate *X* in the foreseeable future. In short, I will argue that, in contrast to what has long been maintained, prospective voting does not place unreasonable informational demands on citizens. The information that voters use to make their predictions may be far from perfect, or in other words, we can a priori assume that they have limited information rationality (Popkin, 1991). All they need to do is to manage to compile some relevant information from the direct observation of their environment. Electors may then use this information efficiently in order to form either expectations about the future or retrospective evaluations about the government's performance. Hence, my point of departure is that an EV model must consider both past performance and future expectations. At this point I will present the EV model that I propose to test for the case of voting behaviour in democratic Spain during the period 1977-1996.

5. Re-framing previous theory: the extended EV model

EV research has encountered difficulties in demonstrating clearly and systematically that voters respond to economic conditions. Operationally, this implies the following: *ceteris paribus*, a good economic performance is more likely than a poor economic performance to make voters support the incumbent. This is the simplest *reward - punishment* hypothesis. As the existing literature on EV has demonstrated, it seems fairly obvious that there may be many situations under which this simple hypothesis will not hold. Consider, for instance, a voter who is not satisfied with a government's performance but sees no alternative. It may be difficult to punish the incumbent under such circumstances. This does not mean, however, that under these circumstances there is no connection between public opinion, voting, and the state of the economy. Since this connection may still exist, it must be properly modelled.

I propose here an alternative way of testing EV theory. I start from the simplest EV hypothesis and justify the extension of the EV model through theoretical considerations as well as a consideration of both the political and institutional context in which elections are embedded. The model seeks to identify the different ways in which public opinion may be related to the state of the economy. The specification of new parameters in the EV equation can be justified on the grounds of the preceding theoretical discussions.

5.1. From retrospective to prospective economic voting

We have seen that retrospective voting assumes that voters only look to the past (that is, they focus on outcomes obtained by the incumbent), and not to the future (nor to the proposals that alternative candidates put forward in election campaigns). In this theory, elections become simple referenda of the incumbent's performance. What about the opposition, however? More often than not, the pure retrospective voter has no way of evaluating how the economy would have performed had another party been in government, since opposition parties frequently have no recent prior record of performance to campaign upon.²² For this reason, it is necessary to take the electorate's expectations into account. After all, elections are undeniably future-oriented, since voters choose between candidates who wish to govern in the future, and their alternative proposals and promises for that future (Manin, 1997). Put differently, elections are not only about *sanctioning poor performance* but also about *selecting good types* (Fearon, 1999). Therefore, as already mentioned, I propose to include both retrospective and prospective evaluations of the state of the

²² This is especially true, of course, in the case of recently established democracies, in which most opposition parties have no track record in government. It should be noted, however, that even in this case there might be exceptions. For instance, in Spain the opposition party can base its reputation on its performance in regional or local government.

economy in the empirical model to be tested. However, as we will see, in practice this is far from easy to achieve.

According to the prospective hypothesis, we should expect public optimism about the economic future to benefit the incumbent. This implies that when people expect prosperity, they renew their support for the incumbent. Think about the concrete example of *intertemporality*, as defined in section 2.2. Faced by policies with an expected delayed impact, electors may have negative evaluations of the past, but at the same time, think that the future will be much better. In that case, they may reaffirm their support for the incumbent. However, it could also be argued that people may believe the economy will improve in the future precisely because they expect their preferred party to win in the coming elections. This problem of circularity makes causal inference difficult, and until now has remained unresolved. The Spanish case enjoys an important advantage in this respect. For a long period, no opposition party was seen as a credible alternative government. This implies that the potential reasoning ‘the economy will improve because my preferred party will replace the less effective incumbent’ could not apply, hence optimism about the future is more likely to be the cause of support for the incumbent rather than its effect.

Finally, there are also two empirical reasons for including voters’ prospective economic evaluation in the specification of the voting model. First, previous studies of economic assessments in Spain have concluded that voters’ retrospective and prospective evaluations for the period 1980-1995 are by no means equivalent, both at the aggregate and at the individual level. Moreover citizens seems to adopt a more critical stance when looking back at the past than when looking forward to the future (Maravall and Przeworski, 2000).²³ Second, and more generally, convincing empirical evidence has been put forward to show that the mass media and political campaigns have an important effect on voters’

²³ Additional empirical evidence for this at both the aggregate and the individual level can be found in Chapters 4 and 6.

information and decisions.²⁴ Hence, it appears to be relatively cheap for citizens to acquire information on the aggregate state of the economy that can be projected into the future.²⁵

We can conclude, therefore, that there is a potentially critical variable that is not often considered by EV literature. If elections are not just referenda on the incumbent's performance, but are also an opportunity for voters to choose from among alternative candidates and proposals, then the potential effectiveness and credibility of the main opposition party may be another significant factor mediating economic conditions and voters' political attitudes. In what follows, I discuss the advantages of including voters' views about the main opposition party in the specification of the EV model.

5.2. The credibility of the main opposition party

When voters do not perceive a credible alternative within the spectrum of alternative electoral candidates, then punishing the incumbent becomes less likely, regardless of its past performance. Existing studies have shown the importance of public perceptions about the main opposition party's capacity to manage the economy (Sanders, 1996), but the actual empirical effects of this perception have hardly been systematically tested.

According to Spanish survey data, the Conservatives (that is, the main opposition force to the ruling Social Democrats), have indeed been given little credit by the Spanish electorate from the beginning of democracy. Potential reasons for this include the fact that this party (first known as *Alianza Popular*, AP, and then as *Partido Popular*, PP), was formed by prominent political leaders of the previous authoritarian, Francoist regime. Moreover, the party has usually been seen as organisationally weak (see

²⁴ See, for instance, Alvarez, 1997; Bartels, 1988 and 1993; Iyengar and Kinder, 1987; Mondak, 1995; Hetherington, 1996.

²⁵ A more highly developed discussion of voters' economic expectations can be found in Chapter 6.

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Montero, 1988). In fact, in spite of its increasing organisational cohesion, confidence in its capacity to govern remained relatively low (although progressively increasing) during the first half of the 1990s. For example, in 1993, 40% of those interviewed thought that things in Spain would have been much worse if the AP/PP were in power. Moreover, only 42% of respondents thought that any other party apart from the ruling Socialists could solve Spain's unemployment problem, while the equivalent figures for solving the country's economic problems in general, and handling education were 36% and 30% respectively.²⁶

These figures show that there are also empirical reasons to include voters' views about the main opposition party in the voting model. The main opposition party's capacity or competence to handle the economy or the main problems facing a country is another mediating factor in the relationship between voting behaviour and the state of the economy.

5.3. Attribution of responsibility to the incumbent for the state of the economy

As we have seen above, the *reward-punishment* hypothesis suffers from an important weakness that was first pointed out by Kramer (1983). As this scholar noted, a critical logical prerequisite for the retrospective model to be credible, is that voters do indeed hold governments responsible for economic performance. However, some of the earlier EV models tended to treat the *attribution of responsibility* for economic conditions to the incumbent government as an implicit assumption. My position, in contrast, is that this critical assumption must first be empirically tested.²⁷

²⁶ DATA S.A., May 1993.

²⁷ For evidence showing that voters do not always attribute responsibility for economic conditions to the incumbent, see Peffley, 1985. See also Abramowitz *et al.*, 1988 for evidence showing that evaluations of presidential candidates in the United States are affected by perceived changes in personal economic well-being

Given the difficulties involved in finding direct empirical indicators of the extent to which citizens attribute responsibility for economic performance to the government, previous research that has taken this consideration on board has used different indirect strategies in this respect.²⁸ Initially, Kiewiet, for the case of the United States, proposed the distinction mentioned above between evaluations of personal and national economic situations (that is, *egocentric* versus *sociotropic* voting) as an indirect indicator of attribution. The idea was that only the evaluation of the country's economic conditions implied direct attribution of responsibility to the government (Kiewiet, 1983). Empirical evidence seems to support this idea. In fact, sociotropic evaluations work much better than egocentric ones in accounting for voting intentions (Kinder and Kiewiet, 1981; Fiorina, 1981; Lockerbie, 1992; Kinder *et al.*, 1989), and we have already seen that conventional retrospective voting seems to be mainly sociotropic. Why, nonetheless, should we believe that sociotropic voting means that people actually attribute economic outcomes of the country as a whole to the actions of the incumbent?

As noted above, national aggregate economic results, as much as individual ones, could be attributed to a whole series of factors beyond the governments' control, factors which could in turn be manipulated by the government in order to shake off its responsibility for a poor economic performance (Stokes, 1996). Institutional factors may also limit the extent to which bad economic results are attributed directly to the government, such as coalition governments, or structural economic problems inherited from previous governments (see Powell and Whitten, 1993; Whitten and Palmer, 1999; and Anderson, 1999).

Unfortunately, there is little empirical evidence directly and systematically demonstrating that voters do actually hold the

only among citizens who held the incumbent responsible for such changes. On the attribution of responsibility in EV hypothesis, see also Feldman, 1982; Hibbing and Alford, 1981; Lockerbie, 1988; Partie, 1995; and Bratton, 1994.

²⁸ It is difficult to find direct survey questions referring to voters' attribution of responsibilities.

incumbent responsible. This is partly due to the lack of explicit survey questions referring to this issue. One of the advantages of the Spanish case in this respect is precisely the existence of evidence showing that a large proportion of citizens does attribute responsibility for the state of the economy to the incumbent. For example, in a survey carried out in 1992, 83% of all respondents thought that the state of the economy largely depends on the incumbent's policies and decisions.²⁹ In spite of this evidence, however, and as I will show below, until now the issue of attribution has not been adequately incorporated into EV models.³⁰

In fact, most EV research focuses on citizens' evaluations of the state of the economy. This does not fully resolve the problem of the attribution of responsibility, as governments might attempt to escape the blame for poor economic results by arguing that economic outcomes do not directly derive from their own policies, but rather from national or international pressures, or from entrenched path dependencies. In fact, it is generally acknowledged that many other factors apart from governments' policy decisions influence the state of the economy. In order to address this problem, I examine voters' direct evaluations of economic policies, which leaves much less room for *blame avoidance* strategies to creep into the picture.

In my opinion, the hypothesis of actual, direct attribution of responsibility to the government can more credibly be demonstrated by looking at the economic policies pursued by the incumbent than at the general evaluations of the country's economic situation. In other words, if it can be established that citizens do attribute direct responsibility to the incumbent for the economic policies decided, adopted, and implemented by it, then we might have much more consistent proof of the attribution hypothesis (especially if the incumbent government is majoritarian). The main empirical hypothesis is, therefore, re-framed as follows: evaluations of economic policies might have a direct impact on voting intentions. The previous *economic voting*

²⁹ CIS 2042.

³⁰ There are, however, exceptions. For example Lockerbie, 1988.

hypothesis could thus be renamed the *economic policy voting hypothesis*.³¹

I began this section by arguing that the paradoxical situation in which an incumbent is re-elected despite negative economic results does not necessarily mean that EV does not apply, but could in fact mean that previous EV models have been under specified, as re-election might also reflect the weaknesses of the opposition parties. I then went on to propose an empirical strategy to ascertain whether or not the EV hypothesis might still be sustainable in this situation. I will now examine an alternative hypothetical situation, namely one in which, in spite of the existence of a credible opposition, negative assessments of the economy do however lead to renewed support for the incumbent.

5.4. A broader view of the economy: social policies should be included in the picture

My main argument here is that a critical fact that has been overlooked so far is that, aside from specific economic policies (that is, those directly targeted at economic growth, unemployment, inflation, and so on), other policies might prove crucial for the incumbent's survival. Above all, social policies (income maintenance, protection of the unemployed, education, and health care), which are so intrinsically related to economic policies and are frequently even more salient than economic ones in the public's eyes (Pierson, 1996), should not be excluded from the picture. In particular, a critical fact that should be taken into account by EV models is that social policies can be used as *compensations* in tough economic periods, in the same way that *side-payments* are applied to the study of the relationship between government policies and citizens' preferences within current welfare economics.

³¹ I shall discuss this issue in more depth in Chapter 3.

In my opinion, EV literature tends to employ a very narrow empirical definition when identifying the dimensions of the state of the economy that citizens consider important. They have tended to limit the analysis to voters' reactions to unemployment, inflation, or economic growth levels. In contrast, a broader view of the economy should necessarily be adopted if we are to avoid problems of misspecification in EV models. From a broader perspective, social policies can indeed be considered as part of a government's economic programme. As we will see here, this is certainly the case of the Socialists' economic programme in Spain. Hence, I will test the possible existence of *social policy voting* as well as its potential interactions with *economic policy voting*.

There is also an empirical reason for including voters' evaluations of social policies. Previous research on the Spanish case has highlighted that while the Socialists' economic policies were quite unpopular with the electorate, there was always support for social policies, and this in fact increased over time (Maravall, 1999). Moreover, social policies were used by Felipe Gonzalez (president of the government from 1982 to 1996) to "*defend his economic policy toward public opinion*". Furthermore, "*the political identity of the government depended, not on a distinct macroeconomic program, but rather on choices over social policy*" (Maravall:187, 1999). Maravall goes on to argue that social policies were in fact explicitly used as side-payments to compensate for the short-term negative economic consequences of tough long-term economic policies that were perceived as being imposed by the international environment. Namely: "*social policies tried to reduce hardship, avoid distributional opposition, and build support constituencies*" (Maravall:190, 1999).

Is it really true that social policies have important electoral consequences? Can positive assessments of social policies mitigate the negative effects of critical views of an incumbent's economic policies? There is already empirical evidence pointing in this direction. When the political consequences of unemployment in the Spanish case were studied, it was found that social policies (together with entrenched ideological beliefs

inducing party loyalty) to a large extent mitigated the negative electoral consequences of high unemployment (Maravall and Fraile, 2000).

Finally, I maintain that there is one further important factor to be taken into account if we are to avoid previous problems of misspecification of the EV model. This is the political context in which elections take place, which forces us to consider the dynamics of economic voting over time. In fact, the cross-time, one-country research design chosen in this thesis is particularly well-suited to test the effects of a changing context, due to the lesser likelihood of interference from some confounding variables related to structurally entrenched, nationally specific factors.

5.5. The dynamic context of elections

It is now well-established in electoral studies that certain issues acquire particular importance in each different election. The theory on issue-voting suggests that particularly salient issues during a government legislature or in a political campaign (say, for instance, corruption) may have a significant influence on voters' electoral decision (see, for example, Campbell *et al.*, 1960; RePass, 1971; Margolis, 1977). For this reason, I propose to incorporate into my EV model citizens' visions about the salient political events in each of the elections that I model. After careful qualitative analysis of the changing Spanish political context, and taking into account the fact that for the 1979 and 1982 elections the surveys did not include questions on political events, I selected the following issues for the other four elections.

In 1986, opinions about Spanish membership of the European Community are considered. For 1989, the chosen variable is citizens' perception of the degree of government responsiveness; that is, whether or not it had lost contact with popular demands. This was a common opinion at the time, since December 1988 had seen the first general strike against the Socialist government, an event which marked the formal break-up of the alliance between

the PSOE and its fraternal trade union, the General Workers' Union (*Unión General de Trabajadores*, UGT). In 1993 and again in 1996, opinions about corruption have been chosen as the most salient issue. In fact, there is little doubt that during the 1990s, political scandals related to corruption became a particularly important political issue (see Jiménez, 1998). From January 1990 onwards, the illegal financing of the Socialist party gave rise to a series of scandals that attracted a good deal of media coverage and popular attention.

I also contend that by changing this specific variable in the model for each election we obtain a more dynamic perspective than if the variable were to remain constant over time. Therefore, with this extended EV model in hand, I will also be able to prove how contextual differences across each election may have influenced voters' decisions. Let me now summarise in this final section all the factors included in the model which will be empirically tested in this thesis.

6. Summary: from the basic to the extended EV model

The simple reward-punishment model of EV theory states that an election is a two-actor game between the incumbent and electors. The party in government presents its past performance to voters (that is, what it has done up to the time of elections), and they decide whether or not to renew their support for it on the basis of their retrospective evaluations. In formal terms, this model can be summarised in the following equation:

$$\text{Equation (1) } Y = f(\text{EvRe, Control Variables, } \varepsilon)$$

According to equation 1, the voting intention for the incumbent is a function of voters' retrospective evaluations of the state of the economy, some individual characteristics of those voters (used as control variables) and other unobservable factors that are assumed to be randomly distributed (the error term ε).

As discussed above, this model has the following limitations. First, the model does not take into account electors' prospective orientations, while we have seen that there are sound reasons to believe that elections constitute an opportunity for voters to express their aims and ideas about what the future will, and should, look like. This is the reason for including voters' expectations about the future state of the economy in the specifications of the EV model. Second, and in the same vein, elections are about choosing between alternative competing parties and programmes. Hence, voters' opinions about the credibility of the main opposition party as a sound, competent alternative to the incumbent are also included in the specification of the EV model.

Third, the direct attribution by citizens of responsibility for changes in the state of the economy to the incumbent party appears to be an unrealistic assumption that cannot be maintained without further empirical investigation. Without clearly demonstrating so at the start, the whole logic of EV model crumbles away. The proposed model, therefore, includes retrospective judgements about the economic policies already implemented by the incumbent, since the attribution of responsibility can be much more clearly established in the case of the government's own economic policies than in that of the state of the economy as a whole. Fourthly, traditional EV models adopt a very narrow definition of the economy, referring only to the level of unemployment, inflation, and economic growth. In contrast, I contend that social policies should also be considered to form part of a government's economic programme, and that the perceived outcomes of these policies are likely to directly influence citizens' assessment of both economic policies and the state of the economy as a whole. Hence, the model includes retrospective evaluations of the incumbent's social policies.

Finally, it is obvious that all kinds of political events take place between elections. I want to explore whether electors react to them. The alternative is a static picture where electors' choices are the results of abstract influences such as ideology or leadership in isolation from the experience of politics.

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The model I propose to test is, therefore, as follows:

Equation (2) $Y = f(\text{Expectations, EcPoleva, SocPoleva, Opposition, Political Events, Control Variables, } \varepsilon)$

Where the voting intention for the incumbent is defined as a function of electors' economic expectations, voters' retrospective evaluations of both economic and social policies, voters' views about the credibility of the main opposition party, prevailing views about either political corruption or other salient contextual issues, some individual characteristics of voters (used as control variables) and other unobservable factors that are assumed to be randomly distributed (the error term ε).

To conclude, mention should be made of another relevant hypothesis that this model is unfortunately unable to test directly, but which I will take into account when interpreting the results of the empirical analysis, through indirect strategies that will be explained in the relevant chapters. This hypothesis maintains that voters' notions about parties' competence and priorities in dealing with economic problems vary according to their ideology. Accordingly, left and right incumbents (to the extent that they are perceived as better able to resolve certain economic problems)³² are not punished/rewarded in the same way for their good/bad economic results. Different economic problems, hence, have distinct effects on right and left incumbent parties. For example, rising unemployment may induce a more pronounced punishment effect for a left-wing incumbent than for a rightwing government. Alternatively, a rising inflation rate may have stronger consequences for a right-wing incumbent than for its left-wing counterpart (Hibbs, 1987).

The Spanish case is not very appropriate for testing this hypothesis, as the period under analysis does not have many variations in terms of the colour of the party in office.

³² The idea is that left-wing parties are considered to be better able to resolve the problem of unemployment, whereas right-wing parties are thought to be able to resolve the problem of inflation.

Nevertheless, this hypothesis will be taken into account when interpreting the various economic problems that the Socialists faced between 1982 and 1996. I shall give more details on these and other issues related to the political and institutional context within which elections took place in democratic Spain during 1977-1996 in Chapter 2.

CHAPTER 2

THE SPANISH CASE: INITIAL HYPOTHESES

1. Introduction

Universal (male) suffrage was first introduced in Spain in 1868. However, it was soon abolished for the long period of the liberal monarchy (between 1876 and 1890). Even after it was re-introduced in 1890, from 1891 to 1922 elections constituted little more than the systematic falsification of the popular will, while agreements among the political elite decided the governments of the day based on a undemocratic alternancy between the two leading parties. Between 1923 and 1930 elections were again abolished under the Primo de Rivera dictatorship. It was only during the Second Republic (itself proclaimed after municipal elections in April 1931) that elections became an expression of the popular will for the first time in Spanish history. However elections were abolished once again, and on this occasion for a much longer period, at the beginning of the Civil War (1936) until the end of the Francoist dictatorship (1975). As a result, before 1975 Spanish citizens had had only three opportunities to express

their opinions in free and competitive elections, during the Second Republic (1931-1936).¹

Democratic elections were first held again in June 1977 and have been repeated on numerous occasions since then.² The aim of this thesis is to study the general elections held during the period 1977-1996. Spanish elections have already been studied from very different viewpoints and to very different ends. Nevertheless, voters have always been considered as passive subjects, prisoners of their ideology, historical and familiar traditions, and social origins.

In contrast, in this study voters are not assumed to be passive subjects. Rather, they appear as individuals with political and partisan preferences that can alter across time, and their vote is understood as a reaction to changing economic, political and social conditions. Hence, the principal assumption behind this thesis is that electors' partisan preferences are not fixed. Rather their preferences are seen as being subject to environmental influences such as electoral campaigns, mass media, individual daily experiences, and so on. Assuming that voters are not passive subjects implies answering the following question: What are the mechanisms by which electors reach their voting decisions? Do these mechanisms change over time? Or, to put it another way, what decision rules do Spanish electors follow when deciding how to vote? How do these decisions change in different elections?

In order to answer these questions, I have constructed an EV model that investigates the relationship between elections and the economy in Spain between 1977 and 1996. This involves analysing the relative importance, in determining voters' electoral decision, of their perception of the state of the economy as compared to other determinants of the voting intention such as voters' ideological identities or sociological profiles.

¹ For an overview of elections under democracy in Spain, see Montero, 1998.

² An aborted *coup d'état* took place on 23 February 1981. Another plot was dismantled in October 1982, just one of a series of conspiracies against democracy to be discovered between 1978 and 1985.

In this chapter, I first justify the relevance of the case to be studied and present the main empirical hypotheses to be tested. I contend that Spain is a country in which different competing hypotheses about EV can be tested. I study a long period of time marked by intense political, economic, and social changes. This provides sufficient variation in the circumstances under which the same hypotheses are to be tested. I divide the 19 years analysed here into three different periods, each of which includes variants of some interest for testing the EV hypotheses.

In the second section, I review the existing literature on electoral behaviour in Spain. This electoral research has mainly focused on the political elite and its capacity to generate stable electoral support. In contrast, relatively little attention has been paid to the non-stable elements of the vote. Moreover, previous EV research on Spain is scarce, very limited and highly debatable. Most of the existing studies test what I described in Chapter 1 as the simple reward - punishment hypothesis. The limitations of this research accentuate the practical importance of the main goal of my own work, namely to fill the gap that I have identified in the existing literature on democratic elections in Spain. Finally, in section three, I include a brief reflection on the question of causality, that is, the principal assumption on which EV is grounded: views on the economy influence the vote rather than the other way around. I will begin by outlining why I think that Spain represents a particularly interesting case for EV research.

2. Why Spain? The relevance of the case to be studied

In a bid to analyse elections as institutions inducing electors to control their agent, I shall specifically focus on observable experience in Spain. As the hypotheses I will test for the Spanish case are theoretically grounded, the conclusions of this study can be generalised. This is, therefore, an empirical study with a *national across-time* approach suitable for application to a broader set of countries.

Focusing exclusively on Spain has a number of advantages. The analysis can concentrate on the time dimension. That is, on how the circumstances (institutional, contextual, or economic) have changed during the period of analysis, and on how these changes have affected the main hypotheses being tested. Studying a single country in depth make it easier to define the causal links that can be identified in the dynamic relationships between voters and governments.

The case of Spain is of particular interest for a number of different reasons. With the exception of the United States, very few countries have been the object of studies using individual data from one country over a long period of time. While research has been carried out on some countries in Europe (for instance, Denmark), individual data has very rarely been used in order to systematically test the same EV model over a long period of time. Individual data can be considered as the most appropriate for any attempt to disentangle the logic of individual voting behaviour, which is what I am ultimately seeking to explain in this thesis.³ Only by using individual data, and analysing a long period of time, is it possible to answer questions that are rarely dealt with in the EV approach. How much, for example, do voters know about the economy? Where do their economic assessments come from?⁴

Finally, Spain is a young democracy and, as such, it offers an opportunity to test the EV theory under the very different circumstances in which elections have been celebrated. These circumstances have changed significantly from the early years of the transition to democracy, in the seventies, up to the elections that took place in the 1990s, when democracy was consolidated. Hence, we have an excellent opportunity to study the way in which electoral behaviour has evolved across time from the beginning of the democratic process. Do voters change their

³ In contrast, aggregate data is more suitable for drawing conclusions about the outcomes of elections rather than individual voting decisions.

⁴ For a discussion of the type of data in EV models, see Chapter 3. These questions have now been raised in some EV studies, but only very recently. See, for instance, Nannestad and Paldam, 2000; Sanders, 2000; Dutch *et al.* n.d

opinion about government performance across time? Do they change their voting decision rules across elections? In what follows, I offer some brief considerations about the characteristics of the country to be studied and how they have changed during the period under consideration.

2.1. A brief overview of the institutional characteristics of the Spanish political system

Spain is a parliamentary democracy with more than two parties competing in elections. It should be emphasised, however, that during the entire period under research (1977-1996) there have been no more than two main parties with clear possibilities of access to central government. During the period from 1982 to 1996, the Spanish Socialist Party was always in power, while the right-wing AP/PP, was the main opposition party.⁵ In fact, and following Sartori, during the period 1982 to 1993 the Spanish party system is best defined as a *dominant party system* (Sartori, 1976).

This label, however, is not the appropriate one for the first period of the transition to democracy between 1977 and 1982. The Spanish party system was then considered to be a form of polarised multipartism (Maravall, 1979:316). Four main national parties competed in the 1979 and 1982 elections. First, the incumbent *Union de Centro Democrático* (UCD), the so-called centre-right party that was in power from 1977 up to 1982. Second the right-wing party: AP. Finally, the two left-wing parties: the Communist Party (*Partido Comunista de España*, PCE) and the socialist PSOE (*Partido Socialista Obrero Español*). A range of nationalist parties from the peripheral regions, and a few other minor parties complete the picture of competition in this first period of transition to democracy (1977-1982). After 1982, the

⁵ The Popular Alliance (*Alianza Popular*, AP) changed its name to the Popular Party (*Partido Popular*, PP) in 1988.

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UCD practically disappeared,⁶ the PCE lost support and became a minor party, and the AP became the principal opposition party, although, as we shall see below, for many years it was unable to shake off its problems of credibility derived from its ideological connections with the Francoist establishment. In short, the 1982 elections have often been described as an earthquake in the sense that they completely changed the Spanish party system (Montero, 1998). Table 1 shows the evolution of the aggregate vote for the different competing parties during the period under analysis.

Table 2.1. Spanish Electoral Results (% of the total vote), 1977-1996

Parties	1977	1979	1982	1986	1989	1993	1996
PCE/IU	9.4	10.8	4	4.5	9.1	9.6	10.6
PSOE	29.3	30.5	48.4	44.6	39.9	38.8	37.5
UCD	34.6	35.0	6.5	-----	-----	-----	-----
CDS	-----	-----	2.9	9.2	7.9	1.8	-----
AP/PP	8.8	6.1	26.5	26.3	25.9	34.8	38.8
Nationalist and others	17.9	17.6	11.7	15.4	17.2	15	13.1
TOTAL	100	100	100	100	100	100	100

Taken from Montero, 1998:57 and 59.

The case of Spain, a parliamentary democracy established in mid-seventies, displays a number of important peculiarities with respect to the principal assumptions of the EV model. As we have seen in Chapter 1, these peculiarities help to understand why a more extended version of the EV model should be adopted.⁷ I shall explain all these peculiarities in chronological order. I have divided the period under analysis into three different terms, each of which is marked by significant variants for testing the extended EV model. In this way, I will give a picture of the changing world

⁶ This volatility of the centre is typical of polarised multipartism (Maravall, 1979).

⁷ It should be remembered that when defending the virtues of the EV model, I referred to theoretical as well as empirical reasons (the latter provided by the Spanish political context).

to which Spanish voters may have reacted during the period 1977-1996.

2.2. The three periods under analysis

a. 1977-1982

This is the period of transition to democracy. EV theories have only very recently been applied to new democracies (see Paceck, 1994; Powers and Cook, 1997; Przeworski, 1996; and Stokes, 1998a and 1998b). In studying this period, we have the opportunity to try to establish some conclusions about voters' control of new democratically elected governments. Did Spanish citizens react against painful economic conditions? If so, did they blame the incumbents for those hardships? Or did they blame the old regime? The answer to these questions will give us crucial information about the margin of manoeuvre that new democratic governments have when implementing economic reforms. If electors reacted systematically to the economic performance of the governing UCD, then its margins of manoeuvre were limited.

Two hypotheses can be put forward with respect to EV during transitions to democracy. On the one hand, it is possible that electors in new democracies are more sensitive to economic performance because they do not have strong links to a specific party (Lipset, 1959). In consequence, and due to the very weakness of party loyalties, governments may be more sensitive to public opinion. The incumbent has no democratic traditions to fall back on when attempting to convince electors to tolerate painful economic reforms.

The other hypothesis paints a completely different picture. New democratic governments can profit from the special benevolence inspired by the new democracy. In other words, if democracy has long been desired, there will be a moment of particular popular enthusiasm irrespective of the regime or

government's economic performance. It may perhaps be easier for governments to escape the blame for poor economic performance. For a period at least, it can always be attributed to the recent authoritarian past. While this magic period will inevitably come to an end, it is difficult to say a priori how long it will last.

Political loyalties also influence voters, both in old and new democracies. Despite forty years of dictatorship there was continuity of political alignments in Spain just as, for instance, there was in Italy (Lipset and Rokkan, 1967). If this were the case, the first hypothesis would automatically be rejected. In fact, empirical evidence from Maravall (1982) shows continuities in political attachments before and after the Franco dictatorship. Political loyalties, and especially the generic loyalties to left and right, seem to have been transferred from generation to generation.⁸ However, it is still unclear whether the effects of these historical loyalties are similar to those of the open, continuously renewed loyalties more typically found in consolidated democracies.

In short, there are two competing hypotheses to be tested in this first period, one of which previous research would suggest is more plausible. The honeymoon period enjoyed by the new democratic regime may have given a certain margin of manoeuvre to governments in this period, in which a right-wing incumbent

⁸ Empirical evidence provided by Maravall, 1982: 25 is especially interesting. For example, the ecological correlation between the PSOE vote in 1936 and 1977 was 0.54. This effectively suggests a high degree of political continuity before and after the dictatorship, but it should not be overstated (the correlation coefficient can range from 0 to 1). This aggregate figure could well be hiding different questions. I think that the topic is sufficiently interesting to merit further research. For example, it would be very interesting to identify the socio-demographic profile of the respondents with the greatest propensity to show ideological continuities. Unfortunately, I know no other empirical research exploring these questions in detail. It would also be interesting to explore these continuities further, and to determine whether the level of ideological continuity has continued throughout the democratic period. On continuities between the Second Republic and the first years of democracy, see Maravall, 1978. He relates the way in which political militancy can be transmitted between generations despite the regime's repressive means.

party faced elections in the context of a distinctly poor performance by the economy.⁹ Electors, however, renewed their support for the incumbent in 1979 but punished it in 1982, in the midst of a profound economic crisis.

The UCD's remarkable electoral defeat in the 1982 elections has been explained by the literature as a consequence of factional infighting and a leadership crisis. (Huneuus, 1985; Gunther, *et al.*, 1985; and Gunther, 1991). There is no doubt that these conflicts explain the collapse of the UCD. After Suárez's resignation in January 1981, the divisions among the different factions within the party became increasingly evident. This undoubtedly eroded the party's credibility, thereby contributing to its electoral collapse.

However, some additional factors may also account for the UCD's defeat in the 1982 elections. Indeed very little has been said about the electoral consequences of the poor economic performance of the UCD government, with an unemployment rate that rose from 5.3% in 1979 to 16% in 1982 (see detailed data in Chapter 4). A plausible hypothesis is that electors not only perceived the UCD's organisational weakness and the internal divisions, but also its lack of a clear economic programme to tackle the economic crisis that became especially extreme during the final years of the party's mandate (1980-1982) and, accordingly decided to punish the incumbent.¹⁰ This hypothesis appears even more plausible when we remember that the profound economic crisis in the early 1980s took place in a country marked by major social and regional inequalities and, in which social protection was particularly weak in comparative perspective due to the complete absence of a welfare state (Maravall, 1982).

⁹ I have previously identified the UCD as a centre-right party. This is how the party described itself. I prefer to label the UCD as a right-wing party, especially if compared with the parties on the left in those years (PSOE and PCE). Moreover, some of the policies or laws implemented by this party when in government were typically right-wing policies: for example, the Law on Educational Centres or the Basic Law of Employment (see Maravall, 1982).

¹⁰ *Prima facie* empirical evidence suggesting that this is the case can be found in Maravall and Przeworski, 2000 although they do not specifically comment on it.

b. 1982-1989

After the Socialists' impressive victory in 1982, the incumbent benefited from qualified majority electoral support throughout the rest of the period analysed here. Despite the electoral promises made during the 1982 campaign, over the course of their first legislature the Socialists implemented a severe programme of economic adjustment. This can be considered as a good example of a government being representative but not mandate responsive, in that it did not fulfil its electoral promises.¹¹ Nevertheless, the electors seemed to understand the need for adjustment and renewed their support for the Socialists in the 1986 elections, when the PSOE won an absolute parliamentary majority (despite losing 4% of the total vote with respect to 1982; see Table 2.1). The second legislature (1986-1989) was one of rapid growth and intense job creation (see Chapter 4). In 1989 voters again renewed their support for the incumbents, although the Socialists lost their absolute majority in parliament (their share of the vote dropped by 4.7% with respect to 1986; see Table 2.1). Therefore, we have two markedly different economic conjunctures (economic crisis in the first legislature and economic recovery in the second) with similar electoral results in the aggregate: renewed support for the incumbent. There was, however, considerable erosion of the incumbent's electoral support, which slipped by 3.8% of the vote in the 1986 elections (with respect to the 1982 results) and 4.7% of the vote in the 1989 elections (with respect to the 1986 results).¹²

From the perspective of EV, there were two interesting features of this period of complete hegemony of the incumbent. First, there was no credible opposition party: the UCD, the former incumbent, was annihilated in 1982; the Communist Party was

¹¹ For an explanation of why the government changed its economic programme in 1982, see Maravall, 1997; also, Meseguer, 1997.

¹² The Socialists' steady loss of electoral support over time can be better understood if we consider that in 1982 they obtained support from a remarkably broad sweep of society.

very weak and internally divided; and although AP, the right-wing party, became the principal party in the opposition after 1982, its credibility as a democratic party ready to govern Spain remained very low throughout the 1980s.¹³ An alternative to the incumbent is a necessary condition for negative public opinion to be converted into an electoral punishment. Nevertheless, until now, the EV literature has had very little to say about the quality of the opposition and how voters perceive it.¹⁴ As a result, the study of the Spanish case should contribute to a better understanding of the factors that are needed to make economic voting relevant.

On the other hand, this is a period in which it is possible to test electors' capacity to listen to politician's explanations and to consider what is politically feasible in the given circumstances. In this period, the Socialists benefited from two convincing discourses that helped free them from responsibility for the performance of the economy. Reward - punishment views of EV state that voters are myopic and have a short memory. These views undervalue electors' capacities to think and to reflect. Recent EV research has shown that when defining what constitutes a good or poor economic performance, it is necessary to take into account what is politically feasible in each political context. For instance, an unemployment rate of 10% might be considered excellent performance by the incumbent, or a complete calamity, depending on the country and the conjuncture, as well as

¹³ See, for example Montero, 1990. The AP has been very closely related to the traditional right of the Francoist past by the electorate. As can be seen in Table 2.1, the party enjoyed an impressive increase in its share of the vote between 1979, when it won 6.1% and 1982, when it took 26.5% of the total vote. Note, however, that it did not manage to increase its electoral support any further until the 1993 elections (see Table 2.1).

¹⁴ An exception, however, is Sanders, 1996 (see Chapter 1). In addition, in the EV literature prospective economic voting is (sometimes) tested through survey questions such as those asking the respondent to state which party, if any, would be better able to handle the economic problems of the country such as inflation or unemployment (see, for example, Lockerbie, 1988). In my opinion, however, these kind of questions are more clearly related to the credibility of the incumbent and opposition parties in handling the economy than to voters' expectations about their economic future.

on the persuasiveness of the government's arguments. For this reason, poor economic performance under certain circumstances (for example, when implementing severe economic reforms needed for a better future, or in the midst of an international economic crisis) would not be punished, or at least, would be less likely to be punished in comparison with another period of time.¹⁵ In short, what constitutes a poor or satisfactory economic performance may be largely relative, varying over time, place, and in accordance with governments' powers of persuasion.

EV, therefore, has not systematically considered all these features: what is economically feasible, in what circumstances governments are more likely to escape blame for economic performance, as well as the effectiveness of intertemporal discourses in changing electors' patterns of causal attribution.¹⁶ Here I will consider all these possibilities, which at first sight appear to be particularly relevant during the period 1982-1989. This is precisely the period in which it is reasonable to expect that political discourses free the Socialists from being held responsible for the economic situation. The effectiveness of a government's exonerative discourse will logically decrease the longer the incumbent remains in office. How far were Socialists able to convince their electorate to exonerate them from responsibility for the economic crisis?

We now know the main discourses the Socialists used in order to convince the electorate of the need for the economic adjustment they were implementing. These consisted of an exonerative discourse emphasising the inevitability of the policies adopted, and an intertemporal discourse promising prosperity after the economic adjustment, or the offer of social compensations (Maravall, 1999). We know, however, very little about the effect

¹⁵ As stated in Chapter 1, recent research has overcome this vision of the voters as myopic. See for example, Mackuen *et al.*, 1992 and 1996; Erikson *et al.*, 2000; Chapell and Gonçalves, 2000; Suzuki and Chapell, 1996.

¹⁶ Obviously, the effectiveness of this discourse will decrease with the passage of time. It is difficult, however, to establish a priori when the turning point in the effectiveness of the intertemporal discourse is to be expected.

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these discourses had on voters' behaviour. Did they have any effect on voters' decision rules? Did the Spanish electorate listen to all these explanations and justifications? Were they benevolent or intransigent with the incumbent? These questions will be considered in the empirical analysis carried out in this thesis.

During the 1990s, nevertheless, the effectiveness of political discourses designed to enable the Socialists to escape responsibility for the economic performance could be expected to decrease. Let me explain this in the following section.

c. 1989-1996

This period finishes with the electoral defeat of the PSOE in the 1996 general elections. Between 1991 and 1993 the Socialist government faced a major economic crisis, and a strong increase in unemployment just before the 1993 elections. The incumbent managed to renew its electoral support, taking 38.8% of the total vote (with an erosion of its electoral support with respect to 1989 of just 1%, see Table 2.1). However, the PSOE was defeated in the 1996 elections, just when the economy was recovering (note, however, that it lost only 1.3% of the total vote with respect to 1993; see Table 2.1).

The credibility of the principal party in opposition began to increase during the 1990s,¹⁷ making it more likely that the incumbent would be punished for a bad economic performance. I would expect electors to be readier to punish the incumbent for bad economic performance, as the main opposition party became increasingly more credible. However, I still need to explain why there was renewed support for the incumbent in 1993.

At the same time, the exonerative and intertemporal discourses of the government might have become less credible during the

¹⁷ For example, in a survey carried out in July 1987 (CIS 1695), only 20% of all respondents agreed with the view that the AP/PP was ready for government. In another survey carried out in December 1994 (CIS 2127), 41% of those interviewed thought that the PP was a credible alternative to the incumbent.

1990s. After three consecutive Socialist mandates, it would be reasonable to expect electors to vote more retrospectively than prospectively, since the incumbent's promises (especially when they have not been fulfilled) are less likely to be credible. To put it in another way, intertemporal and exonerative discourses might lose their effectiveness as time passes. If this is indeed the case, and if it is true that the credibility of the principal party in the opposition was growing, how did the incumbent manage to win again in 1993? As we have seen above, the EV approach defines economic performance in a very narrow way. That is, exclusively referring to levels of unemployment, inflation, and economic growth.

However, there are of course other policies whose performance is directly related to voters' welfare, especially that of certain social sectors, namely social policies. These might also affect the minimum standards of what people consider to be good performance. The literature, moreover, has shown that the extent to which voters react towards the state of the economy is mediated by the degree of development of the welfare state (see Paceck and Radoliff, 1995). Hence, citizens living in countries with an advanced welfare state will be less likely to react to the economic conditions, since they are less dependent on what happens in the market as they enjoy a relatively high degree of social protection. Paceck and Radoliff's argument, nevertheless, refers to the way voters are affected by social policies. This hypothesis is extremely difficult to test empirically, since data on the way in which social policies affect the economic well-being of identifiable social groups is not available.

Nonetheless, we do have data on voters' perceptions of social policies. Accordingly, the question becomes whether voters' perceptions about social policies mediate their reaction towards the state of the economy. Do social policies have identifiable electoral consequences? As we discussed in Chapter 1, Maravall, 1999 has shown that the Socialists used the argument of social compensations to defend their economic programme. Moreover, the Socialist government identified redistributive social policies as

a core component of its political identity. It seems reasonable to expect, therefore, that social policies benefited the Socialists given their persistent popularity in spite of the economic crisis. Hence, the electorate could have considered that, despite the economic crisis, certain social sectors had improved their situation, and therefore decided to renew their support for the incumbent.

In short, I consider that the first half of the 1990s constitutes a period that allows me to test two new hypotheses related to EV. First, the growing credibility of the opposition makes electoral punishment of the incumbent for bad economic performance more likely. Second, social policies might have an important effect on the incumbent's chances of being re-elected. Hence, they may have helped the Socialists to remain in power for almost fourteen years (from 1982 to 1996). We already know that social policies were very popular among the Spanish electorate. What we do not know yet is whether electors' subjective opinions about social policies had any incidence on their voting decision rules. This is one of the questions to be considered in this thesis.

At this point, it may be useful to summarise the hypotheses about the relationship between elections and the economy in Spain that have been put forward for each period. These are presented in Table 2.2. This also shows the logic of dividing the period analysed here into three sub-periods, each of which comprises two elections.

So far I have considered how the different factors of the extended EV changed over time and elections. The next step will be to test whether these changing factors affected the voting rules decisions of electors differently, at the individual level and across time. Before doing that, another interesting particularity should be considered. This thesis analyses a long period of Socialist hegemony (from 1982 up to 1996). In Chapter 1 I noted that the

Table 2.2. Hypotheses about the effect of citizens' economic perceptions (both retrospective and prospective) on their voting decisions in Spain across time

First Period: 1977-1982 (elections in 1979 and 1982)	Second Period: 1982-1989 (elections in 1986 and 1989)	Third Period: 1989-1996 (elections in 1993 and 1996)
Ideologically-grounded voters that do not care about the state of the economy.	Voters are more likely to be prospective (since the government is new).	Voters are less likely to be prospective (since the government has lasted three mandates in office).
Electors less likely to vote retrospectively since the attribution of responsibilities is difficult.	Voters less likely to be retrospective (attribution of responsibilities difficult).	Voters more likely to be retrospective (attribution of responsibilities direct).
Transition to democracy is priority, hence painful economic reform delayed, and when carried out a margin of manoeuvre may be conceded to the government.	Exonerated most likely.	
	The Socialists benefited constantly from the popularity of social policies.	The Socialists benefited constantly from the popularity of social policies.

question of timing has received little attention in the accountability theory of elections. It may be useful here to point out the classic differences between policies and outcomes. As we have seen Chapter 1, a government can implement an appropriate policy (that is, a policy which given the circumstances at the time, the voters perceive as opportune), but the expected positive outcomes may take time to become evident. How much time then do voters need in order to perceive the benefits of such a policy? The question of how much time is needed for a policy to have a visible outcome has only been treated in economics literature. The question is nevertheless crucial for the relationship between elections and the economy.

If a government implements economic policies that require a long period of time to achieve a positive result, its survival in office will depend on whether citizens perceive differences between policies and outcomes, and are able to discern that, for example, a high rate of public investment will have visible effects (in terms of performance) after some years. If electors simply look at the present and reject all kinds of hardships, political survival or the continuation of reforms will be impossible. The question of timing is therefore a crucial one, but one to which the literature on EV has paid little attention.¹⁸ In my opinion, the Spanish case (because of the long period of Socialist hegemony) is an especially appropriate one to provide some clues in this respect.

3. Previous research on Spanish electoral behaviour

Until now, Spanish electoral behaviour has generally been seen as the product of political loyalties, past allegiances and

¹⁸ Przeworski, 1991, and 1996 are exceptions. It is nonetheless true that the question of timing has been indirectly considered by the literature on the popularity function. When specifying time series models, researchers have to model the assumed time-lag for voters' reactions to the state of the economy. Nevertheless, the way in which the time-lag is usually modelled responds more to empirical than theoretical criteria.

traditions. At the same time, considerable importance has been attached to the partisan elites and their capacity to generate stable electoral support or, in other words, their capacity to crystallise electoral cleavages (see Gunther *et al.*, 1986; Gunther, 1991; Linz and Montero ed., 1986; and Montero and Gunther, 1994). In contrast, little attention has been devoted to voters. After all, it is they who decide in elections. They are not captives of politicians, unable to react to events that benefit or prejudice them.

If voters are passive subjects, an important line of research in political economy is absurd: no incentives exist for incumbent governments to manipulate the economy in their favour (thereby stimulating economic growth before rather than after the elections).¹⁹ This line of research has numerous different variants. For instance, one links government popularity and the state of the economy (a relation known as the popularity function, VP, started by Mueller, 1970 and Kramer, 1971); others model the *election cycles* (Nordhaus, 1975), and the *partisan cycles* (Hibbs, 1977, as well as Alesina, 1989).²⁰ All these theories assume that voters react to the state of the economy.

In line with this political economy view of voters, the latter are not conceived here as passive subjects. Rather, voters are assumed to have the capacity to critically react towards the state of the economy and towards the events that directly or indirectly affect them. After forty years of dictatorship in Spain, democracy has finally given electors the opportunity to choose their government freely. This does not mean, however, that as elsewhere, politicians do not have a capacity to shape public opinion (as for example, Page and Shapiro, 1992 have shown for the US case), or even change the rules of electors' voting decisions. Politicians, as we

¹⁹ The evolution over time of macroeconomic aggregates such as unemployment, inflation, growth, etc. is, from this perspective, a function of the electoral cycle.

²⁰ Of course, there are other variants of the political business cycle. The three mentioned correspond to those more directly related to elections. For a survey of the literature and variants of political business cycles, see Paldam, 1997.

discussed in Chapter 1, will always have advantages over voters in terms of the degree of available information at their disposal. Nevertheless, this does not imply that the electorate lacks the capacity to react towards governments' actions.

In short, aggregate pictures of Spanish electoral stability may underestimate the changing mechanisms explaining individual voting decision rules. This is precisely the issue at the heart of this thesis.

Research has, nevertheless, been carried out into the Spanish electorate, and this has provided the first empirical evidence that voters do indeed react toward the state of the economy. First, there are those studies testing the continuities in electoral cleavages. The empirical results of these studies (Gunther *et al.*, 1986; Gunther, 1991; and Justel, 1992), however, are insufficiently rigorous, as they are based on the use of inappropriate statistical tools given the nature of the dependent variable. Individual voting behaviour is one of the typical examples where the dependent variable is discrete. It is generally recognized that this kind of dependent variable cannot be modelled correctly using the OLS regression model (see Aldrich and Nelson, 1984).²¹

Preliminary empirical evidence of the EV thesis for the case of Spain can be found in Lancaster, 1984, Lancaster and Lewis-Beck, 1986, as well as Lewis-Beck, 1988, all based on the analysis of a cross-sectional survey carried out in 1984 (*Eurobarometer 21*). Their results however, are also based on OLS estimations, and are not, therefore, stringent. Additionally, these studies are strictly empirical and do not test previously established theoretical hypotheses. Moreover, the empirical evidence is drawn from just

²¹ In few words, dichotomous dependent variables cannot be estimated by OLS since the variance of the error is not equally distributed for all the values of the dependent variable (furthermore, if the variance of the error term, $\text{var}(\varepsilon_i) = P_i(1-P_i)$, it follows that the variance will be largest when the dependent variable is $P_i = 0.5$ and smallest when $P_i = 0$ or $P_i = 1$). This leads to the heteroscedasticity problem, hence the standard errors of the estimated coefficients through OLS are inconsistent and the associated hypothesis test invalid (Aldrich and Nelson, 1984).

one election year. In my opinion, it is difficult to generalise from the analysis of just one election, since any findings could be a consequence of passing, conjunctural factors rather than a general phenomenon. Finally, the studies using aggregate data (see Amor Bravo, 1987 and Mancha Navarro, 1993) also lack the prior theoretical reflection required to justify their empirical analyses.

The existence of EV in Spain is also suggested by an ecological analysis of Spanish electoral results (in the aggregate) which argues that the social profile of the voters most willing to support the Socialists shifted towards the industrial working class, rural and underdeveloped areas, and state-dependent social groups (Boix, 1998). The suggestion of this study is that, in the aggregate, the social sectors that most directly benefited from the redistributive process promoted by the Socialists were more willing to renew their support for the PSOE. Boix's analysis implicitly assumes that the economic and social policies of the incumbent may have electoral consequences. The author, however, does not provide rigorous empirical evidence from individual data.²²

Empirical evidence at the individual level about the effect of social and economic policies on class voting is presented in Torcal and Chibber, 1997, as well as in Gonzalez, 1997. These studies do not, however, directly test the EV hypothesis.²³

²² It is true that he provides bivariate cross tabulations of post-electoral surveys at the individual level. Nevertheless bivariate cross tabulation cannot be considered conclusive empirical evidence since there is an evident risk of spurious relationships.

²³ Riba and Diaz, 2000 have researched the popularity function for the Catalan incumbent governments at the aggregate level, as well as the individual determinants of support for the Catalan government from the EV perspective. Their results point to the importance of electors' reactions towards the economic conditions in the region. These findings, however, should be interpreted within the Catalan political context (see Riba and Diaz, 2000). Empirical evidence demonstrating the importance of voters' retrospective evaluations of the incumbent's performance in explaining the phenomena of dual vote in Catalonia can be found in Perez-Nievas and Fraile, 2000.

Finally, Maravall and Przeworski, 2000 adopt a critical view with respect to *reward - punishment* EV theory. They do find relative support for the hypothesis of electors' reactions to the state of the economy. However, they leave out important variables in the specification of their model. Thus, apart from retrospective or prospective evaluations of the state of the economy that are included, their pooled cross-sectional analysis with survey data does not include a number of some interesting variables; for instance, those pertaining to the extended EV model proposed in Chapter 1 (that is, voters' views about political events, their perceptions of social policies, etc.).

It is possible to conclude, therefore, that existing studies on the relationship between elections and the economy for the Spanish case are few in number, inconclusive, and too empirically grounded. These limitations are particularly striking given the impressive economic changes that have taken place in Spain since the beginning of the transition to democracy. Spain, moreover, can be considered to be an extreme case in terms of its level of unemployment. As explained in Chapter 4, the average rate of unemployment during the period analysed here was around 19%, double the Western European average for the same period (Maravall and Fraile, 2000). Did electors react to such economic changes? As we will see over the course of this thesis, these economic conditions experienced by Spanish electors appear to have played a significant role in individual voting decisions. Below I briefly discuss the initial assumptions and motivations that constitute the starting point for this research.

4. EV initial assumption. The question of causality

In this thesis I study the mechanisms that explain individual voting behaviour in Spain for the period 1977-1996. I will do this by using the EV approach. This approach, however, is grounded on a problematic assumption: mainly, that voters' economic perceptions are causally prior to their political preferences. In my

view, this assumption, even if problematic, can be maintained since the economy is a permanent issue in electoral campaigns throughout the entire period analysed here. Not one candidate failed to mention it. Moreover, this was not only true of electoral campaigns but also of the day-to-day political discourse.

No sociologist or political scientist would advise a politician not to refer to the state of the economy in her electoral campaigns or her speeches. Yet when sociologists or political scientists explain electoral results they state that these results are the reflection of political loyalties, traditions, or the charisma of party leaders. If it is true that politicians learn from the past, we must assume that they keep on talking about the economy because it matters.

Theoretical assumptions are useful in order to limit the complexity of reality when we devise explanatory models. However, the price we must pay is that such assumptions are often problematic. For that reason, whenever possible we must empirically test whether such theoretical assumptions are reasonable. I adopt here a twofold empirical strategy in order to assess the assumption that voters' economic perceptions are causally prior to their political preferences. First, in the extended EV model tested in Chapter 5, I consider ideology as the principal control variable. Second, in Chapter 6, I re-estimate the extended EV model permitting electors' economic expectations and their voting intentions to be simultaneously related (thus, economic assessments will become the dependent variable for a while). I believe I put forward convincing empirical evidence to show that the principal assumption of this research is reasonable.

In short, this thesis aspires to make a threefold contribution to the existing literature. First, it offers an empirical test of the extended EV model that is grounded on prior in-depth theoretical discussion and reflection. Second, this empirical research comprises a rigorous statistical treatment of the available data. Third, I provide evidence from a country where the topic has rarely been researched, and which constitutes an excellent *experimentum crucis*. Meanwhile, in Chapter 3, I carefully explain

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the statistical methodologies used to test the extended EV model, and describe the survey data used in this thesis.

CHAPTER 3

DATA AND METHODOLOGY

1. Introduction

Rigorous statistical methods are required to test the extended EV model discussed in Chapter 1. This chapter provides a summary of the data and methodology used to produce the empirical evidence presented in Chapters 5, 6 and 7. Section 1 begins by discussing the survey data, which figures prominently in the remainder of the thesis, noting the main characteristics of the surveys, their questionnaires, and their sampling designs. The advantages and disadvantages of survey data for testing the EV hypotheses are also discussed. Finally, Section 1 describes the original variables used to operationalise the explanatory variables included in the extended EV model, as well as the re-codification strategy that I have followed in order to simplify the interpretation of the results.

Section 2 turns to the discussion of the statistical techniques of analysis used in the thesis. Grounded on the Random Utility Model, I discuss the way in which the extended EV model is tested. The basic assumption maintained here is that electors vote for the candidate that will give them the highest utility. The statistical estimation is then obtained through the logit function. I also argue that there are good theoretical reasons to suspect that voters' economic expectations and their voting intentions are

endogenous. I then discuss the statistical technique chosen to handle this simultaneity. Hence, Section 3 outlines the statistical procedure followed used to estimate two-stage probit least squares (hereafter 2SPLS).

Given the non-linearity of the logit and probit function, the coefficients estimated in Chapters 5, 6 and 7 are not directly interpretable. Hence, it is important to search for a succinct way to summarise the results that does justice to the complexities of the non-linear models used here. Section 4 carefully explains the strategy used for interpreting and presenting the results. More specifically, the technique of statistical simulation that is used in a bid to present the results of the analysis in a reader-friendly manner is discussed in detail. In addition, Section 4 addresses the problematic question of comparing results from different election models (as in this case).

The remainder of the chapter, that is, Section 5, briefly considers an additional statistical issue: the discussion of the goodness of fit tests for discrete choice models used here. The chapter ends with a recapitulation of the methodological strengths of the thesis.

2. Survey data from Spanish general elections, 1979-1996

In Chapters 5, 6, and 7 I analyse the six general elections from 1979 to 1996. These data have been obtained from different cross-sectional surveys carried out prior to each election (1979, 1982, 1986, 1989, 1993, and 1996). More specifically, the following surveys have been used: the 1979 survey was conducted in January 1978 (CIS1141); the 1982 survey was conducted in January 1982 (CIS1299); the 1986 survey was conducted in April 1985 (CIS1456); the alternative 1986 survey was conducted in November 1985 (CIS 1492); the 1989 survey was conducted in July 1989 (CIS1819); and the 1993 survey in February 1993 (CIS 2048). Finally, the 1996 pre-electoral survey was carried out in February 1996 (CIS2207). I am aware that the length of time

between the moment at which the survey was carried out and the moment at which each individual election took place varies considerably. Ideally, all the surveys used would be pre-electoral studies, like the one carried out in 1996, since such surveys are normally carried out one month before the real election actually takes place. However, none of the other existing pre-electoral surveys included the questions I am interested in.

Hence, the criterion for choosing the surveys was twofold. The first criterion was to use only those surveys containing the questions I am interested in (voters' economic assessments, views on the main opposition party, etc.). From the surveys chosen on the basis of the first criterion, my second criterion was to choose the surveys that were carried out closest to each corresponding election. Unfortunately, in some cases (as, for example, that of the survey used for the 1979 elections) the time lag between the two dates (that is, when the survey was carried out and when the election took place) is excessively large. But these are inescapable shortcomings resulting from the availability or otherwise of data. In Table 3.1, I summarise the surveys used for this research. The table provides details about the date when the surveys were carried out, the number of cases, the sampling design and its respective error.

Table 3.1. Description of the main surveys used in the research

Survey	Date carried out	Number of Cases	Sampling Design	Sampling Error (95.5% level)
CIS 1114	Jan 1978	5.653	Random-strata	± 1.33
CIS 1299	Jan 1982	1.179	Random	± 2.9
CIS 1456	April 1985	2.485	Random	± 2
CIS 1492	Nov 1985	12.320	Random-strata	± 0.89
CIS 1819	July 1989	2.498	Random	± 2
CIS 2048	Feb 1993	2.502	Random-strata	± 2
CIS 2207	Feb 1996	6.642	Random-strata	± 1

The chosen surveys are based on a representative probability sample of the Spanish population.¹ The sample design responds to a simple random sampling in which every element in the population has the same probability of being selected for the sample. Statistical theory can then be used to estimate how closely sample results will come to true population results. Hence, with the common sampling procedures, a sample of around 1500 individuals generally leads to a sampling error of about 2.5-3%. This means that most of the time (specifically, 95% of the time) the results from the sample will not be more than 3% off the true results. From this it follows that the higher the sample size, the smaller the error. The problem is that the reduction of the error becomes very expensive, since it implies doubling or even quadrupling the size of the sample. Compare, for example, the surveys here with the highest and the lowest sampling error. The survey used for the 1982 elections with 1.179 cases has an error sampling at the 95.5% level of ± 2.9 , while one of the surveys used for 1986 elections with 12.320 cases (that is, more than ten times larger than the 1982 sample) has an error sampling at 95.5% of ± 0.89 . Hence, a reduction in the error sampling of ± 2.01 requires a large increase in the sample size. Table 3.1 gives the main sample characteristics of each survey.

There are, however, four surveys for which the sample design is different: CIS1141, used for the 1979 elections, CIS1492 used for the 1986 elections, CIS 2048, used for the 1993 elections, and CIS2207, used for the 1996 elections. These four surveys are based on representative sub-samples of certain Spanish regions. The population is classified into provincial sub-populations, called strata, and then separate samples are selected from each of these. In sum, observations are selected through a random process, but different observations have different probabilities of selection (depending on the geographical area where the observations come from).

¹ More details about the sample construction can be found in the technical report of each individual survey: Centre of Social Investigation (CIS: <http://www.cis.es>).

All these non-proportional surveys, nonetheless, incorporate a weight variable that gives each case the correspondent weight so that the sample turns out to be representative. For the weighted statistical analysis I have used Stata, a statistical package that allows a correct estimation of the coefficients (that is, coefficients with correct standard errors) either by OLS or by maximum likelihood estimation. The problems involved in handling non-representative data are often ignored in empirical research, or at least rarely discussed or commented on. It has, however, been shown that ignoring the weights in the empirical analysis can result in very biased estimates. Additionally, weights also affect the estimates' standard errors (see, for instance, Scheaffer *et al.*, 1996).² In this thesis, the statistical estimation for the non-representative surveys has been carried out taking this issue into account, and hence, the coefficients and their correspondent SE are correctly estimated. This gives additional strength to the validity of the empirical results presented here.

Obviously, survey data are a far from perfect source for empirical analysis. In what follows I discuss the principal advantages and disadvantages of survey data for EV studies.

2.1. Survey data: advantages and disadvantages of individual cross-sectional data

In Kramer's seminal article (1983) individual data was criticised on the grounds that it is plagued by measurement error.³ This measurement error leads to an important random variation of

² The magnitude of the bias of the coefficients calculated with weights will depend on how the complexity of the strata in the sample design of the survey. For a detailed explanation of this topic, see the Stata manual. I wish to thank Giro Lipsmeier for his advice on this subject.

³ This was the principal reason why EV studies dealing with individual data failed to find a clear relationship between personal economic situation and voting. There are a lot of changes in individuals' personal economic situation that are not induced by the incumbent government, for instance, life-cycle changes, state of health, individual familiar situations, etc..

public opinion across time, also known as the over time instability of mass opinions (see, for instance, Converse; 1990, Page and Shapiro; 1992, Zaller, 1992). Further problems exist with respect to survey design. Empirical research has found that individual responses are sensitive to question order, although it appears to be difficult to quantify the magnitude of the effect (see for example, Schuman and Presser, 1981). If the same argument is applied to voters' evaluations of the economy, there is also some evidence to show that question framing can influence individual responses. For example, when economic evaluations are situated immediately after questions concerning political preferences, the correlation between economic assessments and voting intention may be inflated, while the same correlation becomes smaller when the questionnaire separates political and economic evaluations.⁴

Almost all the surveys used here adopt the same order of questions, at least with respect to economic evaluations. These are always situated at the beginning of the questionnaire while political preference questions such as party identification, voting intention, or ideological self-placement, are always situated at the end, immediately prior to the socio-demographic questions.⁵ Hence, the risk of political contamination of economic assessments by the surveys' question order is reduced.

Individual cross-sectional data can reasonably be considered to be better suited to disentangling the logic of individual behaviour than aggregated data. Aggregate level analysis, on the other hand, can be useful for studying whether objective economic conditions are related to aggregate electoral outcomes, but it does not permit the analysis of individuals' attitudes and behaviour. Researchers, however, often do make inferences about individual behaviour

⁴ This is what Lau *et al.*, 1990, and Palmer and Duchth, 1999 have found. For a contrary finding, however, see Lewis-Beck, 1985.

⁵ This applies to all the surveys except that of 1996, where voters' ideological self-placement is located immediately after the economic assessments, while voting intention is located at the end of the questionnaire, immediately before to the socio-demographic questions.

when employing aggregate data. To make such inferences carries the risk of succumbing to an ecological fallacy.

The use of objective economic indicators as proxies for subjective economic views implies an assumption that changes in the state of the economy affect every individual in a similar way. From here it follows that if economic aggregates improve, each voter's likelihood of rewarding the incumbent increases. It is easy, however, to think of instances where the economic prosperity of a country does not lead to an improvement in the financial situation of some people, and vice versa, that is, some people can prosper even during an economic crisis. Similarly, a national economy may neither grow nor recede, but the financial situation of some people still changes. Finally, it may also be possible that individuals whose economic situation has worsened decide to renew their support for the incumbent since they perceive that the financial situation of the poorest has improved. Survey data allows us to cover all these contingencies.

There are some other implicit assumptions when using objective economic indicators as proxies for perceptions about the state of the economy. First, that people read official statistics about the economy; second, that all people perceive and interpret the information they obtain with a certain degree of accuracy; finally, where differences exist in terms of both accessing and processing information and interpreting it, these cancel each other out in the aggregate. Since all these assumptions are highly problematic, survey data is more appropriate than aggregate data when testing whether individuals' economic perceptions impinge on their voting decision.

The surveys used here are nonetheless far from perfect. The surveys differ widely in terms of the level of detail. Some include very rich data on voters' evaluations of the economy and economic and social policies, as well as on their views about the main opposition party or the relevant issue chosen in each election. This is the case of the surveys carried out in 1993 and 1996. In contrast, the remaining surveys do not contain any of the independent variables that would ideally be included in the model

being tested. This may bring problems for the comparability of the results across time, since some of the variables are missing in some of the election models. Hence, the models are not identical for each election. For instance, voters' assessments of social policies are missing for the first three elections analysed here (that is, those held in 1979, 1982 and 1986). Voters' views about the main opposition party are missing from the 1989 elections, while public opinions of political events are missing from the 1979 and 1982 elections. Finally, income is missing from the 1982, 1989, and 1996 surveys.⁶

The fact that the questions are not identical and that some questions are missing from some of the surveys makes it impossible to apply the ideal technique for this research. The ideal way to compare the results across time in a statistically rigorous fashion would be to pool all the cross-sectional surveys, introducing dummies that identify the cases pertaining to each election year, and interacting each of the dummy-years with the correspondent independent variable of interest. This is the proper method for an empirical test designed to demonstrate that the effect of an independent variable (say, voters' economic expectations) on the probability of rewarding the incumbent is significantly different across time. Unfortunately, the lack of variables in some of the questionnaires prevents the application of this pooling cross-sectional data technique.⁷ The surveys for the 1993 and 1996 elections, however, do include all the variables needed to adequately test the model. Hence, in Chapter 7, I use the above-mentioned pooled cross-sectional analysis to compare the performance of the extended EV model across the two elections, identifying those independent variables whose effect significantly changes over this period. This analysis provides additional and stringent empirical evidence that can be useful in order to understand the Socialists' defeat in 1996.⁸

⁶ I will return to this point in the third section of this chapter.

⁷ See Firebaugh, 1997 for a summary of the best techniques to use to compare data drawn from different surveys across time.

⁸ I explain the pooled cross-sectional method in detail in Chapter 7.

There were additional complications in operationalising the variables corresponding to the extended EV model. As mentioned above, the surveys vary very significantly in terms of the quality and quantity of their questionnaires. The original questions used to operationalise the extended EV model were by no means identical, as we shall see below. Although every effort was made to use the most similar variables, this was not always possible. Furthermore, there are well-known inherent problems in using different surveys items to measure the same concept, such as problems of attitude consistency or attitude constraints (see Bishop *et al.*, 1979; Bishop, 1987).

There is another problem regarding the comparison of the magnitude of the effect of the indicators across elections. It is difficult to be sure that differences in the magnitude of the effect of the same variable across time are not due to the different way in which the former variable has been measured. Hence, it is important to bear all these caveats in mind when interpreting the results showed in Chapters 5, 6 and 7. There is, however, one advantage in using different survey items to operationalise the same variable. If the findings are consistent across questions types, we can have a high level of confidence in the validity of the results.

Let us consider the problem of the comparability of the indicators in more detail. Take, for example, the indicator used for voters' evaluations of both economic and social policies. First, the economic policies under evaluation are different (some are economic measures to fight the recession, others are concrete economic policies such as industrial policy, or combating tax evasion, etc⁹). Moreover, citizens' evaluations of economic policies always refer to the policies themselves, except for the 1996 elections when evaluations about economic policies in fact refer to voters' retrospective views of economic policy results. The difference between policies and outcomes is analytically

⁹ The same problem does not apply to the case of voters' evaluations about social policies, since the social policies evaluated in each survey are always health care and education.

important (see Fiorina, 1981). The available survey data, however, do not differentiate between policy actions and their intended outcomes.

According to Fiorina, some policy instruments are fused with policy outcomes. He refers to the example of bussing, as a means of achieving integrated education. Yet the political debate tends to simplify the distinction between ends and means so that to the majority of citizens the policy outcome becomes whether or not their children are bussed. The same, however, does not seem to apply to economic issues such as the problem of unemployment. The majority of citizens desire the lowest possible level of unemployment (that is, the outcome), regardless of the means the incumbent may use to achieve this goal.

Accordingly, it is possible to argue that in the case of some social policies, such as health care or education, the distinction between means and ends is less clear-cut than in that of economic policies. The argument is that the end for both these policies is to have the best possible education and health care systems. The distinction between ends and means is simplified in political discourse so that for the majority of people the policy outcome is simply whether they (or their social group of reference, or society) have free access to good quality education and health care. In contrast, the same does not hold in the case of economic policies, where people want prosperity regardless of the policy used to achieve it.

A word of caution is necessary, however, since integrated education can be achieved by means other than bussing. For instance, by providing incentives for family cars, or direct financial support to each family, etc.. And the same applies to the other social policies mentioned above. Various means can be used to achieve a quality education or health care system. The problem is that despite the discourse of politicians, very little is known about whether citizens are able to distinguish between, and evaluate the different means through which an outcome might be achieved. For this reason, I prefer to consider voters' evaluations of specific economic policies already implemented by the

incumbent as equivalent to their evaluations about the outcomes of such economic policies. As some survey data indicate, the attribution of responsibility to the incumbent party for the outcome of different policies seems to be very clear in the case of the Spanish electorate.¹⁰

The same applies to the case of voters' evaluations of social policy. As shall be explained below, the indicator combines voters' support for social policies already implemented by the incumbent (in the 1989 elections), and voters' assessments of the outcomes of social policies (1986, 1993 and 1996). For the reasons outlined above, the difference between ends and means may be even less problematic in the case of social policies than economic policies.

In spite of these complications, some properties of the surveys used here in fact serve to reinforce the reliability of the comparison of the results across time. Furthermore, the surveys have been carried out by the same institution (the CIS). This implies that the sampling procedures or the interviewing procedures are fairly similar across surveys. It also means that the surveys used here are relatively similar in terms of the format of the socio-demographic variables. Below I summarise the principal variables used in the models with their original codification and also the re-codification strategy I have followed in order to make the estimator's results as comparable as possible. I will begin by discussing the dependent variable.

¹⁰ For example, in a survey carried out in 1992 (CIS2042) 83% of all respondents thought that the state of the economy depends to a great extent on the incumbent's policies and decisions. In another survey carried out in 1995 (CIS2154) 62% of all respondents thought that the government has the highest degree of responsibility in assuring citizens' well being; 61% of the respondents thought that the government has the highest degree of responsibility for creating jobs; 73% that the government has the highest degree of responsibilities for providing health assistance for all; and 64% that the government bears considerable responsibility for providing grants to the poorest students.

2.2. *The dependent variable*

The dependent variable is always voting intention declared by individuals when interviewed. More specifically, voting intention is defined as 1 for the incumbent and 0 for other parties. I include in the 0 category those respondents who declare that they are not going to vote, because electoral abstention can be also considered as a way of punishing the incumbent.¹¹ In any event, such cases do not usually enter the final models since they tend to be missing in numerous opinion variables (especially those referring to economic and political assessments). Indeed, I experimented by running the models without them and found that the number of cases was almost the same and the estimates of the coefficients almost identical.¹²

On the other hand, I excluded from the analysis those respondents who were undecided as to whether to vote or not, or about which party to vote for. These cases constitute a significant percentage of the total: in 1979 and 1982 there was no such category in the variable (undecided), with the result that the percentage of missing data is higher than in the other surveys: 29% and 30% respectively. In 1986, 25% of the respondents were undecided, as were 31% of those in the additional survey of 1986, 22% in 1989, 23% in 1993, and 18% in 1996. I was obliged to exclude them from the analysis because it is impossible to know whether they would punish the incumbent or not.¹³

This definition of the dependent variable could be criticised on the grounds that it involves an oversimplification of a multi-party scenario (that then became a two-party scenario). Nonetheless, given the theoretical focus of my research, that is, whether

¹¹ It is true, however, that abstention is qualitatively a different way of punishing the incumbent and also an electoral attitude that ideally would merit further examination.

¹² Results are available from the author on request.

¹³ After a careful analysis of the socio-demographic profile of the missing cases, it is possible to argue that the exclusion of the former cases from the analysis carried out here does not introduce bias into the results obtained.

electors' perceptions about the economy influence their decision to reward or punish the incumbent, this definition of the dependent variable seems to be the most appropriate, even if to some extent it simplifies reality. Some authors have proposed limiting the dependent variable to the vote for the incumbent, versus the vote for the most direct competitor; in this case, it would be the PSOE up to 1982, and AP/PP from 1982 onwards (see Torcal and Chhiber, 1997, also Garcia de Polavieja, 2000). The aim here is to avoid misinterpretations of some of the independent variables, mainly voters' ideology. When the effect of ideology has different signs depending on the party benefiting from punishment of the incumbent, it is true that grouping all the alternatives in the zero category can artificially cancel out part or the entire effect of ideology.¹⁴

Nonetheless, consider the following. First, as we shall see in Chapter 5, electors' ideology can be specified in a non-linear way so that its influence on the probabilities of voting for the incumbent versus voting for any other party will be correctly interpreted. Second, a careful discussion of the possible solutions to this problem of grouping together all the alternatives to the vote for the incumbent is necessary.

Moreover, the strategy followed by Torcal and Chhiber, 1997 (and also Garcia de Polavieja, 2000), namely dropping the cases that correspond to the other alternatives that are not the main opposition party is almost equivalent to running multinomial logit models.¹⁵ In fact, this would be the most appropriate technique to estimate a categorical dependent variable such as voting intention. The problem is that, in the case of Spain, there are more than ten

¹⁴ This could also apply to the effect of other variables such as voters' education, income, age, etc..

¹⁵ Although they estimate just two of the categories of the dependent variable (intending to vote for PSOE versus intending to vote for PP). As Hosmer and Lemeshow demonstrate, it is always more stringent to estimate multinomial logit, because the results drawn from separated logits only approximate the results obtained from multinomial logit. Hence: "Final inferences should be based on estimated coefficients and estimated standard errors from fitting the multinomial logit" (Hosmer and Lemeshow, 1989:230).

alternatives for the voting intention question. For the sake of statistical efficacy it seems necessary to reduce the number of categories of the dependent variable. The question then becomes how the dependent variable should be re-defined in order to reduce the number of categories.

I have run alternative multinomial logit models for each election defining the dependent variable differently for the elections 1979 and 1982, on the one hand, and for the rest of the elections (1986-1996), on the other.¹⁶ This definition of the dependent variable is nevertheless problematic and artificial.¹⁷ I estimated the extended EV model with multinomial logit (with the earlier definition of the dependent variable) simply in order to check that the results obtained from the logit models given in Chapter 5 do not cancel out any important effect of an explanatory variable on the option chosen by electors intending to punish the incumbent. The findings of the replication show that the results given in Chapter 5 are highly consistent.¹⁸

Regarding the independent variables, I have tried to use the most similar variables (measured in the most similar way) in order to make the results as comparable as possible. Additionally, I have adopted a re-codification strategy that makes the results more easily comparable. Before starting to describe the original variables, I should stress here that the level of missing data is very high for the independent variables expressing an opinion (that is:

¹⁶ For the 1979 and 1982 elections, the definition of the dependent variable is as follows: (1) Intending to vote for the incumbent (UCD); (2) intending to vote for the main opposition parties of the left (PSOE and the Communist Party); (3) intending to vote for the right-wing parties; (4) the rest of the options (including nationalist parties, abstention, and some other minor parties). In contrast, for the 1986-1996 elections the dependent variable was defined as follows: (1) intending to reward the incumbent (PSOE); (2) intending to vote for the main opposition PP; (3) intending to vote for IU; (4) the rest of the options (nationalist parties, abstention, etc..).

¹⁷ This is specially true in the case of the fourth category which mixes up qualitatively quite different political options.

¹⁸ Results of these multinomial logits can be found in Appendix A, Table A.2: 1-6.

evaluations of social and economic policies, views about the main opposition party and about different political events), especially in the 1979 and 1982 models. Below I summarise the original codification of each independent variable for each model and the strategy of re-codification I have adopted for the empirical analysis carried out in Chapters 5, 6 and 7. Details concerning frequencies and descriptive statistics for each of the variable described here across time are given in Appendix A.

2.3. Independent variables

The independent variables included in the model predicting voting intentions for the incumbent from 1979 to 1996 can be classified in two groups. On the one hand, the control variables comprise all the so-called “socio-demographic” variables which, according to the literature on electoral behaviour, have influenced voting intentions during the period analysed here. Hence, education reflects the Spanish system, and ranges from 1 (no education at all) to 8 (university education). The age variable represents voters’ age, and varies from 18 to 99 years old. The income variable is the monthly family income, ranging from 1 (the lowest income) to 8 (the highest income). Unfortunately, this variable is missing for the 1982, 1989, and 1996 models. Finally, the gender variable used for the specification of voters’ economic expectations is a dummy variable, taking the value 1 for male and 0 for female.

Ideology refers to self-placement on a continuum from 1 to 10. For the 1979 and 1982 elections the continuum ranges from 1 to 7. I use this variable rather than party identification or leader support for two reasons. The first is empirical: ideology is found in all the surveys, while party identification and evaluation of the leader are not. The second concerns the fact that the level of party

identification in Spain is very low, while ideology is a wider and deeper expression of political sympathies.¹⁹

The other main traditional explanation for voting behaviour corresponds to class voting. No data is available to properly test the hypothesis corresponding to class voting. The variable used in the models expresses individuals' situation in the labour market. It has 5 possibilities: 1 worker, 2 unemployed, 3 retired, 4 student, 5 housewife. I take the first category (those who work) as the category of reference when estimating the other four categories' coefficients.

On the other hand, we have the variables specifying the EV model. First, *retrospective evaluations of the state of the economy*, a categorical variable that can take the following values: 1 better, 2 equal, and 3 worse. For 1996, nevertheless, the variable ranges from 1 (very good) to 5 (very bad). Next, *prospective evaluations*. For all of the surveys this is a dummy variable that takes the value 1 for those who think that the economy will be better in the future (one year ahead), and 0 for those who believe that it will be either the same or worse.

Evaluations of economic policies have been operationalised differently depending on the survey and the information it contains. Hence, in 1979, the variable corresponds to voters' support for the economic policy of wage restraint.²⁰ In 1982, it is a dummy variable taking the value 1 for those who believed that economic policies had improved since Calvo Sotelo came to power.²¹ Hence, evaluations here refer to the results of economic policies. In the 1986 and 1993 surveys, the dummy variable is

¹⁹ In addition, party identification as well as evaluations of leaders can be considered as broad concepts that not only incorporate voters' traditional political sympathies but also their views on party or candidate competence, as well as the general direction of party or candidate policies or proposals (Fiorina, 1997). In contrast, voters' ideological self-placement expresses more accurately the traditional component of the vote.

²⁰ The values range from 1 (complete rejection of the policy) to 4 (complete agreement with the economic measure adopted).

²¹ Those who think that economic policies are either the same or worse are given the value 0.

fairly similar, taking the value 1 for those supporting the economic policies implemented by the government to deal with the economic crisis, and 0 for those not supporting them (again evaluations refer to policies). Finally, for the alternative survey of 1986, and also for the surveys of 1989 and 1996, I have constructed an indicator that combines voters' support for two or three particular economic policies. Specifically, for 1986 and 1989 the indicator takes 3 values, ranging from 1 (no support of any policy) to 3 (support for the two policies), for these two indicators (1986 and 1989) evaluations refer to the policies.²² In contrast, in the 1996 survey voters' retrospective evaluations refer to the outcomes of economic policies (employment policy and industrial policy). The indicator takes 6 different values, ranging from 1 (when both policies' results are considered to be worse than some years ago) to 6 (when both policies' results are considered to be better than some years ago).²³

Regarding *voters' evaluations of social policies*, this variable is missing for the first two models. For the remaining elections, I have constructed an indicator that combines voters' evaluations of two or three social policies: health care, education, social security or social services (the criterion here was that of availability of information in each survey). In 1986 the indicator combines support for three social policies (health care, education and social security). Evaluations refer to the results. The indicator can take four values, from 1 (all the policies' results are negatively evaluated) to 4 (all the policies' results are positively evaluated).²⁴

²² In 1986, the economic policies judged by the interviewees are the fight against tax evasion, and consumer protection, while in 1989 the economic policies judged by the interviewed are those relating to the fight against unemployment and inflation.

²³ The other values this indicator can take are: 2 (when one outcome of one policy is considered the same and the other worse) 3 (when one policy outcome is considered better and the other worse) 4 (one better and the other the same) and 5 (one better and the other the same).

²⁴ Hence, the indicator takes the value 2 when one policy is positively evaluated and the other two are negatively evaluated. Finally, the indicator takes the value 3 when two policies' results are positively evaluated and only one is

In 1989, the indicator combines support for two concrete social policies (health care and education). The indicator can take three values: 1 (no support for any policy), 2 (support for just one of the policies), and 3 (support for the two policies). In 1993 and 1996, the indicator combines voters' retrospective evaluations about health care and education policies' results. It can go from 1 (education and health-care situations are considered to be worse than some years ago) to 5 (education and health-care situations are considered to be better than some years ago).²⁵

The operationalisation of voters' views about the main opposition party is as follows. For the 1979, 1982, and 1996 models, I have dummy variables taking the value 1 for those thinking that the main opposition party (PSOE in 1979 and 1982, and PP in 1996) is the party which can best solve Spain's unemployment problem (1979), or a party which is able and prepared to govern Spain (1982), or the party that can best solve the country's principal problems. In the 1986 model, I have voters' evaluations about the PP's opposition activity. This ranges from 1 (very bad) to 4 (very good). In the 1993 model (there is no such variable for 1989 elections), I have a dummy variable taking the value 1 for those thinking that the PP represents a credible alternative to the government.

Finally, the variables representing electors' views about various events or issues differ between elections. Unfortunately, there is no variable for the 1979 and 1982 models. For the 1986 model, I have voters' opinions about whether Spanish entry into the European Community is going to be beneficial for Spain. It can take 4 values: 1 (very beneficial), 2 (beneficial), 3 (not that beneficial), and 4 (not beneficial at all). In contrast, for the 1989

negatively evaluated.

²⁵ The indicator then takes the value 2 when one policy's results are considered to be worse and the other's are considered to be equal; 3 when both policies' results are considered to be equal than some years ago and also when one is considered to be worse and the other is considered to be better; 4 when one is considered to be equal and the other is considered to be better. Note that I tested with alternative scales in the middle with barely any change in the results. Results are available from the author on request.

elections I have voters' views on the government's responsiveness to citizens' problems. The variable takes the value 1 for those who consider that the government has lost contact with the real problems facing ordinary citizens, and 0 for those who do not agree with this idea.

For the last two elections I have chosen one of the main salient political issues during the 1990s: corruption. From January 1990 onwards, the illegal funding of the Socialist party was at the centre of a succession of scandals (see Jiménez, 1998). Ideally, I wanted to test whether voters' critical opinions of the individual politicians of the incumbent party have any incidence on voting intentions for the incumbent. However, the information available in the two surveys (1993 and 1996) regarding voters' views about corruption is scarce.

As others have suggested (see Barreiro and Sanchez Cuenca, 2000) the proper way to test the electoral consequences of voters' views about corruption is to consider survey information on subjective opinions about the government's response to corruption in the ranks of its own party. The incumbent is not responsible for the individual behaviour of corrupt politicians, but it is responsible for its response to corrupt behaviour within the party. Hence, subjective views about the incumbent's reactions to corruption would ideally be the variable to be used in the models presented in Chapters 5, 6 and 7. Unfortunately, no such information is available in any of the surveys used here.

Instead for the 1993 model I have used voters' retrospective opinions about the degree of corruption existing in Spanish politics at that time compared to some years before. It is a dummy variable that takes value 1 for those thinking that the level of corruption in politics has increased, and 0 for those thinking that it has decreased or remained the same. In contrast, for the 1996 model, I have used a dummy variable that takes the value 1 for those thinking that corruption is one of the most urgent problems to be solved in Spain (the first or the second) and value 0 for those who choose other problems, such as terrorism, poverty, etc.. This variable is even less adequate for measuring the electoral

consequences of voters' views about corruption than the one used for 1993. Furthermore, the variable constitutes only a general opinion about generic social problems. Here the corruption issue is mixed up with unemployment, terrorism, poverty, etc.. Once again, no alternative variable is available for the 1996 model.

Until now I have outlined the original variables and the indicators that will be used in the empirical analysis in Chapters 5, 6 and 7. The original codification of these variables and indicators has also been shown. For the sake of simplicity, I have re-codified the independent variables. In social sciences, variables are ordinal and not purely metric (at least in comparison with economic variables such as interest rates, inflation rate, unemployment rate, etc.). In these circumstances, the "one unit" change of a given variable (say X) can mean many things, and consequently it becomes hard to compare the effect of each independent variable in the dependent variable (say Y).²⁶ For this reason, and for the sake of simplicity when interpreting the result of as complex a model as the one tested here, I have preferred to re-codify all the variables, making them vary from 0 to 1. Hence, the interpretation of the explanatory variables is simplified, since they all share a common unit of measurement, changing from their minimum to their maximum level. Below I explain the simple metric strategy I have followed.

²⁶ A common strategy for comparing the effect of different variables is that of standardising the coefficient estimates, so that a one unit increase in, for example, X_K becomes one standard deviation of X_K . As King (1986) has pointed out, this is not a proper strategy, since the standardised coefficient estimates cannot be compared between samples (they are sample-specific). Furthermore, standardised coefficients are measures of the relationship between the explanatory variables and the dependent variable, as well as of the variance of the independent variable of interest. Additionally, standardised coefficients do not simplify the interpretation of the coefficient estimates, since they lose their original metric and sometimes it would appear very inappropriate to talk about a standard deviation increase in ideological self-placement, for example (see King, 1986).

2.4. The re-codification strategy

The estimate coefficients that will be presented in Chapters 5, 6, and 7 were calculated once I had re-codified the independent variables in the following way. The dummy variables have remained the same (0 versus 1), as has the age variable, where one unit of change represents one year. The other variables have been re-codified so that they can vary from 0 (the minimum value of the original variable) to 1 (the maximum value of the original variable). Therefore, each logit or probit coefficient gives the effect of one unit change of the independent variable (say, for example, ideology) on the dependent variable (the log of the probability of voting for the incumbent). After this re-codification, one unit change now has a meaning: going from the minimum value of the independent variable (in this case, extreme left) to the maximum value of the same variable (in the example, extreme right). Hence, the coefficient estimates capture the maximum effect of each explanatory variable on the log odds of voting for the incumbent.

The re-codification is quite simple. It applies the following metric transformation (suppose that the original variable is X and that the new re-codified variable is K):

$$\text{Equation (1) } K = (X - X_{\min}) / (X_{\max} - X_{\min})$$

Where X_{\min} refers to the minimum value of the original variable and X_{\max} means the maximum value of the original variable.

In sum, this is no more than a metric transformation of the original variables, with the new variables used keeping all the information given in the original variables. The only possible effect of the transformation is that of inflating the coefficients and, consequently, the standard errors (as for the transformed variables a one unit increase means the difference between the minimum and the maximum of the original variable). The procedure

followed to estimate the coefficients presented in the substantive chapters is explained in the following section.

3. The statistical model

In Chapter 1, I summarised the theoretical reasons for testing what I called the extended EV model. The empirical specification of this model has been obtained by applying random utility theory. According to this theory, it is possible to calculate the probability of an individual (i) choosing option j rather than option s , observing certain characteristics of the individual i (and under certain assumptions).

Consider that:

$$i = \{1, 2, 3, \dots, N\}$$

$$j = \{0, 1\}$$

Where i denotes a set of decision-makers (that is, electors deciding how to vote) and j denotes a finite set of mutually exclusive and exhaustive possible choices (that is, to vote for the incumbent- either the UCD or the PSOE -or not to vote for the incumbent). Following the conventional literature (for instance, Hausman and Wise, 1978), we can define the random utility of the voter i if the choice is intending to vote for the incumbent j , U_{ij} as a function of:

$$\text{Equation (2)} \quad U_{ij} = X_{ij}\beta_j + \varepsilon_i$$

Then the utility of the voter i if the choice is j would be a function of:

1. A systematic component $X_{ij}\beta_j$, where X_{ij} is a row vector of observed characteristics of the voter and her choice, and β_j a column vector of unknown parameters which may change across choices (that is, punishing or rewarding the incumbent). According to our theory (represented by the extended EV model) the unknown parameters that change across choices (which we have to estimate) are the following: voters' age, income, education and situation in the labour market; voters' ideological position; voters' economic expectations, and their assessments of both

economic and social policies; and finally voters' views on the main opposition party and on different political events.

2. A random unobservable component: ε_i .

The main assumption in this model is that when deciding who to vote for, electors maximise utility, and therefore the voter i will choose the j option (to reward the incumbent) only if the utility derived from that choice is higher than the utility derived from the other option s (punishing the incumbent). Hence, in formal terms (and assuming that Y_i is the function indicating the option chosen by the voter):

Equation (3) $Y_i = j$ if $U_{ij} > U_{is}$, for all $s \neq j$ in the choice set

Obviously, as we only observe the systematic component of utility, it is not possible to predict with certainty the choice of each voter. What we can do is to try to assess the probability that the voter i intends to reward the incumbent. I use the logit model to estimate this probability. According to this model, the probability that the voter i chooses to reward the incumbent (that is, option j) is given by the logit distribution:²⁷

Equation (4)

$$P_{ij} = \frac{e^{X_{ij}\beta_j}}{\sum_{s=0}^H e^{X_{is}\beta_s}}$$

²⁷ The main assumption here refers to the error term distribution. Each ε_{ij} is distributed independently according to the extreme value cumulative distribution: $\exp(-e^{-\varepsilon_{ij}})$. Additionally, note the following: $0 \leq P_{ij} \leq 1$. Finally, another problematic assumption is that the logit probabilities exhibit the Independence from Irrelevant Alternative Property. This means that the odds of two alternatives j and s do not depend on the other existing alternatives. I recognise that for the case studied here it is problematic to maintain such an assumption, since the odds of rewarding the incumbent will depend on the quality of the other alternatives. This is one of the reasons for including voters' views about the main opposition party in the specification of the extended EV model.

The results of the estimation of the log odds of supporting the incumbent for the period 1979-1996 are given in Chapter 5 (Table 5.1). There the dependent variable is not directly estimated, rather it is transformed into a latent variable (call it Z) ranging from $-\infty$ to ∞ that generates the observed y 's.²⁸ Then the larger values of Z are observed as $y = 1$, while the smaller values of Z are observed as $y = 0$. The latent Z is assumed to be linearly related to the observed x 's through the structural model:

$$\text{Equation (5)} \quad Z_i = X_i\beta + \varepsilon_i$$

The latent variable Z is linked to the observed binary variable Y by the following equation:

$$\text{Equation (6)} \quad Y_i = 1 \text{ if } Z > \tau \quad \text{and } Y_i = 0 \text{ if } Z \leq \tau$$

In this, τ is the cut-point or threshold. When the value of Z crosses the threshold, then $Y = 1$. By default, the threshold for all the models tested in this thesis is always defined as 0 (note that 0 in terms of the transformed variable, Z , corresponds to a probability of 0.5) Hence, when the probability of rewarding the incumbent for voter i is higher than 0.5, the model will classify this individual as rewarding the incumbent. This is the threshold that is used for computing the percentage of cases correctly predicted by the logit or probit model presented in Chapters 5, 6 and 7. This is one of the goodness of fit tests provided for each model (I will come back to this issue in Section 5).

As will be shown in detail in Chapter 5, and particularly in Chapter 6, there are good theoretical reasons to suspect that subjective economic expectations and voting intentions are endogenous. The literature on EV dealing with survey data has rarely confronted this empirical question (exceptions are Fiorina,

²⁸ The latent variable $Z = \log (P_i / 1 - P_i)$. It is a monotonic transformation of $P(Y=1)$ so that the latent dependent variable that is estimated (Z) becomes unbounded.

1981; and Wleizen *et al.*, 1997). Often the direction of causality is assumed but not demonstrated. The explanation for the lack of empirical research on the endogeneity problem may lie in the fact that the dependent variables to be estimated are either discrete or dichotomous. Techniques do exist to consistently estimate reciprocal relationships between dichotomous dependent variables. I use 2SPLS in order to estimate the reciprocal relationship between electors' economic expectations and their voting intentions. Below I summarise the statistical procedure that I have followed in order to estimate the non-recursive model.

4. Two-stage probit least squares

As I explain in detail in Chapter 6, I am interested in identifying the role that individuals' economic expectations play in shaping their voting intentions. I am also interested in the factors explaining voters' economic expectations. Hence expectations about the economy are an explanatory variable in the determinants of the vote, as well as an endogenous variable.²⁹ The simultaneous model that is estimated in Chapter 6 can be seen more clearly in Figure 6.1.

For the theoretical reasons discussed in Chapter 6, we need to estimate these two dependent variables accounting for the endogeneity between electors' economic expectations and their voting intentions. The process I follow in order to estimate the simultaneous equation model is the following.

First, I estimate two reduced-form equations for each endogenous variable; that is, the voting equation and the economic expectation equation. As both are binary choice variables, they are estimated through the probit function. The reduced-form estimations are shown in Appendix C, Tables C.1 and C.2. As can

²⁹ In Chapter 6, I present a formalised econometric model of the two simultaneous equations that are estimated through probit. Here I prefer to focus more closely on the explanation of the procedure followed when estimating the two simultaneous equations.

be seen in these tables, the exogenous variables for the estimation of these two equations are as follows. For the economic expectation equation: individuals' level of education and income; individuals' age and gender; individuals' position in the labour market; voting intention for the incumbent; and voters' retrospective evaluations of the economy. In contrast, the voting equation is just a replication of the extended EV model presented in Chapter 5, this time estimated through probit.

From the reduced-form probit model shown in Table C.2 (that corresponding to the voting models), I generate a linear predictor for voting intentions and for each election (1979-1996). This linear predictor could be considered an instrumental variable for the voters' utility of rewarding the incumbent (that is, the value 1 of the dependent variable: intending to vote for the incumbent). Likewise, from the reduced-form probit model shown in Table C.1 (that corresponding to economic expectations) I generate a linear predictor of individuals' economic expectations.

The two linear-predictor values estimated through the reduced-form equations are then substituted for each endogenous variable as they appear on the right-hand side of the respective equation (one estimating the second stage of public economic expectations and one estimating the second stage of voting intentions, see equations 1 and 2 in Chapter 6). Then the equations are estimated, with the predicted values from the reduced forms serving as instruments on the right-hand sides of the equations. The statistical proof that the estimates obtained in this second stage are consistent can be found in Achen (1986) and Amemiya (1978).

The results for the simultaneous equation models corresponding to economic expectations (1979-1996) are given in Table 6.1, and for the electoral choice equations (1979-1996) in Table 6.3 in Chapter 6. The coefficients estimated through probit are nevertheless, not directly interpretable. As in the case of logit, the probit is a non-linear model. Accordingly, the effect of any particular variable on the probability of rewarding the incumbent is dependent on the values of the other variables and parameters included in the model. This is the reason why it is important to

define a strategy to summarise and present the results in a clear and reader-friendly manner, with the idea that the reader need not be a statistical expert in order to understand the interpretation of the results.

Additionally, it is important to express the statistical results in quantities of interest to the reader. For instance, if here I am talking about voting, a nice and clear way of presenting the results is to compare the probabilities that different individuals (in term of the explanatory variables included in the model: a left-wing individual and a right-wing individual, for instance) have of rewarding the incumbent in the different elections analysed. In the following section, I explain in detail the strategy I have followed when presenting the statistical results obtained from the non-linear models estimated in Chapters 5, 6, and 7.

5. Simulation techniques for presenting the results

The coefficients estimated through the probit or logit function are difficult to interpret directly.³⁰ For example, in the case of the logit model, from Equation (5) it follows that we are estimating a latent variable (Z) and not the observable variable P ($Y=1$). Initially, the coefficients estimated by logit could be directly

³⁰ For the sake of simplicity, I explain this section taking the logit model as reference. What I am saying here in terms of non-linearity also applies to the probit model used for estimating the non-recursive model in Chapter 6. The main difference between logit and probit models is their functional form. The probit model uses the normal cumulative distribution function, thus $P(Y=1) \equiv F(X\beta) \equiv \Theta(X\beta)$ (remembering that we assume the variance to be 1, $\sigma=1$). Probit and logit estimations will then produce virtually identical results in terms of probabilities. Yet, the logit function approaches 0 and 1 slightly more slowly than the normal cumulative distribution function. Additionally, the variance for the probit model is $\sigma=1$ while for the logit model is $\sigma = \sqrt{\pi^2/3} \cong 1.8$. Hence, the coefficients estimated with the logit model will be approximately 1.8 higher than the coefficients estimated with the probit model. Nonetheless the coefficients are the estimation of the latent variable (Z). When these coefficients are translated into probabilities (through their respective link functions), the results will be almost identical.

interpreted in terms of the expected log odds of voting for the incumbent. Thus:

$$\text{Equation (7)} \quad \log(P_i / 1-P_i) = \sum \beta_k X_k$$

Many researchers would stop here, just looking at the sign and the statistical significance of the effect of the parameters. It is well known, however, that the log odds is not a very intuitive measure. And that not all readers are statistical experts capable of fully understanding the results. One step further is to express the results in terms of the expected odds of voting for the incumbent.³¹

$$\text{Equation (8)} \quad P_i / 1-P_i = \exp(\sum \beta_k X_k)$$

Yet these results may still be obscure since most of us, apart from anyone used to betting on horse racing, do not have an intuitive understanding of what a change in the odds means. The next step, therefore, is to transform the coefficient estimates into probabilities by means of simulations. To compute the probability of rewarding the incumbent is very easy. Following the logit equation, you simply need to choose the values of the independent variables of interest (maintaining some of them constant and letting the others vary). Clearing up P_i from the logit Equation (7):

$$\text{Equation (9)} \quad P_i = \exp(\sum \beta_k X_k) / 1 + \exp(\sum \beta_k X_k)$$

³¹ Hence, the effect of X_k (assume, for example, that it is ideology) in terms of odds ratios can be interpreted as follows: for a one unit change in ideology (that is, being an extreme-left voter versus being an extreme-right voter), the odds of supporting the incumbent are expected to change by a factor of $\exp(\beta_k)$, holding constant the rest of the explanatory variables included in the model. When $\exp(\beta_k)$ is less than 1, the odds of rewarding the incumbent are $\exp(\beta_k)$ times smaller (hence, the β_k might be negative). In contrast, if $\exp(\beta_k)$ is greater than 1, the odds of rewarding the incumbent are $\exp(\beta_k)$ times larger (hence, the β_k might be positive). Finally an odds ratio=1 means that β_k might be equal to 0 (and hence, there is no effect whatsoever). Therefore, the odds ratio can range from 0 to $+\infty$.

Using this equation, we might obtain numerically precise estimates of interest quantities that are moreover easy to read and understand. Yet, probabilities coming from coefficients are uncertain, and this should also be reported in the quantities offered to the readers.³² As King, *et al.* (2000) have pointed out, the uncertainty surrounding the quantity of interest is often overlooked in empirical research.

I simulate the expected probabilities of rewarding the incumbent when the values of certain variables of interest change, holding all other variables constant at their mean values. When the mean and mode values of the variables differ to a great extent, I replicate the simulation taking the mode value of the variable and holding constant all other variables at their mean.³³

This statistical simulation uses the logic of survey sampling to approximate the calculations of the expected values of the dependent variable. The simulations have been run with the macros provided in the program Clarify (Tomz *et al.*, 1999). The former macros draw simulations of the parameters of the model estimated (call them γ) from their asymptotic sampling distribution. I drew $M=1000$ sets of simulated parameters to approximate a 99 percent confidence interval around the probability of intending to vote for the incumbent.³⁴ The next step was to change the values of one variable of interest, holding

³² These are uncertain parameters as we have a fewer than infinite number of observations in the surveys used here.

³³ I replicate the simulations with the values of some of the independent variables set to their mode because it is also interesting to look for the most substantive plausible values. I replicate the simulations only in cases in which the mean and mode values differ greatly, otherwise I always set the values of the other explanatory variables to their mean.

³⁴ For a detailed description of the algorithm for creating a simulation of an expected value, see King *et al.*, 2000. The confidence interval of the simulated probabilities will be dependent on the number of observations in each survey (as for the case of the SE of the coefficient estimates, the higher the number of observations, the narrower the confidence interval will be).

constant the other explanatory variables.³⁵ And then to convert the simulated parameters into expected values (in the case of logit and probit, simulated expected values are equivalent to simulated probabilities). The results of this exercise are given in Table 5.2, Table B.1, Table 6.2, Table 6.4, Table C.3, Table 7.3, and Table 7.4, in Chapters 5, 6 and 7, as well as in Appendices B and C.

Thus, these tables provide easy-to-read substantive information about the statistical results presented in Chapters 5, 6 and 7. Obviously, arriving at this information requires more computational work than simply taking the coefficient estimates and saying whether are they significant or not. However, this permits every reader (regardless of their statistical training) to understand the results.

In addition, and following Long (1997), I have adopted another strategy when presenting the results referring to the effect of ideology on the probabilities of rewarding the incumbent. If we are interested in showing the effect of an interval variable such as voters' ideological position, plotting can be very useful. Particularly when the relationship between electors' ideology and the probabilities of intending to reward the incumbent is clearly not linear (as is the case for the majority of the elections analysed here). Two kinds of plots are provided in Chapter 5. First, Figures 5.1 to 5.6 plot the ideology self-placement continuum along the x-axis, while Y that is plotted along the y-axis. In these graphs, Y that shows the expected values of intending to vote for the incumbent, given the explanatory variables specified in the model.³⁶

Second, Figures 5.7 to 5.12 plot the effect of voters' ideology on the probabilities of rewarding the incumbent when the values of the variables pertaining to the extended EV model change, holding the remaining variables constant. Moreover, I have defined three modal voters in order to better assess how the effect of electors' ideological ascription on the probabilities of rewarding

³⁵ More specifically, I change the values of the variables of interest at their maximum and minimum value.

³⁶ That is: $E(Y_k | X_k)$

the incumbent differ across elections as well as across types of voters. These modal voters are described properly in Chapter 5.

Until this point I have explained the techniques used to present the results that emerge from the statistical analysis carried out here. In Chapters 5, 6 and 7, I compare the magnitude of the effect of each variable of interest across elections. Nonetheless, as has been stated above, the fact that not exactly the same set of variables is available for all the elections constitutes a problem for comparing the results across time in a rigorous way. The most important question here is the following: to what extent does the fact that some models miss variables affect the main conclusion regarding the changing effect of each independent variable across elections? Are the results from different models comparable at all? Here the main problem is that of mis-specification. If the missed variables are closely correlated with the available variables included in the model, then we would expect the results of the coefficients to be relatively biased.

To deal with this empirical problem, I have performed a test estimating a model for each election including the same subset of variables available for all election years. Let me call this new model *the simple EV model* in contrast to the extended EV model (the one presented in Chapters 5, 6 and 7). This model then drops all the variables that are not available for each individual election year. Thus, in this simple model I drop the following variables: income, opposition, evaluations of social policies, and also voters' views of political events. As a result, the simple EV model includes the following explanatory variables: age, levels of education, ideology, labour market position, economic expectations, and evaluation of economic policies.

This basic model has been tested for each individual election. The results are presented in Appendix A (Table A.1). This shows that the main conclusions to be drawn from the models presented in Chapter 5 still stand. Moreover there are only minor variations with respect to the magnitude of the coefficients estimated by the extended EV model, that is: those referring to voters' economic

expectations and their evaluations of economic policies.³⁷ All of this suggests that the mis-specification of the variables that are missing for some of the elections in the extended EV model of Chapter 5 is not a very serious problem.³⁸ The main change in the coefficients corresponds to voters' ideology, the effect of which seems to be higher in the simple EV model than in the extended EV model (see Table A.1 in Appendix A).

Additionally, the effect of age increases somewhat for three of the six elections (1979, 1986, and 1996), while the effect of education remains practically the same. With respect to the labour market position, everything remains equal, apart from the pensioners' category, which becomes significant from 1986 onwards (while in the extended EV model it is only significant in 1989 and 1993). Likewise, the housewives' category becomes significant from 1989 onwards (while in the extended EV model it is significant only in 1996). Finally, there seems to be no differences at all between the simple and the extended EV models regarding the effects of public economic expectations and retrospective evaluations of economic policies.³⁹ With all these caveats in mind, it seems to me that the comparability over time, while far from perfect, is at least reasonable.

The last topic I want to briefly discuss is that of the goodness of fit of the statistical models estimated here. This is to be found in the following section.

³⁷ Of course, the models are incomplete and present worse goodness of fit statistics.

³⁸ I have decided to use the extended EV model (that contains full information for each election) rather than the simple EV model since the first enables me to better identify the mechanisms underlying electoral behaviour across time. Additionally, the extended EV model is the direct operationalisation of the theoretical model discussed in the previous chapters.

³⁹ Apart from the fact that the effect of individuals' retrospective evaluations about economic policies seems to be higher in 1996 than in 1986 in the simple EV model, while in the extended EV model the effect is higher in 1986 than in 1996.

6. Goodness of fit

Ideally, a good statistical model will be one that is able to reproduce the pattern of relations in the observed data in a parsimonious way. Or to put it another way: “a model that makes *Y*hat very close to *Y*” (McCullagh and Nelder, 1983:7). Nevertheless, it is important to note that I have been less concerned with finding the best fitting model, than with testing a previously defined model. Therefore, more than exploratory, this research is confirmatory (and comparative across elections). That is, I specify and test a theoretically-grounded model proposed for investigating individual voting behaviour in six consecutive democratic elections in Spain.

It nonetheless would seem necessary to include some indicators of the goodness of fit of the models across elections, to evaluate how the fit of the same model changes. For this purpose, I have selected the following standard tests:⁴⁰

The first of these is the *Maximum Likelihood Ratio Test*. A way of looking at the discrepancy of a fit is given by the so-called *deviance* (McCullan and Nelder, 1983:24). The deviance is formed from the logarithm of a ratio of likelihoods. Given N observations, it is possible to fit models to them containing up to N parameters. At one extreme we have the simplest model: the *null model* that has only one parameter (the intercept); while the *full model*, at the other extreme, has N parameters (one per observation). Obviously, the null model is too simple while the full model is uninformative, since rather than summarising the data it just reproduces the data in full. The null model, however, serves as a baseline for measuring the discrepancy for an alternative model with p parameters (in our case this intermediate model is the extended EV model).

⁴⁰ Numerous different tests can be used to evaluate the goodness of fit of the models. I have chosen the three indicated here because they are the most frequently mentioned in the literature on economic voting.

The discrepancy of a fit is proportional to twice the difference between the log-likelihood of the null model and that achieved by the extended EV model. The measure of discrepancy I report for each single model is the Pearson χ^2 statistic. That is, it is twice the difference between the log-likelihood of the null model ($\ln\lambda_n$) and the log-likelihood of the extended EV model ($\ln\lambda_e$) I test for each election:

$$\text{Equation (10)} \quad \chi^2 = -2 (\ln\lambda_n - \ln\lambda_e).$$

This difference between log-likelihoods is distributed approximately as a χ^2 , with degrees of freedom equal to the number of parameters in the model. This statistic, however, is contingent upon the number of observations. Thus, as N increases, large values of χ^2 will be observed (see McCullagh and Nelder, 1983 for a detailed explanation). For that reason, it is important to look at other measures of fit. Of course, none of these is a definitive indicator of fit. A reliable strategy, in my view, is that of looking at several measures and statistics and seeing whether all of them coincide.

I also provide two other complementary goodness of fit tests: the *percentage of cases correctly predicted* by the model and the *pseudo R^2* . The former assesses the degree of correspondence between the observed and the predicted dependent variable. Basically, the exercise consists of using a cross-classifying table in which Y (that is: the original variable) and $Yhat$ (that is: the variable estimated by the logit model) are compared. As noted above, in order to obtain the estimated dichotomous variable it is first necessary to define a cut-point (τ) that in this case is always 0.5 (in terms of probabilities, which corresponds to 0 in terms of the linear predictor Z). The idea is that presumably, if the model accurately predicts the intention to reward the incumbent, then this can be thought of as evidence that the model fits. The total percentage of cases correctly predicted is calculated following the simple equation:

Equation (11) % Correct = $100 * (\text{number of cases correctly predicted}) / \text{total number of cases}$

Obviously, the classification is sensitive to the distribution of the binomial dependent variable to be estimated. Hence, this criterion of goodness of fit is useful when the distribution of the dependent variable to be estimated is not very skewed.⁴¹ For that reason, the percentage of cases correctly predicted by the model should be interpreted with all these caveats in mind.

Finally, I also present the *Pseudo R*², that is, one minus the log-likelihood of the extended EV model ($1 - \ln \lambda_e$) divided by the log-likelihood of the null model ($\ln \lambda_n$):

$$\text{Equation (12) } \text{Pseudo } R^2 = (1 - \ln \lambda_e) / \ln \lambda_n$$

Of course, this *Pseudo R*² does not permit the same straightforward interpretation as the *R*² in linear regressions. In logistic regression, the *Pseudo R*² is not directly interpretable as it is based upon the estimation of a latent dependent variable (*Z*). Numerous different *Pseudo R*² measures have been proposed (see, for instance, Long, 1997). None is absolutely convincing. As a rule of thumb, however, we can say that the higher the *Pseudo R*² the better the fit of the model.⁴²

Finally, I have also checked on the fit of the models by using Pearson residuals adjusted for the cases sharing the same covariate patterns, and influence statistics such as Pregibon leverage statistic, and also Pregibon delta-beta influence statistic (dbeta). In general, there were no clear patterns of high residuals (either positive or negative) in the model, nor a clear pattern of cases

⁴¹ The 0.5 cut-point, however, can lead to practical problems. Imagine, for example, that your dependent variable to be estimated has a lot of cases with probability of voting for the Socialists = 0.45 and a lot of cases with probability of voting for the Socialists = 0.53. In practical terms, these two voters may be very similar, yet the cut-point 0.5 would classify these two types of individuals as markedly different (the first not voting for the Socialists and the second voting for them).

⁴² The maximum value (1) for the *Pseudo R*² would be obtained when fitting what has been called here the full model.

highly influencing the calculation of the coefficients in the models.⁴³

7. Conclusions

Although the survey data on Spanish electors' behaviour has problems, the theoretical model proposed in the previous chapters is correctly specified and tested. In my opinion the main strengths of the empirical analysis carried out here are the following.

First, I have kept the level of comparability across elections as high as possible (for instance, I have constructed the most similar indicators of voters' evaluations about both social and economic policies, I have also re-codified the variables for each single election model in a homogeneous way, that is from the minimum to the maximum value of each variable). Second, I have also estimated the coefficients correctly by taking the sometimes complex sampling of the surveys seriously. Hence, the estimations of the coefficients take account of the different probabilities corresponding to each strata. Therefore, the standard errors of the coefficients are correct.

Third, I have also tackled one of the most recurrent criticisms of the EV hypothesis, that is the question of what comes first, electors' economic expectations or their voting intentions. It may be the case that electors first decide how to vote and then form their economic expectations or evaluations of the economy accordingly. I deal with this problem, and estimate a statistical model that permits electors' economic expectations and their voting intentions to be simultaneously related. Hence, I have estimated 2SPLS, a technique that has very rarely been used in the literature on EV dealing with individual survey data.

Finally, I have interpreted and presented the results of the statistical analysis carried out in this thesis in a reader-friendly and transparent manner by means of simulations. The simulations have

⁴³ Again results are available on request from the author.

the added value of providing a measure of the uncertainties surrounding the statistical estimations. Hence, the reader has additional information that is also useful for better comparing the results across elections. In this way, I have faced the relative complexities of the non-linear discrete choice models used here.

PART II

**THE ECONOMY IN THE SPANISH
DEMOCRACY: TESTING THE EXTENDED
EV MODEL**

CHAPTER 4

ECONOMIC RESULTS UNDER DEMOCRATIC GOVERNMENTS: THE REAL ECONOMY VERSUS THE PERCEIVED ECONOMY

1. Introduction

This chapter briefly describes the evolution of Spain's economic performance from 1977 to 1996. It would be difficult to study voters' reactions to the state of the economy without knowing first what happened to the economy and what were the economic programmes of successive governments during the period. If we assign the economy a prominent place in voting choice, it seems necessary to survey the economic policies that are likely to have had a bearing on the electorate.

I also briefly describe how the Spanish electorate perceived the state of the economy (retrospectively and prospectively) across time. I then consider the extent to which there is any connection between the real economy and what voters perceive about the economy. Given the significance (according to the EV hypothesis) that citizens' views about the economy may have on their voting decisions, it would appear necessary to investigate the congruence between the real economy and the public's perception of the economy. The main purpose of this chapter is, however, descriptive. Therefore the data I use here is limited to aggregate

measures of individual data from 66 opinion polls. Additionally, I use aggregate data of objective economic indicators. The same data have been used by other authors to study, first, whether subjective assessments accurately reflect the current economic situation, and second, the impact of economic considerations on political support (see Maravall and Przeworski, 2000).¹ Following the former studies, in this chapter I show how voters have relatively accurate views about the trends in the real economy from 1982 to 1996. Indeed, they do not need to be economists to appreciate the everyday meaning of economics.

In short, there are two main links in the causal chain connecting the state of the economy and voting behaviour. The first is from objective economic conditions to voters' perceptions of them. The second is from electors' perceptions of the economy to their voting decisions. This chapter studies the first causal link for the Spanish case. The way in which objective economic conditions and voters' economic perceptions are related may be a function of how costly it is for voters to acquire information about the economy. There is a certain amount of cheap economic information easily available to voters (such as their daily experience as consumers, information coming from the mass media or personal relations, etc.). Hence, Spanish voters are aware of the trends in economic conditions. The influence of voters' economic assessments on their partisan preferences is studied in Chapter 5. In contrast, Chapter 6 presents the information required to evaluate the accuracy of voters' economic considerations.

This chapter is organised as follows. First, I provide a summary of governments' economic programmes and performance from 1977 to 1996. Table 4.1, for instance, gives an initial overview of Spain's economic performance during the period analysed here. More specifically, the table shows the average annual rates of GNP growth, inflation, and unemployment. I divide the section into two parts corresponding to the two

¹ I wish to thank Prof. Maravall who generously shared this data with me.

different parties in power during the period analysed here: the conservative UCD, and the Socialists in the PSOE. Successive

Table 4.1. Annual economic conditions in Spain, 1977-1996

Years	Growth*	Unemployment	Inflation
1976	3.3	4.9	16.5
1977	2.8	5.3	23.4
1978	1.5	7.1	20.6
1979	0.0	8.8	16.9
1980	1.3	11.6	13.4
1981	-0.2	14.4	12.6
1982	1.6	16.3	13.6
1983	2.2	17.5	11.8
1984	1.5	20.3	11.6
1985	2.6	21.6	7.7
1986	3.2	21.2	11.1
1987	5.6	20.5	5.8
1988	5.2	19.5	5.7
1989	4.7	17.2	7.1
1990	3.7	16.2	7.3
1991	2.3	16.4	7.1
1992	0.7	18.5	6.9
1993	-1.2	22.8	4.3
1994	2.3	24.1	4.0
1995	2.7	22.9	4.8
1996	2.3	22.2	3.4

Source: *European Economy*, 69 (1999).

Table 3 (p. 254).

Table 10 (p. 268).

Table 24 (p. 296).

* Gross domestic product at 1995 market prices.

cycles of expansion and recession can be identified during their respective mandates. Second, I discuss the way in which the EV literature has treated the question of how much voters need to know about the economy for EV to exist. There is no doubt that this is an under-researched area in the literature. In common with recent studies (Sanders, 2000), I contend that voters' macroeconomic knowledge does not need to be perfect for them to have a broad sense of the state of the economy. Third, I examine how the Spanish electorate perceived the state of the economy

through their retrospective and prospective economic evaluations across time. Accordingly, I discuss the extent to which there is a link between the objective economic results and how voters perceive them across time, concluding that such a link indeed exists. The chapter ends with some concluding remarks.

2. Economic performance in Spain from 1977 to 1996.

2.1. UCD governments

The transition to democracy in Spain faced serious economic difficulties. As we have already seen, the first democratic elections were held in June 1977. Under the mandate of a conservative (UCD) government, the first set of economic reforms was initiated with the collaboration of all parliamentary parties.² The Moncloa Pacts were signed in the autumn of 1977. These agreements consisted of austerity policies and structural reforms guided by the desire of all democratic parties to make the economic transition possible. The Moncloa Pacts entailed the combination of two complementary strategies: one comprising economic adjustment, including a restrictive monetary policy, and another intensifying compensatory social transfers in order to reduce the hardship resulting from the economic adjustments (see Trullen, 1993 for a detailed study of the Moncloa Pacts).³

² It is often argued that the UCD government gave precedence to the aim of consolidating the political transition, rather than embarking on serious economic reforms. The reasons for this were the delicate situation of the transition to fully-fledged democracy, together with the minority character of the UCD government. Therefore, economic policies undertaken during the two consecutive UCD mandates were based mainly on pacts and agreements, such as the 1977 Moncloa Pacts, the 1980 Interconfederal Framework Accord, and the 1981 National Employment Agreement (see Maravall, 1993).

³ For example, public expenditure increased from 24.9% of GDP in 1975 to 38% in 1982 in order to finance an extension of social policies, mainly social security, health and education areas where large social demands existed (see Maravall, 1993:89).

The results of these pacts were, on balance, mixed. Inflation fell from an annual rate of 23.4% to 16.9% in two years, but the costs were high: a collapse of economic growth and an increase in the unemployment rate of 3.5% points (see Table 4.1). Additionally, some of the structural reforms included in the pacts were never fully implemented.⁴ This was largely due to the increase in international oil prices in 1979. In the middle of a major international economic crisis (the second oil shock), Suárez called the second democratic elections in March 1979 and managed to win with 34.6% of the vote (Table 2.1).

The second UCD mandate was plagued by economic and political crises.⁵ Prime Minister Suárez resigned in January 1981. As parliament met to elect his successor, Leopoldo Calvo Sotelo, sectors of the military launched an attempted coup. As can be seen in Table 4.1, Spain's economic performance during this period was always poor. The only notable economic measure adopted by the incumbent in this period was the National Agreement on Employment in 1981, which was also supported by the opposition.⁶

In short, the UCD's economic performance in this period of transition to democracy was poor. The political conditions may have helped to exonerate the incumbent in this period. The Suárez government inherited a economy in which fundamental reforms had been postponed, and with obsolete productive sectors. Additionally, the initial fragility of the new democracy limited its capacity to implement economic reforms. Therefore, the general elections of October 1982 took place during a sharp economic

⁴ For instance, the tax reform initiated in 1977 was only partially carried out, the liberalisation of the financial system was delayed, the labour market remained very rigid, the inefficient state-owned sector continued to expand (see Bermeo, 1994).

⁵ These included the upsurge in terrorist activity and right-wing conspiracies.

⁶ These were also endorsed by the two main trade unions, UGT (General Workers' Union) and CCOO (Workers' Commissions), as well as by the main national business organisation (*Confederación Española de Organizaciones Empresariales*, CEOE).

downturn. Industrial production fell, with a strong decline in investment and a dramatic increase in the unemployment rate (16.3%), while inflation started to rise again, reaching 13.6% (Table 4.1). As noted above, the major economic deterioration of this last period of the UCD mandate could have contributed to the electoral collapse of the UCD in the 1982 general elections. These were the economic circumstances which the Socialist party-forming a government for the first time -inherited. In what follows, I summarise the Socialist government's economic performance during their four consecutive mandates.

2.2. The economic performance of the four consecutive Socialist governments

The first Socialist mandate was characterised by hard adjustment policies, structural reforms, and orthodox economic management. The González government (despite promises made in the election campaign)⁷ immediately started a programme of economic austerity based on the moderation of wages, price liberalization, and a strict monetary policy.⁸ The government also introduced structural reforms that were market oriented, and included a gradual reduction of the public deficit,⁹ a reconversion of industrial sectors (with the *Ley sobre Reversión y Reindustrialización*), the reorganisation and liberalisation of the capital markets, reform of the labour market, and a restructuring of social security (with the *Ley de Pensiones* of 1985). The inflation rate dropped by 6.2% points between 1982 and 1985 (Table 4.1), the budget deficit fell to half its 1982 level, and there was also a

⁷ González promised to create 800,000 jobs, and the Socialists' electoral manifesto emphasised their intention to concentrate on solving the unemployment problem.

⁸ Adjustment measures were soon adopted, for example the devaluation of the currency and the increase in oil prices (see Maravall, 1993).

⁹ For instance, the public deficit was reduced in 1983 by 0.8 points of GDP (see Boix, 1998:109).

marked improvement in investment (Maravall, 1997: 156). The principal cost of the reforms, however, was the dramatic increase in unemployment, which reached 21.6% in 1985.¹⁰

In the fall of 1984, however, the government and UGT signed a two year pact, the Economic and Social Agreement (*Acuerdo Económico y Social*, AES), in order to moderate wage increases and to create a more flexible labour market.¹¹ In return the Socialists agreed to devote significant resources to public investment, public employment, and unemployment benefits. After three years of austerity, towards the end of 1985 Spain entered a prosperous economic cycle that lasted until the end of 1991. Two important events for the state of the economy took place during this period: Spain joined the EC in January 1986, and entered the European Monetary System in June 1989. Meanwhile the Socialists once again obtained a majority in Parliament in the general elections held in June 1986.

In general terms, the strategy followed by the government was to use both demand and supply side policies. Hence, the public sector had a considerable role in promoting the transformation of the supply conditions of the economy. There was a significant expansion of government expenditure. This was used, first, to build basic infrastructure such as roads, ports, airports, metropolitan networks, and also health and education infrastructure (Boix, 1998:117), and, second, to invest in human capital formation. For instance, public expenditure on education increased by 1.7% points of the GDP with respect to 1980 (Boix, 1998:118).

¹⁰ The increase in the level of unemployment was not only due to the economic adjustment measures adopted by the Socialist government. Demographic trends aggravated the deterioration of employment. For instance, the active population grew dramatically for various reasons: the increasing participation of women in the labour market, the growing size of the young cohorts entering the labour market, and also the return of foreign migration (for a detailed explanation, see Maravall and Fraile, 2000).

¹¹ For example, more flexible contracts for temporary or part-time jobs were introduced for the first time. Additionally, some of the administrative restrictions on hiring and dismissing workers were suppressed.

Hence, by the end of this period of rapid economic growth, the increase in the total level of expenditure was 7.7% points of GDP with respect to 1982 (Boix, 1998:112, Table 4.1). This was possible thanks to an increase in fiscal revenues. More concretely, direct taxation rose from 6.6% to 11.9% of GDP under the PSOE (Maravall, 1997:181).¹² In general, the Socialists enhanced the redistributive structure of the tax system.

Most revenue, however, was used to lower the public deficit and to increase the level of public savings, while social expenditure hardly increased before 1989. For instance, according to Boix (Table 4.1), the level of total social expenditure, including pensions, unemployment benefits, health, and other social benefits (as a percentage of GDP) stood at 18.4% in 1982 and 18.7% in 1989. In contrast, the budget deficit shrank from -5.6% in 1982 to -2.8% in 1989, and total capital formation increased from 6.3% in 1982 to 9.4% in 1989.¹³

The positive economic performance of this period, however, did not shield the Socialists from political conflict. For instance, there was no agreement with the unions. Industrial reconversion generated conflict in different sectors (such as ship building and steel working), and finally culminated in the general strike in December 1988. In the general elections of October 1989, the PSOE suffered an important electoral reverse.¹⁴ This electoral reverse is often considered to be the main reason why the Socialists finally decided to increase social transfers (see Boix, 1998; also González, 1997).¹⁵ Another reason that could explain

¹² The Socialist government promoted a campaign to fight tax evasion that had remarkable effects. For instance, two million previously undiscovered taxpayers started to pay income tax between 1982 and 1987 (Maravall, 1997:182).

¹³ This 3% point increase in the level of expenditure dedicated to capital formation was divided into a 1.3% point increase for fixed capital, a 1% point increase for education, and 0.7% increase for active labour market policies (Boix, 1998:112, Table 4.1).

¹⁴ They obtained 39.9% of the total vote (see Table 2.1).

¹⁵ It might be important to consider that in the third Socialist legislature they still enjoyed a comfortable majority. On the contrary, the Socialists were in minority after the 1993 elections, when they began to reduce social expenditure.

this decision to increase social expenditure is a miscalculation on the part of the government. By the end of the 1980s, there was an expansionary economic cycle all over Europe. It may be that politicians overestimated the length of the economic prosperity cycle. The result then was that they allocated a significant amount of expenditure to social policies, which from the end of 1991 onwards (just when the economic recession started) severely jeopardised the governmental budgetary plans.¹⁶

Regardless of their motivations, what matters for our purposes is that the Socialists were responsible for a relative increase in social expenditure from 1989. More specifically, minimum pensions were raised to the minimum wage level in 1990. The government also established noncontributive pensions. Unemployment benefits rose from 2.7% to 3.8% of GDP in three years (Boix, 1998:137).¹⁷ This increase in social expenditure had two important effects: first, public investment was reduced in favour of social expenditure and, second, it led to a major increase in the level of the public deficit. This forced the PSOE to use tight monetary policies that increased interest rates dramatically, and accordingly, productive investment. This fuelled rising unemployment and undermined the competitiveness of firms. It appears that the Socialists decided to give priority to social expenditure when it was already too late. Just one year after they increased social expenditure, an economic downturn set in towards the end of 1991.

This period of sharp economic deterioration lasted two years, 1992 and 1993, and had devastating effects on the labour market. As can be seen in Table 4.1, unemployment rose 6.6% points in these two years, and economic growth collapsed in 1993. The government again failed to reach agreement with the unions. Additionally, the combination of fiscal laxity with the above-

¹⁶ This is, of course, no more than a hypothesis that would require further elaboration (I thank Professor Maravall for suggesting it to me).

¹⁷ This increase in unemployment benefits is better understood as the government's reaction to the increase in unemployment from 1990 onwards (see Table 4.1).

mentioned tight monetary policy aggravated the recession. Under these economic circumstances, the Socialists called another general election in June 1993 and managed to win again, taking 38.8% of the vote (Table 2.1). However, this time the Socialists had to form a minority government.

The fourth Socialist mandate adopted measures of economic adjustment based on restrictive monetary and fiscal policies. For instance, the government cut public expenditure by 2.7% points of GDP (Maravall and Fraile, 2000), the fiscal deficit fell by 1.5% points of GNP in less than two years, and economic growth rose 3.5% points between 1993 and 1995 (European Economy, 1999). The economy was further liberalised. The Socialists introduced further labour market reforms in December 1994 which decentralised collective bargaining, limited the use of temporary employment, and made indefinite contracts more flexible. This reform also involved a significant reduction in unemployment benefits, particularly damaging the situation of outsider workers.

The above provides a basic account of the economic performance of democratic Spain from 1977 to 1996. It is difficult, however, to know how this account relates to the Spanish electorate's changing vision of the economy. At first sight it would not appear very realistic to think that Spanish electors had very developed ideas about economic policy-making. In contrast, it is more realistic to assume that voters have a general idea, or a broad sense, of what is happening to the economy. Is this the case of the Spanish electorate? What were electors' perceptions of the economy during the period analysed here? Below I will use aggregate measures of individual data drawn from 66 opinion polls (for the period 1980-1996), as well as data on objective economic indicators, to offer provide some provisional answers to these questions. I first summarise what the EV literature says concerning what voters should know about the economy.

3. The perceived economy

The literature on EV has mainly focused on explaining the effect of economic conditions on electoral results. However, as Lewis-Beck and Paldam, 2000, point out, there are two main links in the causal chain: the first, from the economy to voters' perceptions; the second, from voters' perceptions to their voting choice. The first link has rarely been under studied in EV literature.¹⁸ There are, however, a few exceptions. One example is the pioneering study by Conover *et al.*, 1986, which is based on a survey of a quite limited sample of the American population: people from the city of Lexington, Kentucky. Another is the study by Blendon *et al.*, 1997, based on a sample of US electors and another sample of US economists from 1996. Nannestad and Paldam, 2000, have also recently studied a sample of Danish voters.¹⁹ All these studies have found that voters, at the individual level, are relatively ignorant about the macroeconomic conditions of their respective country or state.²⁰ The intriguing question

¹⁸ Especially studies dealing with individual data. I should emphasise, however, that some authors have studied aggregated public-opinion dynamics. The majority of these studies conclude that there is a relative congruence of objective and subjective economy, at least in the aggregate (see Hibbs, 1987, Haller and Norpoth, 1994).

¹⁹ Additionally, as we will see in Chapter 6, there is a new line of research investigating the extent to which voters' impressions of economic performance accurately reflect objective economic conditions. For instance, Dutch *et al.*, 2000, and Palmer, 2000. Dutch *et al.*, 2000, demonstrate that US voters' perceptions of economic performance (whether retrospective or prospective) only approximate objective economic conditions. Furthermore, in the aggregate, subjective considerations about the economy are shaped by voters' political predispositions, personal financial experiences, socio-economic situation, and level of understanding of political economy. The authors present dynamic empirical evidence, also demonstrating that the bias of voters' economic considerations does not remain constant over time, varying in magnitude and direction across elections. Another example is Krause, 1997 who suggests that individual subgroups form their economic expectations differently.

²⁰ Conover *et al.*, 1986 found that public concern and knowledge about unemployment trends are more accurate than about inflation, while Blendon *et al.*, 1997 found that there is an important gap between the public and the experts'

raised by Sanders, 2000, then, is the following, if voters know so little about the economy, how can economic conditions apparently affect their voting behaviour?

Sanders shows that although voters are relatively ignorant about objective macroeconomic indicators, they have at least a general sense of macroeconomic improvement or decline. This general impression is remarkably accurate and corresponds to real economic conditions. Hence, it is voters' general sense of decline or improvement of the state of the economy, rather than the objective macroeconomic aggregates, that affect their voting behaviour (Sanders, 2000). Maravall and Przeworski, 2000, also find that Spanish voters' subjective economic assessments reflect the economic situation at the time in a relatively accurate way. Accordingly, it is voters' subjective views about the economy, and not the objective economic aggregates, that affect their voting intention across time. In the same vein, Anderson and O'Connor, 2000 study the congruence between East Germans' economic perceptions and the state of the macroeconomy. They find that East Germans economic perceptions correspond to real economic conditions as they gain experience of the political-economic system.²¹ The idea is that citizens acquire knowledge through experience. Experience should then change public perceptions over time, making them more and more congruent with the real economy.²²

Voters' macroeconomic knowledge is limited because they are not economists. Economic theory, moreover, predicts that people should know little about the macroeconomy since the cost of

views about the state of the economy. For a summary of empirical studies using survey data that deal with this issue, see Aidt, 2000.

²¹ Concretely, their hypothesis is that experience of a system is critical to the linkage between the subjective and objective economy. Hence, during the first period of transition to democracy, the congruence between subjective and objective economic conditions will be less likely. Only after some time has passed is the former congruence expected to be found.

²² They contend that such experience may come from very different sources, such as personal exposure to the economic system, accumulation of information via the media and personal relationships, etc... (Anderson and O'Connor, 2000).

obtaining the information about, for example, the precise number of unemployed people in the country or the economic growth rate may be too high. In my opinion, this is why it is more appropriate to use voters' subjective views about the economy rather than objective economic aggregates when testing the EV hypothesis. The scarcity of available individual data, however, explain why many EV studies use aggregate data. The reason for using subjective views about the economy rather than objective economic indicators is not only empirical (that is, the subjective variable works better in the models than the objective variable as, for instance, Sanders, 2000 shows for the British case), but also theoretical. There are convincing theoretical reasons as well as evidence indicating that voters, at the individual level, cannot have precise knowledge of objective inflation, growth, or unemployment rates. Hence, one of the principal assumptions implied by the use of objective economic indicators as proxies for subjective views on the economy, namely that citizens read official statistics about the economy, and that all of them perceive and interpret the information they obtain with a certain degree of accuracy, is, to say the least, problematic from an empirical point of view.²³

In sum, voters do not need detailed factual knowledge to have a general idea of how the economy is doing (Sanders, 2000). This, for example, is what Conover *et al.*, 1986, found in the case of voters from Lexington, who did not know what the unemployment or inflation rates were, but who did pick up quite quickly on economic tendencies, especially trends in unemployment. Nannestad and Paldam, 2000 find the same for Danish voters, as does Sanders, 2000, for British voters. Additionally, Maravall and Przeworski, 2000 show that Spanish voters are more likely to have critical retrospective evaluations, as well as pessimistic economic expectations, in times of economic recession than in times of economic prosperity.²⁴ These empirical findings suggest that, as

²³ This point is developed further in Chapter 3.

²⁴ Maravall and Przeworski, however, do not have survey data asking individuals what they know about macroeconomic rates.

some authors have convincingly argued, people do not need to have complete information in order to make reasoned choices. They may not be fully informed, but they can still make informed or reasoned decisions (Lupia and McCubbins, 1998). I will now focus on what the Spanish electorate seems to know about the state of the economy, according to opinion polls.

4. What Spanish voters know about the economy

Empirical evidence presented in this section is based on individual data from 63 opinion polls carried out by the CIS from February 1980 to May 1995. The graphs correspond to average aggregated frequencies of individuals being optimistic or pessimistic about the economic future, or having positive or negative retrospective evaluations about the economy.²⁵ I have also added aggregate data from additional surveys carried out in December 1995, January 1996, and February 1996.²⁶ I limit the analysis of voters' subjective views of the economy to these data since I do not have alternative opinion polls where I can measure voters' knowledge about aggregate rates such as unemployment,

²⁵ The original data in Maravall and Przeworski contain monthly variations in voters' views about the economy. The number of months per year varies according to the availability of the data. For example, sometimes they have survey data from eight months, at others only for seven, six, five, four, three, and two months per year. The strategy I follow is to take the yearly average frequency (it does not matter how many months I have, as I always take their average value). I then compare these yearly aggregated frequencies with the annual economic conditions given in Table 4.1. In addition, even if unimportant because I am using aggregate frequencies of the categories of the original variables, the codification of the mentioned variables is the following: first, for both prospective and retrospective judgements about the economy, 1 is for bad and very bad assessments, 2 is for neither bad nor good, and 3 is for good and very good voters' evaluations. In addition, voting intention is codified as 1 when intending to vote for the incumbent and 0 when intending to vote for another party.

²⁶ More specifically, CIS2201, CIS2206, and CIS2207. The 1996 general elections were held in March that year.

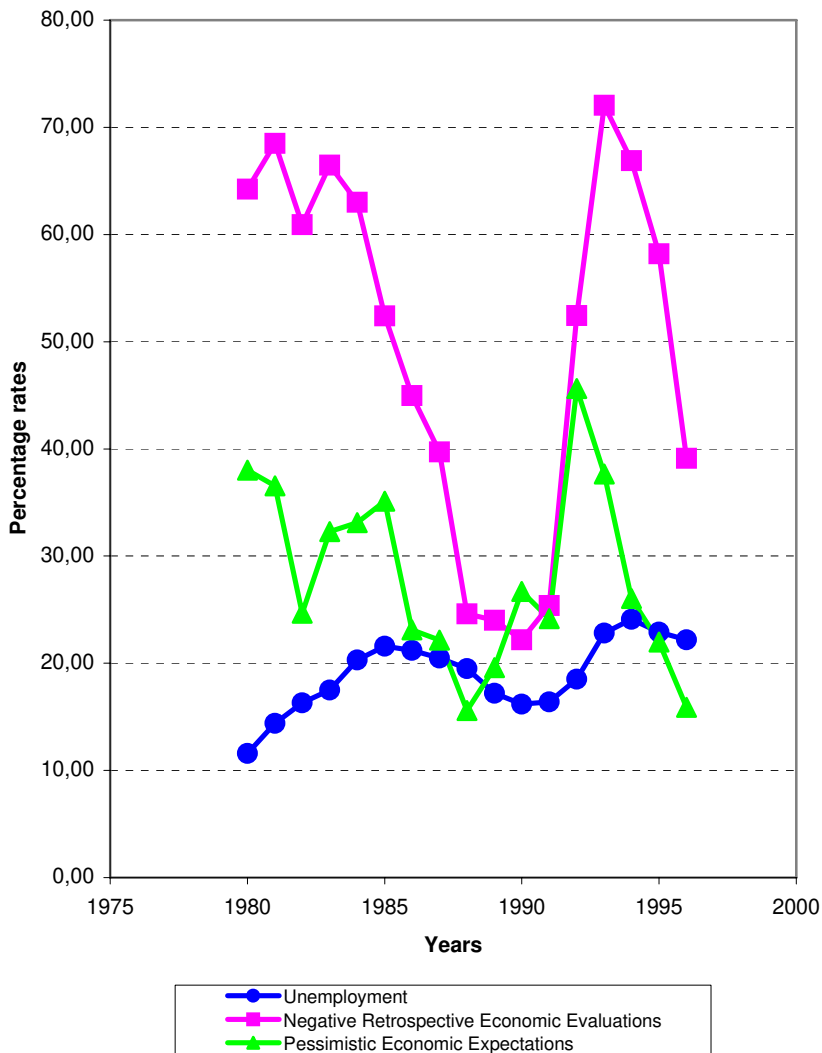
inflation, or growth. In addition, I use objective economic indicators.

In what follows, I provide different figures comparing Spanish voters' attitudes about the economy, on the one hand, and the objective levels of unemployment, inflation, and growth on the other. In this way, we gain a visual impression of the congruence between subjective evaluations and the real economy. More specifically, Figure 4.1 compares voters' negative retrospective assessments about the economy, voters' pessimistic economic expectations, and the real annual unemployment rate over time. Figure 4.2 presents the same information, but this time contrasting voters' negative views of the economy with inflation rates across time.

It is apparent from Figures 4.1 and 4.2 that citizens seem to be more critical when they consider the past than when they think about the future. The peaks of pessimistic economic expectations are always below the peaks of negative retrospective economic assessments for the whole period analysed here. Figures 4.1 and 4.2 also show that voters' perceptions of the economy do not accurately reflect objective economic conditions, since the evolution of subjective economic views are by no means parallel to the evolution of the objective unemployment or inflation rates across time. There are, nonetheless, interesting trends in the dynamic picture of voters' views about the economy that are related to the different economic cycles.

Consider first the evolution of pessimistic economic expectations. They decreased between 1980 and 1982, coinciding with a period of economic crisis that began in 1975. Hence, the lack of congruence between the real and the perceived economy was striking during this period. Pessimistic economic expectations then increased during the 1982-1985 period, which corresponds to the first Socialist mandate characterised by tough economic measures of adjustment and poor economic performance. Pessimistic views about the economic future decreased, nevertheless, between 1985 and 1988, coinciding with a period of economic prosperity and impressive economic growth. Hence, the

**Figure 4.1. Annual average of voters' negative economic evaluations versus objective economic conditions:
Annual unemployment rates**



trend movements in the real economy were perceived by Spanish voters during the period 1982-1988.

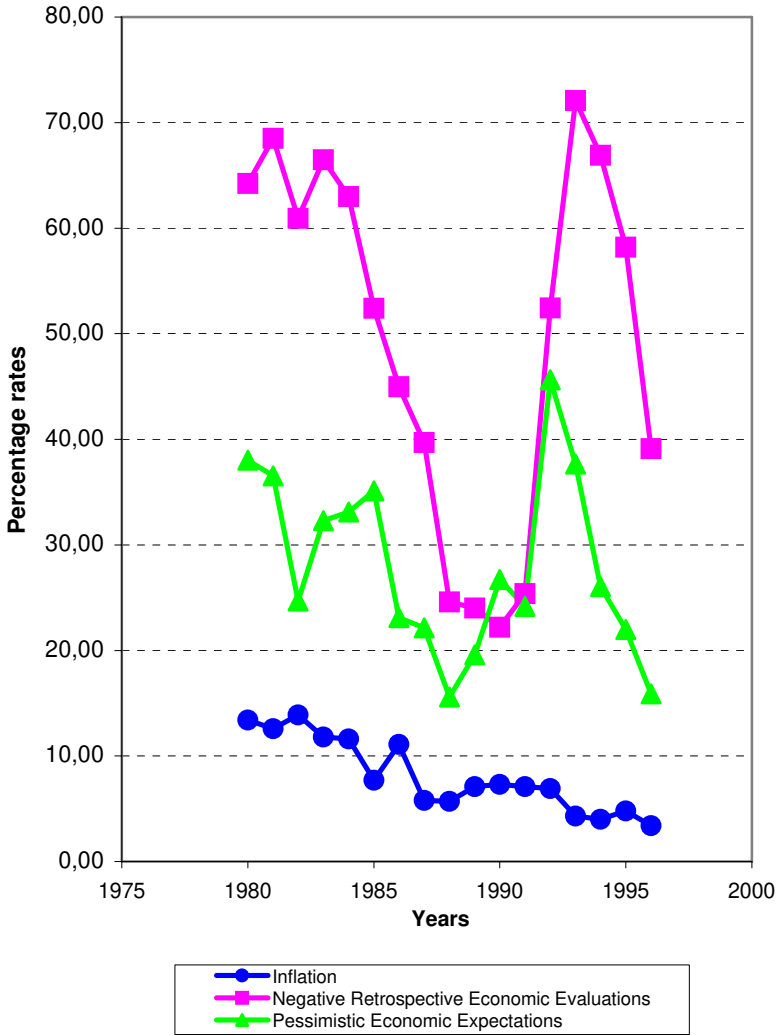
Pessimism then gradually grew from 1989 onwards. There is a lack of congruence between the real economy and citizens' pessimistic economic expectations during the period 1989 to 1991. From 1991 onwards, however, there was again a greater match between the real and the perceived economy. The peak of pessimistic expectations was 46% in 1992 when economic growth collapsed and the unemployment rate shot up. After that peak, voters' pessimistic expectations declined from 1993 onwards, falling too early since the economic recovery did not start until 1994. Then from 1994 onwards, the decline of voters' pessimistic economic expectations corresponds again with trends in the real economy.

What follows from this is that in the aggregate, and for certain periods, Spanish voters seem to form their expectations according to the real trends in the economy. This congruence, however is far from perfect because there are some periods in which voters' pessimistic economic expectations do not correspond with the real economic conditions (1980-1982; 1989-1991; and 1993-1994).²⁷

The same applies to voters' critical retrospective economic assessments. There is a relationship between perceptions and the real economy but with some notable exceptions. Despite the economic crisis that continued after the 1982 elections, negative retrospective economic assessment declined from 1983 to 1988. Note, however, that the initial level of electors' negative economic assessments was very high (almost 70% of interviewees had negative retrospective evaluations). From 1985 onwards, the level of negative evaluations dropped to under 50%. The minimum level of aggregate negative judgements is around 22% in 1990, corresponding to a moment of impressive economic growth. After that, voters' negative views about the economy rose, peaking at 73%, in 1993, when the economy was shrinking

²⁷ It is striking that for the last two pairs of years (1989-1991; and 1993-1994) when forming their economic expectations, voters seem to anticipate the period of economic recession and economic prosperity respectively.

Figure 4.2. Annual average of voters' negative economic evaluations versus objective economic conditions: Annual inflation rates.



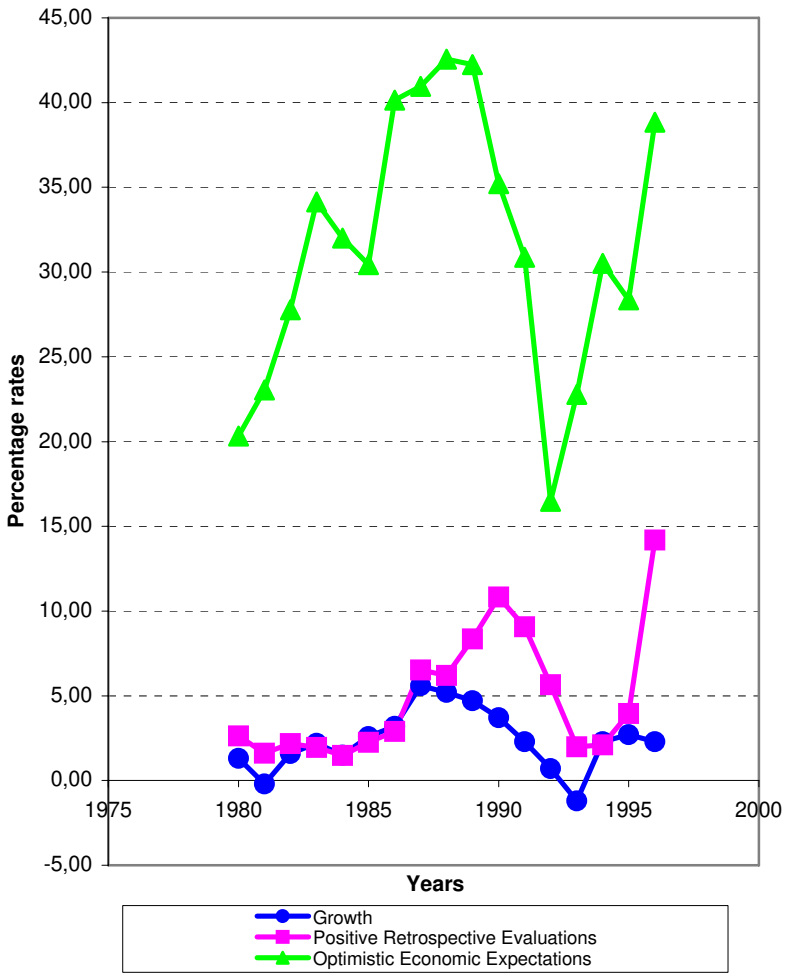
and unemployment was running at 22.8%. Again the increase in negative economic views preceded the economic crisis, which was only felt in 1992. Note, however that the increase is very small up to that moment. Negative evaluations then declined from 1993 onwards, but only to a limited extent. Again the downward tendency came before the objective economic recovery, which only began in 1994.

As is the case with respect to voters' economic expectations, these retrospective negative views about the economy only roughly match the evolution of real economic trends. However, for the years 1980-1985, 1991-1992, and 1993-1994, there is no congruence between real economic trends and voters' negative retrospective economic views. In contrast, for the periods 1985-1989, 1992-1993, and 1994-1996 voters' negative retrospective views are congruent with real economic trends.

The same conclusions can be drawn if we look rather at voters' optimistic economic expectations or positive retrospective evaluations across time. This can be seen, for example, in Figure 4.3, which shows the evolution of positive retrospective assessments, optimistic economic expectations, and annual economic growth rates over time.²⁸

²⁸ The percentages of voters' positive economic views shown in Figures 4.3 and 4.4 need not tally with the percentages of voters' negative assessments about the economy. That is, these two percentages may not add up to 100 because in the original question, in addition to the positive and the negative categories, there is also a category for neutral retrospective and prospective evaluations (that is, neither good nor bad). See footnote 24 where the codification of the variables used here is given.

Figure 4.3. Annual Average of electors' positive economic evaluations versus objective economic conditions: Annual economic growth rates



First, the future is always seen as brighter than the past (Maravall and Przeworski, 2000). Second, with some exceptions, voters accurately anticipate the different economic trends. Optimistic economic expectations increased up to 1983. They diminished to a certain extent during the period of economic adjustment, from 1983 to 1985. Optimistic expectations then rose in a context of economic prosperity, 1986 to 1989, reaching a peak in 1988 and 1989 when 42% of interviewees had optimistic economic expectations. From 1989 to 1992, however, optimistic expectations dropped significantly, falling to a minimum (16%) in 1992, corresponding with the economic crisis. As was the case for negative economic expectations, voters' positive economic expectations began to decrease too early, since the economic crisis was not visible before 1992. From 1993 onward, and coinciding with the economic recovery, optimistic economic expectations rose again. The increase in citizens' optimistic economic expectations came too early, since the economic recovery did not start until 1994.

If we look at citizens' positive economic assessments, the congruence with real economic trends is also far from perfect. Note, first, the low level of positive economic judgements. Second, positive assessments of the economy remained more or less constant in the aggregate from 1980 to 1986. Positive public views, however, increased during the period of economic recovery, 1986 to 1990, reaching a peak at 12% in 1990. From 1990 to 1993, and coinciding with the economic crisis, the percentage of individuals with positive economic evaluations gradually declined to 3% in 1993, when the economic growth rate was negative. As was the case with voters' positive economic expectations, their positive retrospective economic assessments started to decrease too early, since the real economic crisis only started in 1992. The aggregate percentage of people with positive economic assessments remained very low for the rest of the period analysed here, although it is important to point out that the figure increased from 1994 to 1996, corresponding with the period of economic recovery.

In sum, the aggregate pictures we have looked at so far suggest that public views about the economy are not perfectly congruent with real economic conditions. However, voters' general sense of decline or improvement in the state of the economy is (with some exceptions) relatively accurate, especially when forming their economic expectations (either optimistic or pessimistic), and during the 1983-1995 period.²⁹ These pictures, however, are no more than a descriptive tool giving us an initial impression of what voters know about the economy. Another thing would be to explore, using the original individual data (rather than the aggregate percentages), the factors determining voters' subjective economic views, either retrospective or prospective, to gain a better understanding of the effect of objective economic conditions on subjective economic judgements. The problem is that the data available are limited to voters' economic evaluations, their ideology and voting intention, and only three other socio-demographic variables: gender, age, and education (see Maravall and Przeworski, 2000). It would be difficult to study the determinants of voters' views about the economy at the individual level with so few variables.³⁰

Yet simple statistical measures about the relative congruence between subjective and objective economic conditions at the aggregate level can be useful. Accordingly, I have estimated bivariate correlation coefficients of the objective and subjective economy.³¹ The results are given in Table 4.2.

²⁹ Again, the exceptions both for voters' retrospective and prospective economic views are the following years: 1990-1992 and 1993-1994.

³⁰ In Chapter 6, and using my own cross-sectional data sets, I empirically analyse the determinants of voters' economic expectations.

³¹ Recall that Figures 4.1 to 4.3 take the yearly average percentages corresponding to the subjective and the objective economy. In contrast, bivariate correlation coefficients of Tables 4.2 and 4.3 are calculated with the available monthly frequencies of the subjective and objective economy. Quarterly objective economic data come from the *Ministerio de Economía y Hacienda*, the rates representing variations from the previous term. Again, I wish to thank Prof. Maravall for generously sharing this data with me.

Table 4.2. Objective and subjective economic aggregates. Bivariate correlation, February 1980-September 1995

	Economic Growth	Unemployment Growth	Inflation Growth
Negative retrospective views	-0.51 (.000)	0.50 (.000)	0.26 (.033)
Pessimistic economic expectations	-0.72 (.000)	0.65 (.000)	0.24 (.057)
Positive retrospective views	0.34 (.006)	-0.32 (.008)	-0.26 (.035)
Optimistic economic expectations	0.74 (.000)	-0.65 (.000)	-0.31 (.012)

Note: entries are partial correlation coefficients; their associated significance levels are in parenthesis.

Two main findings emerge from Table 4.2. First, the inflation rate is very weakly correlated with subjective views about the economy (both retrospective and prospective) in comparison with the rates of economic growth and unemployment. Second, there seems to be more congruence between voters' expectations about the economy and real economic trends (specifically, economic and unemployment growth), than between public retrospective economic views and real economic trends. This suggests that public economic expectations reflect more accurately the real economic trends than public retrospective evaluations about the economy.

This, nonetheless, contradicts the empirical findings of Maravall and Przeworki, 2000 who show that at the aggregate level, retrospective economic assessments accurately reflect the current economic situation.³² Yet they do not replicate the same empirical analysis for economic expectations. With the results of this replication for economic expectations, it would be possible to

³² More specifically, they regress aggregate individual retrospective economic evaluations on objective macroeconomic aggregates and find that both unemployment and economic growth significantly affect public retrospective views about the economy across time (they run time series analysis, see Maravall and Przeworski, 2000).

properly identify which one of these two economic views (retrospective or prospective) reflects the current economic situation more accurately. According to the bivariate correlation coefficients I provide, it seems that public economic expectations are more congruent with the real economy than retrospective economic views.

Maravall and Przeworski point out that public economic expectations were influenced not only by economic circumstances (as is the case for retrospective evaluations) but also by political circumstances: for example, new governments and elections. Further empirical analysis should be carried out to properly test which are the political determinants of voters' economic expectations at the individual level. Looking at Figure 4.3, however, the pattern of the influence of new governments and elections upon citizens' optimistic expectations in the aggregate remains unclear, or at least, not systematic. The 1989 elections, for example, do not seem to have had any effect on aggregate optimistic expectations.

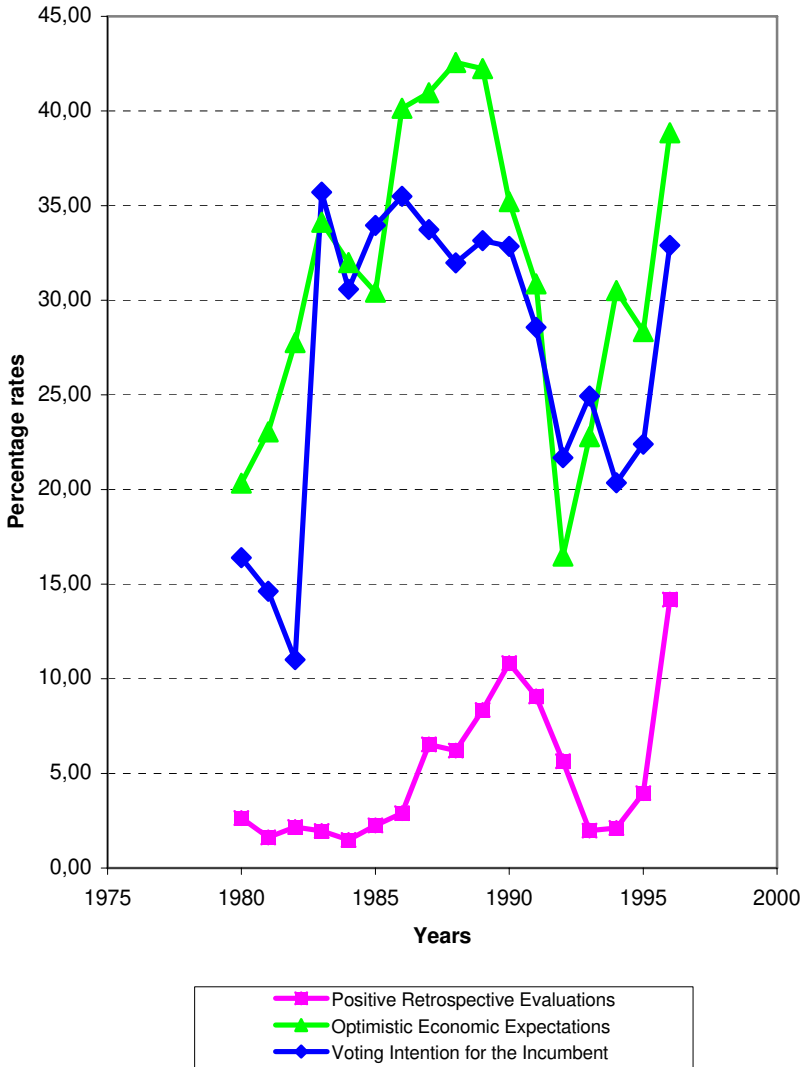
If public economic expectations are influenced not only by economic but also by political circumstances, it might be suspected that prospective views about the economy suffer from serious bias, especially rationalisations. For this reason, it is important to search for the factors distorting public economic expectations. This is done in Chapter 6 where, using cross-sectional individual data, I investigate the determinants of voters' economic expectations.

So far I have examined the first link in the causal chain relating economic conditions with voting behaviour, that is, from the economy to voters' perceptions. From the descriptive empirical evidence presented here, we can safely conclude that (with some exceptions) Spanish electors had a general impression of economic improvement or decline in the country during the 1983-1996 period that responded to real trends in the economy. It is now time to analyse the second link in the causal chain relating the economy and individual voting behaviour - that is, from electors' economic perceptions to their voting choice. This is done

systematically in Chapter 5 for the first six democratic elections held in Spain from 1979 to 1996. But before doing that, let me take a quick look at the relationship between the electorate's economic perceptions and voting intentions at the aggregate level across time. Figure 4.4 contrasts electors' positive retrospective evaluations and optimistic economic expectations with their voting intentions across time (1980-1996).

Looking at Figure 4.4, it is apparent that, in the aggregate, there is no clear systematic relationship between electors' positive views on the economy and their voting intention. Note, however, that there are some patterns in the dynamic evolution of these aggregated figures. Let us consider first positive retrospective evaluations. The evolution of this aggregate seems to be almost independent of electors' voting intentions, at least during the 1980s. Nevertheless, from 1990 onwards, there is a parallel decrease in electors' positive retrospective economic views and their voting intention, with the sole exception of 1993, when positive retrospective evaluations decreased but voting intention for the incumbent increased in relative terms. What does this finding suggest? It seems that the influence of electors' retrospective economic evaluations upon their voting intentions is clearer from 1990 onwards. As saw in Chapter 2, this is a very reasonable hypothesis. When the same party remains in power for a long time (in this case, for three consecutive mandates), its promises are less credible (and increasingly less so as time passes). Hence, when deciding how to vote, electors will resort to more tangible factors such as what the incumbent has done up to that point rather than to its promises. I will explore this hypothesis in greater depth in the following chapter.

Figure 4.4. Annual average of electors' positive economic evaluations and their intention to support the incumbent



Secondly, the evolution of prospective evaluations seems to be related to changes of voting intention in the aggregate. Moreover, the trends in the evolution of both aggregates are fairly similar between 1982 and 1986. Voters' optimistic economic expectations, nonetheless, increased from 1986 to 1989, while voting intentions for the incumbent decreased in 1987 and 1988. Voting intentions for the incumbent then increased in 1989, as did optimistic economic expectations. From 1989 to 1992 both aggregates diminished to a great extent. They both rose in 1993, while from then on it seems that the trends in public optimism about the economic future and in voting intentions diverge, except for 1996 when both aggregate measures increased. This first picture about the dynamic relationship between electors' expectations about the future and their voting intentions suggests that such a relationship is clearer during the period 1982-1986. This is also a reasonable hypothesis, since in that period the Socialists' promises were more likely to be credible as they were in power for the first time.³³ Again, this hypothesis needs further exploration.

I have also estimated bivariate correlation coefficients of subjective economic judgements and voting intentions at the aggregate level. The results are given in Table 4.3. It presents more evidence about the relationship between electors' economic views and their voting intentions at the aggregate level. Consider first that electors' optimistic expectations about the economy are closely correlated with their voting intentions. This correlation is bigger than in the case of pessimistic expectations (it is twice as high: +0.64 versus -0.32; see Table 4.3). Second, negative retrospective economic views are strongly correlated with voting intentions. But, contrary to what we found in the case of economic expectations, this correlation is higher than in the case of positive

³³ It should also be remembered that during this period of economic adjustment the Socialists that they could not be held responsible for Spain's economic difficulties and on the need to adopt a long-term perspective. This is something highly credible and reasonable for a young government that is implementing an economic transition.

retrospective views (-0.60 for negative evaluations versus +0.45 for positive evaluations; see Table 4.3).

Table 4.3. Subjective economic views and voting intention. Bivariate correlation, February 1980-September 1995.

Subjective views about the economy	Voting intentions
Negative retrospective views	-0.60 (.000)
Pessimistic economic expectations	-0.32 (.010)
Positive retrospective views	0.45 (.000)
Optimistic economic expectations	0.64 (.000)

Note: entries are partial correlation coefficients, their associated significance levels are in parenthesis.

To sum up, the patterns identified in the dynamic evolution of electors' prospective and retrospective economic views and their voting intention suggest that there might be a connection between electors' perception of economic conditions and their voting intention that should be researched at the individual level. To what extent do these patterns in the evolution of the aggregates translate into a systematic relationship at the individual level? It is time now to turn to the individual analysis of voting behaviour in order to better understand the relationship between voting behaviour and the state of the economy. As Lewis-Beck and Nannestad (2000:114) put it: "refinements are for the microstudies". Accordingly, in Chapter 5 I present a micro-level EV model that is systematically tested with cross-sectional individual data, and for Spain's first six democratic elections, held respectively in 1979, 1982, 1986, 1989, 1993 and 1996.

CHAPTER 5

THE EFFECT OF ELECTORS' ECONOMIC PERCEPTIONS ON THEIR VOTING DECISIONS: THE EXTENDED EV MODEL UNDER EMPIRICAL EXAMINATION

In this chapter I present the empirical results obtained from the extended EV model. A great deal of theoretical discussion of the individual-level determinants of the vote for the incumbent, as well as the relationship between elections and the state of the economy can be found in Chapter 1 and Chapter 2. The first section of this chapter returns to those discussions and outlines my theoretically-informed expectations for the results of the model to be tested in the case of Spain and for the period 1979-1996. The second section presents the model and discusses the results. Details of the operationalization of the variables included in the model and their descriptive statistics can be found in Chapter 3, as well as in Appendix A. Additional forms of presenting the results are included in a special appendix for the derivations of this chapter, Appendix B. This chapter ends by briefly summarising the principal findings of the analysis and by suggesting some tentative conclusions. These conclusions should be borne in mind when considering the main criticisms directed at this type of analysis, namely that voters' assessments of the state of the economy may in fact be no more than simple *ex-post*

rationalisations of voting decisions based on ideological or traditional grounds. I will address these criticisms in Chapter 6.

1. Theoretical expectations

In Chapter 2 I advanced some general hypotheses regarding the relationship between elections and the economy in Spain during the period 1979 to 1996. In Chapter 1, I gave a detailed explanation of the empirical model I will apply in order to test those general hypotheses (the extended EV model). It is now time to present the results obtained by testing this model with the econometric specification outlined in Chapter 1. Before doing so, I will first summarise the competing hypotheses for the period under analysis.

For the first period (1979-1982), namely the transition to democracy, two different hypotheses can be put forward. On the one hand, voting behaviour is expected to be more instrumental than ideologically grounded since there is no tradition of political parties for people to be attached to from the early stages of the socialisation process. On the other hand, when looking at the relationship between elections and the state of the economy, it is necessary to discount the effect of the so-called honeymoon phase of democracy. During a honeymoon period, new democratic governments are more likely to be exonerated from blame for a country's poor economic performance.

For the second period, the consolidation of democracy (1983-89) under a Socialist government, we would expect the new executive to enjoy some room for manoeuvre due to the various exonerative discourses at its disposal.¹ These discourses, however, can be expected to lose credibility as time passes. At the same time, the Spanish party system lacked a credible opposition with a clear chance of winning power. The main opposition party

¹ Examples of these discourses are the following: the heritage of the recent past; the inaction of previous governments; the appeal to the patience of electors; the impact of international factors.

suffered from problems of credibility since its most prominent leaders were linked to the previous authoritarian, Francoist regime. Moreover, the party was very weak in organisational terms and lacked convincing leaders during the 1980s. These factors may have benefited the incumbent to a considerable extent. Even if voters thought that the Socialists could have done better, they may also have believed that AP/PP would have done even worse (or have expected them to be even worse), and hence been encouraged to continue voting Socialist.

Finally, for the third period (1990-1996), which saw the end of Socialist hegemony, I would expect to find that the credibility of the principal opposition party was rising thanks to the increasing distance from the dictatorship, and the party's increasing organisational articulation, under a new leadership. This growing credibility makes the possibility of punishing the incumbent more likely. In addition, given the lack of credibility of the exoneration discourse as the time passes, I would expect voters' retrospective evaluations of both economic and social policies to have a greater influence on voting behaviour.

These are the hypotheses regarding the connection between electoral results and the state of the economy in Spain. However, we have seen in Chapter 2 that previous research on electoral behaviour in Spain has highlighted the ideological component of the vote. Hence, in order to carry out a credible empirical test of the expectations summarised above, it would seem necessary to control for ideology. This variable is, therefore, included in the specification of the extended EV model.

It is not enough simply to note that ideology is an important factor in explaining voting choice. Rather this obvious point merits much more detailed consideration. Moreover, as previously discussed, the literature on voting behaviour in Spain assumes electors to be passive subjects, bound to their ideology.² This implies that electors' preferences may be entirely determined by

² See, for instance, Barnes *et al.*, 1985; Gunther 1991; Gunther *et al.*, 1986; Gunther and Montero, 1994; Linz and Montero, 1986.

ideological considerations. Or, to put it another way, when deciding how to vote, electors always use the same heuristic: their individual ideological predisposition. In my view, this is a highly deterministic approach since it assumes that voters' rules of decisions remain constant across elections. In contrast, the model presented in this chapter aspires to be more realistic and to permit individuals' rules of voting decision to change over time and elections. Hence, it will be possible to test whether individual determinants of the vote change across elections.

More specifically, according to the extended EV model tested here, electors behave in accordance with the limited information rationality (Popkin, 1991). What does this mean in practical terms? When deciding how to vote, electors will use all the information they have at their disposal. Hence, they may use different heuristics, such as their personal experiences, as well as their individual ideological predisposition. They may also use information about what the incumbent government has done for the country or for them personally. Additionally, when deciding how to vote they will also consider what the incumbent and the principal opposition parties offer them for the future. The way in which electors use all these heuristics and sources of information when deciding how to vote will depend, as stated before, on a number of factors, including the political context in which elections are held, the credibility of the promises made for the future, etc..

In short, the hypothesis that previous studies on Spanish voting behaviour maintain is that electors' ideology constitutes the most important factor influencing their voting choice in a constant manner. Let me take the former as a null hypothesis to be tested here, and let me propose the extended EV model as an alternative one. The alternative hypothesis states that electors will always resort to their ideological predisposition when deciding how to vote, but that this will be combined with other heuristics and other sources of information. Therefore, the magnitude of the effect of electors' ideology on their voting decision may change across elections. If this is indeed the case, the next step will be to

investigate how and why the effect of ideology on voting behaviour changes across elections.

The empirical research on the impact of ideology on vote choice raises another important question. The literature on Spanish voting behaviour to which I have previously referred assumes that the influence of citizens' ideology on their vote is linear. This implies, for example, that when the incumbent is a right-wing party (as was the case of the UCD for the 1979 and 1982 elections) the further to the right the ideological position of an elector, the more likely it is that she will vote for the incumbent (UCD) while when the incumbent is a social democratic party (as was the case in the elections held between 1986 and 1996), the further to the right the citizen's ideology, the less likely it is that she will vote for the Socialists. My point is that the functional impact that ideology can have on the probability of voting for the incumbent must be tested, and not automatically assumed. Moreover, the specification of this variable may depend on the number of parties most directly competing with the incumbent.

Consider the example of the 1979 elections. It would appear that the influence of ideology on the probability of voting for the incumbent (UCD) as opposed to one of the other parties may not be linear, since the parties competing with the UCD (and which were most likely to benefit from voters' discontent) stood both to its right (AP) and its left (PSOE and PCE). I shall elaborate more on this point when commenting on the results. The important idea to remember from this is that we cannot simply take for granted, as previous studies of Spanish voting behaviour have implicitly done, that the influence of ideology on the vote choice is always linear. Moreover the specification of ideology must be carefully considered, as there are good reasons to suspect that such specification changes across elections, depending on the number of parties that are competing and which could benefit from electors' discontent.

In addition, we have seen that there is another line of research on voting behaviour in Spain that focuses on the influence of class on voting behaviour. In these analyses electors are still passive

subject, but in this case bound to their social origins, or class position rather than to their ideology.³ Again my view is that the influence of class on voting behaviour may change across elections, and that citizens (when deciding how to vote) are influenced not only by their class positions but also by their ideology, and the information they gather from direct observation of their environment, the mass media, etc..

Taking class into account in the EV model would ideally imply testing whether class differences exist in political reactions to the state of the economy. In the specification of the extended EV model there is a categorical variable for the situation in the labour market of the interviewee. This, of course, is not the best way to test whether there is a heterogeneous electorate that reacts differently to the economic performance of the incumbent depending on their social position. A proper test of this hypothesis, however, lies beyond the scope of this thesis.⁴ In addition, other socio-demographic factors, so-called control variables, are included in the model: age, level of education, level of income, and individual labour market position. These control variables are included in the right-hand side of the equation of the EV model not only to mitigate possible specification biases, but also to capture (in a rather crude way) whether individual experiences (as measured by citizens' socio-demographic characteristics) have any impact on their voting intentions across the period analysed here.⁵

³ Ideology and class position can be highly correlated. The classic example is that of the working class being leftist voters, in which case one effect will reinforce the other.

⁴ For an analysis of the relationship between class and vote see Gonzalez, 1997, and 1999, Gonzalez, Pablo 2000. On the effects of labour market dualisation in Spain on political attitudes see Garcia de Polavieja, 2000.

⁵ I am not claiming here that I am testing the sociological determinants of the vote in a proper way. I am very aware that I would need additional information to do so. For example, the level of individual income is not included in all surveys, and this variable should be adjusted by the size of family, as well as taking into account other wage earners in the household. This better captures the real economic conditions of the individual (within their household). In

To sum up, the model tested in this chapter is the following. The dependent variable is defined as 1 for those intending to vote for the incumbent (the UCD in 1979 and 1982, and the PSOE for the remaining elections) and 0 for those intending to vote for another party (see details of the construction of the dependent variable in Chapter 3). The independent variables include some socio-demographic control variables: age, in years; level of education (in eight groups graded from 0 to 1) and level of income (in seven groups graded from 0 to 1). Two other control variables represent the two main explanations for voting behaviour in Spain developed in previous research: these are electors' ideology (a continuum of ten values ranging from 0 to 1), and their positions in the labour market (five dummies corresponding to each position). Finally, the variables that specify the EV model: prospective assessments of the state of the economy (OPTIMISM), that takes the value 1 for optimistic expectations; evaluations of both economic policies (ECPOLEVA) and social policies (SOCPOLEVA), both taking the value 1 for the most positive evaluations; subjective visions of the main opposition party (that is, PSOE for 1979 and 1982, and AP/PP for the rest of the period). This variable takes the value one for positive views on the main opposition party (OPPOSITION). Finally, the model incorporates subjective views of particular prominent political

addition, the respondent's level of education is not measured adequately (detailing, for example, the number of years in education), and I also recognise that I do not correctly specify the variable. It would have been more rigorous to split the original variable into meaningful dummies. However, for the sake of parsimony, I have preferred to specify education as an interval variable (each interval being the highest educational grade that the individual has). And the same can be applied to the age variable. Other variables telling about the socio-economic status of the individual would also be useful. Unfortunately, the surveys containing variables about electors' economic and social assessments miss these important socio-demographic variables. Finally, it should be noted that I have not included gender as a control variable, since at least in the 1980s a strong correlation existed between women and housewives. This situation may change in the 1990s, but I prefer not to include this variable as it proved non significant in the tests I carried out when constructing this model. Results are available on request from the author.

issues (EVENT), taking the value 1 for negative visions about events related to the incumbent government.

The results of the analysis are given in Table 5.1. The first column gives the names of the independent variables in each model. The next columns give the parameter estimates and associated standard errors as estimated by logit regressions for each election. Details relating to the operationalization of the variables in the model and descriptive statistics for the variables are given in Chapter 3 and Appendix A. Derivations for the presentation of the results of this chapter are included in Appendix B. Below I summarise the principal findings of the analysis.⁶

2. Empirical results

As can be seen from Table 5.1, the models fit the data very well, each one correctly predicting at least 80% of the cases in the samples, and the χ^2 statistic for each election showing that the models perform much better than a null intercept-only model.⁷ Furthermore, the variables of interest (regarding the extended EV model) are all correctly signed and statistically significant at a

⁶ Of course, the independent variables are relatively correlated between them. I have performed measures of association between each pair of variables for each single election model. More specifically, and given the categorical nature of the variables, Cross-tab and Cramer's V statistics are presented in Appendix A. As can be seen there, the level of association between each pair of variable is never higher than Cramer's V=0.36. Additionally, I have also looked at the levels of association between each pair of variables controlling by the value of the dependent variable. Again the level of association is never higher than Cramer's V=0.34. Results of this second round of measures are available from the author on request.

⁷ As discussed in Chapter 3, neither of these goodness of fit statistics is a strong or definitive indicator of fit. For example, the percent correctly predicted is strongly influenced by the distribution of cases across the dependent variables (see McCullagh and Nelder, 1983 for a detailed explanation). For details concerning the goodness of fit of the model, see the methodological chapter. Note, however, that the model seems to perform more poorly in the 1982 elections when compared to the other election models.

level of 99% for the entire period under analysis. Additionally, they explain variations in voting intention over time, with the so-called control variables revealing interesting patterns across the period.⁸ Let us start with the traditional component of the vote: ideology.

2.1. Exploring the influence of electors' ideological ascription on their voting decisions

Table 5.1 reveals that citizens' ideology is an important factor influencing their decisions to vote for the incumbent rather than one of the other competing parties. This influence, however, is not simply linear, nor constant across time. According to the extended EV model under discussion here, the magnitude of the effect of ideology on vote choice changes across elections. This leads to an electorate that is less captive and more capable of using all the other heuristics and information to hand when deciding how to vote. In addition, the specification of ideology in the model indeed requires careful elaboration, as the effect of ideology on vote choice will also depend on the number of parties competing with the incumbent and which could potentially benefit from the support of discontented electors. In turn, this analysis finds evidence for the nonlinear and changing effect of voters' ideology on the probabilities of supporting the incumbent across elections. I explain the results in detail below.

According to the extended EV model, in 1979 the influence of ideology on the vote for UCD has a quadratic form.⁹ More

⁸ Mainstream electoral studies have pointed that an important key to understanding electoral change is to identify factors that both recurrently affect elector's choices and that vary in notable ways from one election to another (Stokes, 1966, etc.). As we shall see, the distribution of the main independent variables of the model tested in this chapter change to a great extent during the period analysed here.

⁹ Polynomial of first order, with a maximum inflection point.

Table 5.1. The extended economic voting model in Spain (1979-1996)

Independent Variables	1979#		1982		1986		1986#		1989		1993		1996#	
	UCD	PSOE	UCD	PSOE	UCD	PSOE	UCD	PSOE	UCD	PSOE	UCD	PSOE	UCD	PSOE
Constant	-12.2** (1.5)	-2.8** (.82)	-6.5 (.86)	-6.5 (.73)	-2.4** (.49)	-19 (.61)	1.62 (.75)	-1.94* (.34)						
Ideology	41.6** (5.5)	2.3** (.86)	6.8** (.86)	6.8** (2.2)	9.2** (1.9)	9.2** (2.3)	-2.7** (.52)	-1.8** (.42)						
(Ideology) ²	-34.5** (4.9)	-----	-11.8** (.01)	-11.8** (2.7)	-19.3** (3.2)	-20.3** (3.7)	-----	-----						
Age	.01 + (.01)	.01 (.68)	-0.1 (.01)	-0.03 (.01)	-0.03 (.01)	-0.1 (.01)	-0.1 (.01)	0.1 (.01)						
Education	-1.1** (.41)	-0.16 (.56)	-1.1** (.41)	-1.1** (.46)	-1.5** (.25)	-1.3** (.44)	-2.4** (.65)	-2.3** (.37)						
Income	-1.9 (.56)	-----	-1.2* (.56)	-1.2* (.60)	-.31 (.35)	-----	-.80 (.56)	-----						
Unemployed °	-.24 (.99)	.34 (.33)	.36 (.33)	.36 (.31)	-.02 (.21)	.35 (.36)	-.10 (.30)	.32 (.27)						
Retired °	.29 (.33)	.43 (.33)	.62 (.43)	.62 (.43)	.05 (.23)	.96* (.44)	.47 (.37)	.48* (.19)						
Student °	.37 (.52)	.77 (.33)	.82 + (.66)	.82 + (.44)	.13 (.23)	.35 (.43)	-.26 (.42)	-.31 (.21)						
Housewife °	.12 (.22)	.66 + (.39)	.27 (.28)	.27 (.28)	.30 + (.16)	.44 (.28)	.33 (.28)	.65** (.21)						
OPTIMISM	.52** (.19)	1.0** (.32)	.57* (.32)	.57* (.22)	-----	1.3** (.21)	.53** (.20)	.47** (.15)						
ECPOLEVA	.61** (.32)	1.6** (.56)	2.1** (.56)	2.1** (.22)	2.4** (.27)	1.1** (.30)	2.1** (.26)	1.7** (.24)						
SOCPOLEVA	-----	-----	-----	-----	2.3** (.19)	1.2** (.26)	1.1** (.29)	1.2** (.22)						
OPPOSITION	-1.4** (.21)	-1.1** (.56)	-1.1** (.56)	-1.1** (.43)	-----	-----	-.66** (.27)	-3.6** (.38)						
Event	-----	-----	-1.0* (.44)	-1.0* (.44)	-1.3** (.49)	-----	-.96** (.23)	-.53* (.22)						
Number of cases	1318	386	694	694	3023	802	792	1692						
Chi 2	194.4**	49.6**	358.4**	358.4**	506.9**	514.4**	359.2**	767.1**						
Pseudo R2	0.41	0.16	0.37	0.37	0.40	0.46	0.35	0.37						
% Correct	86%	85%	82%	82%	84%	84%	81%	80%						

Note: Entries are logit maximum-likelihood estimates and their associated standard errors in parentheses.

** Significant at the level of 99% * Significant at the level of 95% and + significant at the level of 90%.

This is a weighted survey, therefore I present SVY logit coefficients with their correspondent robust standard errors. Hence, the SE are correct.

° These coefficients have been calculated taking the employed as the category of reference.

specifically, it seems that there was a particular interval of the ideological continuum ranging from 0.3 to 0.6 (remember that the continuum is re-codified so that it runs from 0 to 1) for which the influence of ideology on the vote for UCD was linearly positive. That is, electors will be more likely to vote for the incumbent the further to the right their ideological position. Nevertheless, this positive influence seems to have an inflection point around 0.6. From 0.6 up to the end of the continuum (1) the influence turns out to be negative, so that the odds of voting for the incumbent decrease the further to the right the ideology of the voters. This quadratic relationship between ideology and the vote can best be appreciated graphically. This graph is given in Figure 5.1, where the probability of voting for the incumbent as opposed to the other parties predicted by the extended EV model (\hat{Y}) is plotted by the ideological self-placement of individuals.¹⁰

The exceptional nature of the 1982 elections is also reflected in the way in which ideology influenced the vote for the incumbent.¹¹ The quadratic form does not turn out to be significant as the principal opposition party (PSOE) managed to win electoral support from voters from a very wide spectrum of the ideological continuum.¹² There is, however, a slight linear-positive relationship located between 0.3 and 0.75 in the continuum, so that the probabilities of voting for the UCD increased the more right-wing the individual was (see Figure 5.2). In any case, as can be seen both in Table 5.1 and in Figure 5.2, the effect of this variable was very weak in 1982.

¹⁰ More specifically, as can be seen in Figure 5.1, the ideological continuum is graphed along the x-axis, likewise \hat{Y} is graphed along the y-axis. That is, the expected value of Y given the explanatory variables included in the model, or $E(Y_k | X_k)$.

¹¹ Here I am referring to the fact that after the 1982 elections the picture of the Spanish party system changed completely (Montero, 1998).

¹² The PSOE has been characterised as a typical catch-all party, at least with respect to its first years in government (Gonzalez, 1997; Gunther *et al.*, 1986; Torcal and Chhibber, 1996).

Figure 5.1. The predicted effect of ideology on the probability of voting for the UCD, 1979

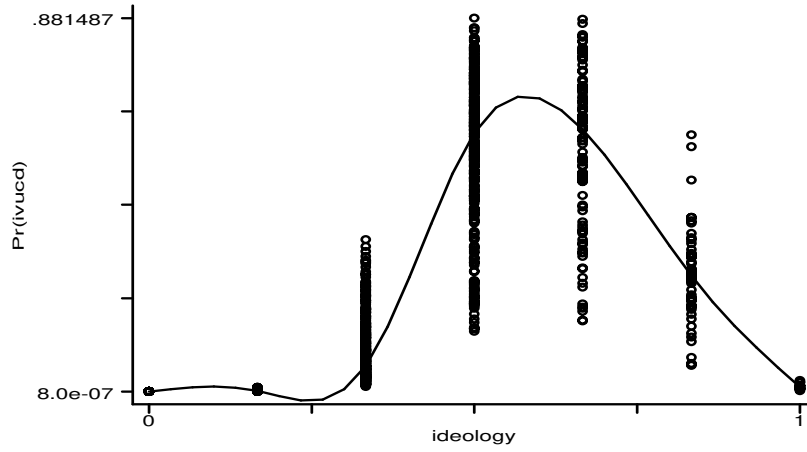
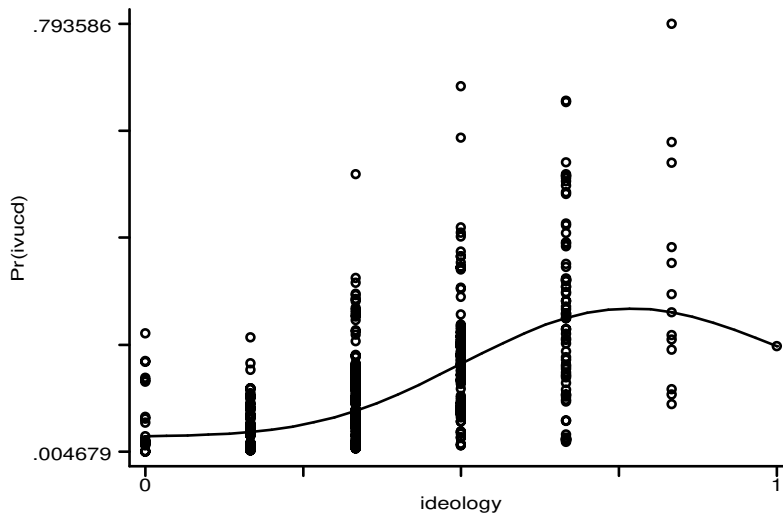
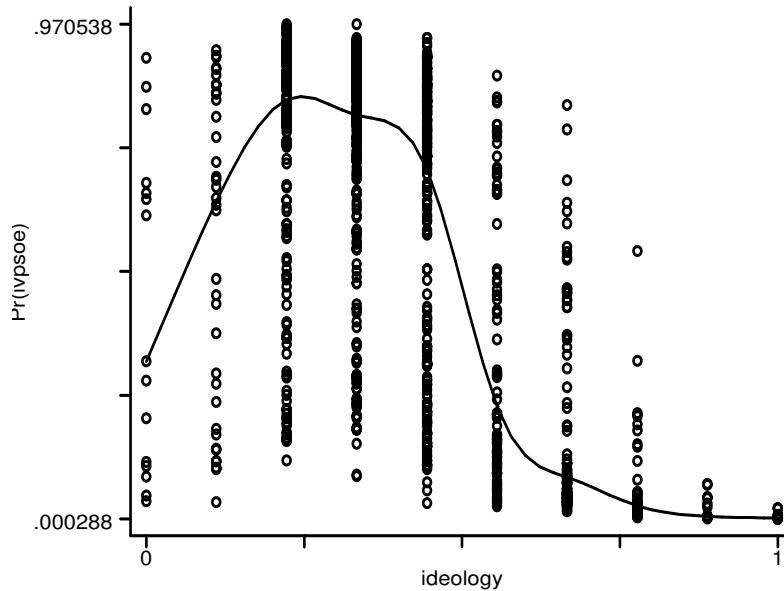


Figure 5.2. The predicted effect of ideology on the probability of voting for the UCD, 1982



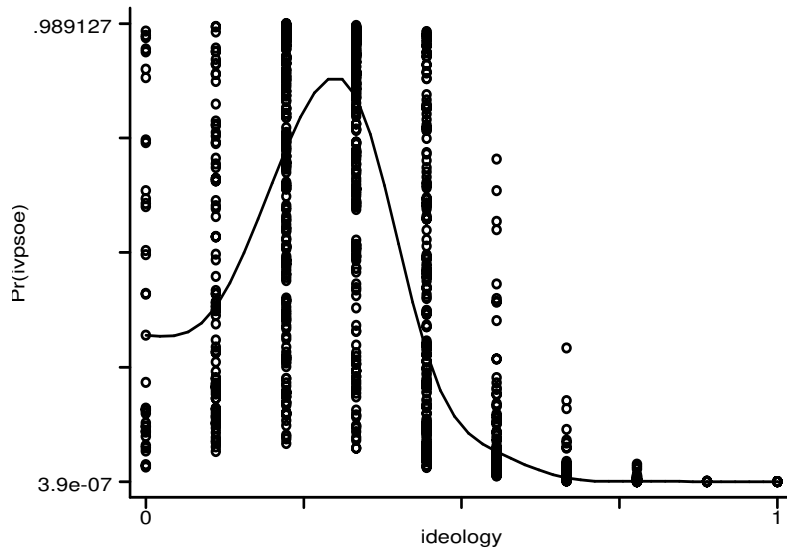
The influence of ideology on the probability of voting for the Socialists in 1986, however, turns out to take a quadratic form. More specifically, starting from the extreme left (0) of the continuum the probabilities of voting for the incumbent increase the further to the right the ideology of the voters. There is an inflection point around 0.4, after which the relationship turns out to be negative, so that the chances of voting for the Socialists decrease the further to the right the self-placement of the electors. This quadratic relationship can be seen more clearly in Figure 5.3. This means that the two main parties benefiting from discontented voters are competing with the Socialists either on the left (IU, *Izquierda Unida*, or United Left) or on the right (PP).

Figure 5.3. The predicted effect of ideology on the probability of voting for the PSOE, 1986



The same holds for the 1989 elections. The influence of ideology on the probability of voting for the PSOE is also of quadratic form, although in this case the inflection point is located further to the left, that is, around 0.32 of the continuum running from 0 to 1.

Figure 5.4. The predicted effect of ideology on the probability of voting for the PSOE, 1989



Why did the inflection point move to the left?¹³ According to Boix (1998) the successive Socialist governments (from the early 1990s onwards) found it increasingly difficult to reconcile the

¹³ In fact, IU doubled its share of the vote from 4.5% in 1986 to 9.1% in 1989, whereas the Socialists dropped their share of vote from 44.6% in 1986 to 39.9% in 1989 (see Table 2.1 in Chapter 2).

demands of two different kinds of voters (who had both voted for the them during the first half of the 1980s). These two groups were the moderate, anti-tax voters (located approximately at the centre of the ideological spectrum) on the one hand, and the radical, pro-spending voters (located at the left of the ideological spectrum) on the other (Boix, 1998).¹⁴

The Socialist government chose a high level of taxation, and in times of economic crisis (that is, during the 1990s), they decided to finance public transfers. The ideological competition then moved to the centre of the spectrum, in order to capture the moderate voters. Hence, the main competition became unidirectional (that is, located between the PSOE and the PP). At the same time, the credibility of the main opposition party, PP began to increase. This fact polarises the electoral competition, thereby promoting what has been called the “useful” vote, that is a vote that serves to throw the incumbent out or to prevent the PP from winning.

This trend can be seen in Figure 5.5 and 5.6. These show that the influence of ideology on the probability of voting for the incumbent was significant and relatively linear both in the 1993 and 1996 elections. More specifically, the interval of the continuum for which this influence is strongest is between 0.3 and 0.7 in 1993, and between 0.35 and 0.6 in 1996 (see Figure 5. 5 and Figure 5. 6 respectively).

¹⁴ This process, however, may have started after 1986, when the electoral support of the Socialist Party dropped somewhat. The increasing difficulties in reconciling the demands of the two types of voters, however, became more apparent after the 1989 elections, right after the rupture of the alliance between the PSOE and UGT, and when the Socialist government decided to increase the level of social expenditure.

Figure 5.5. The predicted effect of ideology on the probability of voting for the PSOE, 1993

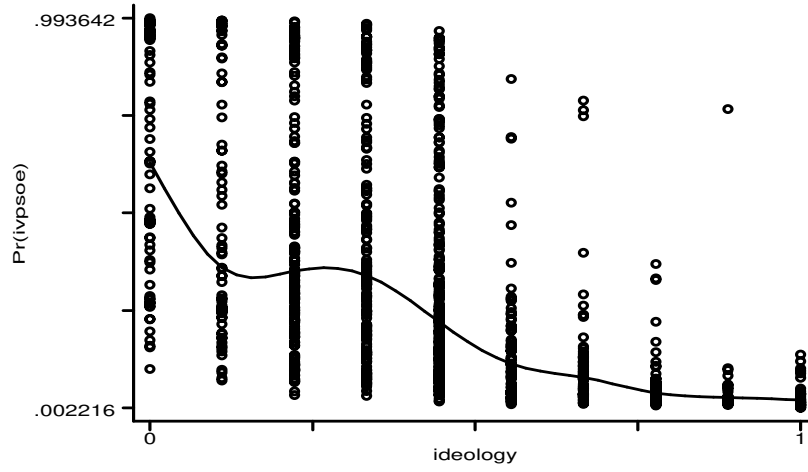
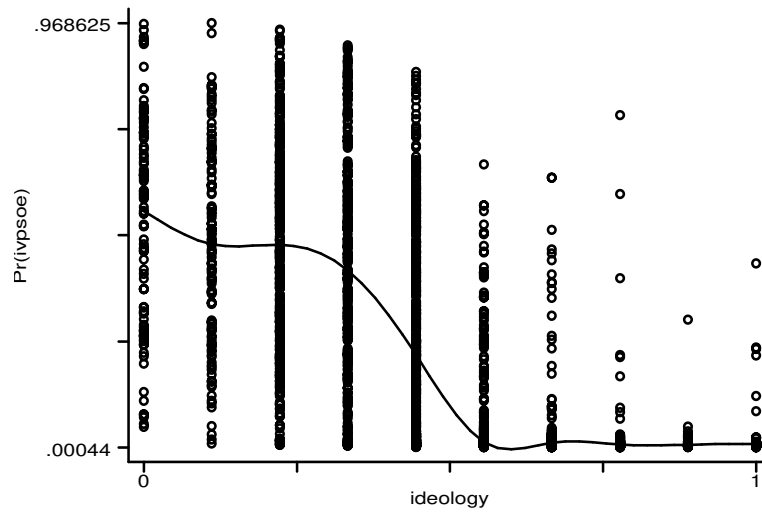


Figure 5.6. The predicted effect of ideology on the probability of voting for the PSOE, 1996



I have demonstrated so far that the influence of citizens' ideological predisposition on their vote is not linear as previous empirical studies have assumed. I shall now turn to the question of whether this influence is constant across elections or not. More specifically: to what extent are electors bound by their ideology? Do they always use the same heuristic when deciding how to vote? Is there any evidence of change in the individual determinants of voting decision across elections?

Table 5.1 indicates that the importance of ideology in determining the vote for the incumbent changes across elections and during the period analysed here. This can be seen in the coefficients presented in Table 5.1. What, however, is the magnitude of the estimated effects of ideological self-placement of electors on their vote for the incumbent? As discussed in Chapter 3, the parameters in the logit model cannot be interpreted directly, since the models are nonlinear and the effect of any particular variable on the probability of voting for the incumbent is dependent on the values of the other independent variables included in the extended EV model. It is important to make an effort to present the results of the model as clearly and comprehensively as possible.

Here I propose the use of graphic techniques to illustrate the effects of ideology on the probability of supporting the incumbent. These graphs provide the reader with clear information about the assumed non-linear functional form. The parameters of the model and some combinations of the values of the independent variables are used in order to simulate modal voters. These modal voters are then visually compared across time. The three modal voters are defined as follows.

First, *the average voter* is an individual presenting the mean value of all the independent variables included in the model, except that of ideology which is the variable whose effects interest us here; next, *the most supportive voter* is the one with the most positive opinions about both the incumbent's policies and the

economy,¹⁵ the most negative opinion about the principal opposition party,¹⁶ and the mean value for the other control variables included in the model (except that of ideology); finally, *the most critical voter* is the one with the most negative opinions about the incumbent's policies and the economy,¹⁷ the most positive view about the principal opposition party,¹⁸ and the mean values for the remaining variables included in the model, except ideology. Ideology then is varied across its range of possible values (that is from 0 to 1).¹⁹

The results for these simulations are given in Figure 5.7 to Figure 5.12. In the six figures the voters' self-position in the ideological continuum ranging from 0 to 1 is graphed along the x-axis, and the probability that the voter would support the incumbent on the y-axis. When considering the relative impact of ideology across time, it should be remembered that ideology has roughly similar distributions during the whole period under analysis.²⁰

Two main findings emerge from these figures. First, the effect of ideology on the probabilities of voting for the incumbent changes across elections. Second, the former effect is non-additive; that is, it depends very much on the values of the other independent variables included in the model.²¹ In general, when the voter is very critical of the incumbent's performance and also

¹⁵ That is, OPTIMISM=1, ECPOLEVA=1, SOCPOLEVA=1, and Event=0.

¹⁶ That is, OPPOSITION=0.

¹⁷ That is, OPTIMISM=0, ECPOLEVA=0, SOCPOLEVA=0, and Event=1.

¹⁸ That is, OPPOSITION=1.

¹⁹ This produces an estimate of the linear predictor for each value of ideology, which is then transformed into a probability by the use of the logit link function.

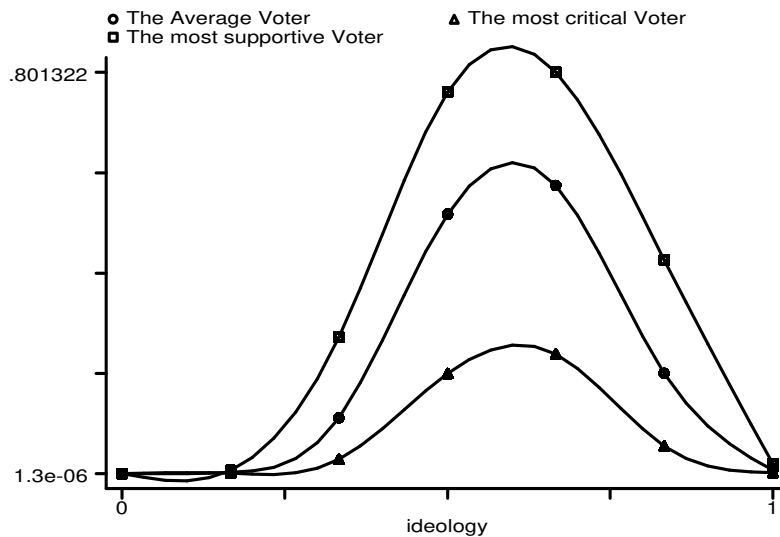
²⁰ Concretely, for 1979, 1982 and 1986 the mean of ideology was 0.43, while the standard deviation was 0.19. For 1989 the mean of ideology was 0.38 and the standard deviation was 0.21. In 1993 and 1996 the mean of ideology was 0.40 while the standard deviation was 0.24 and 0.21 respectively. See Appendix A.

²¹ As we can immediately see, this is not only due to the fact that the logit function impose non-linearity on the data, but also to the changing effect of ideology depending on the kind of voter we are looking at.

pessimistic about the economic future, the effect of ideology is weaker. See the line corresponding to this voter, *the most critical voter* (that is, the line with triangles, always at the bottom of the figure), in each model. The other side of the coin is that the effect of ideology is reinforced by voters' positive evaluations of the incumbent's performance. See the correspondent line (the one with squares) at the top of each figure: *the most supportive voter*.²²

All of these results suggest that not only does the effect of ideology on the probabilities of voting for the incumbent vary, but also that the variations are linked to the effect of other features (such as voters' views on the economy- either retrospective or prospective) on the probabilities of supporting the incumbent across elections.

Figure 5.7. The effect of ideology on the probability of voting for the incumbent (UCD) for the three modal voters, 1979



²² The only exception is in 1993, when the effect of ideology is slightly

Figure 5.8. The effect of ideology on the probability of voting for the incumbent (UCD) for the three modal voters, 1982

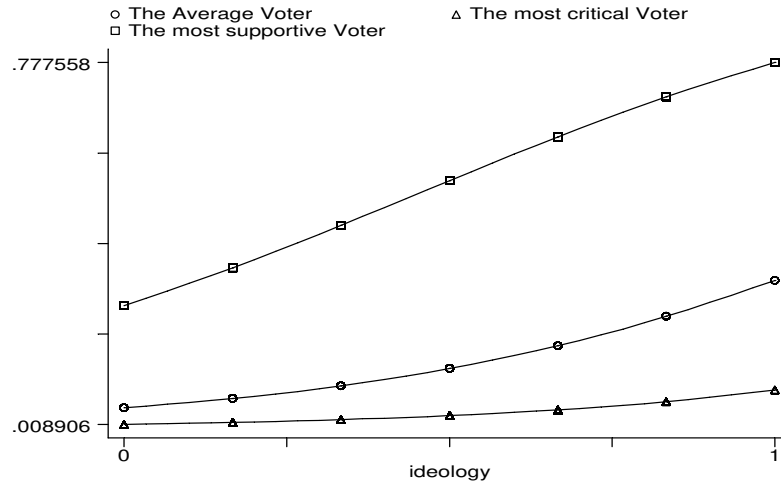


Figure 5.9. The effect of ideology on the probability of voting for the incumbent (PSOE) for the three modal voters, 1986

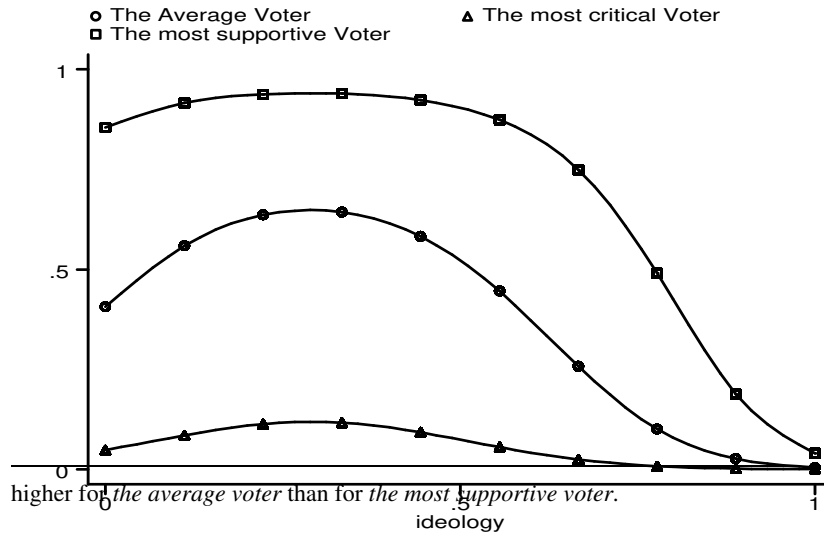


Figure 5.10. The effect of ideology on the probability of voting for the incumbent (PSOE) for the three modal voters, 1989

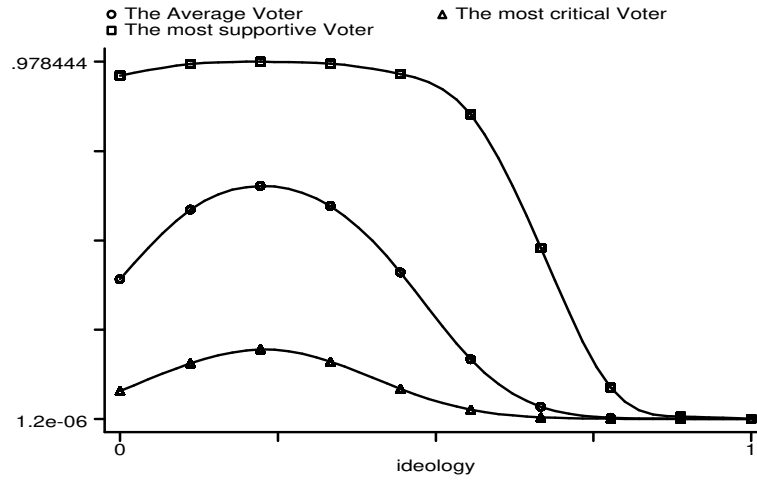


Figure 5.11. The effect of ideology on the probability of voting for the incumbent (PSOE) for the three modal voters, 1993

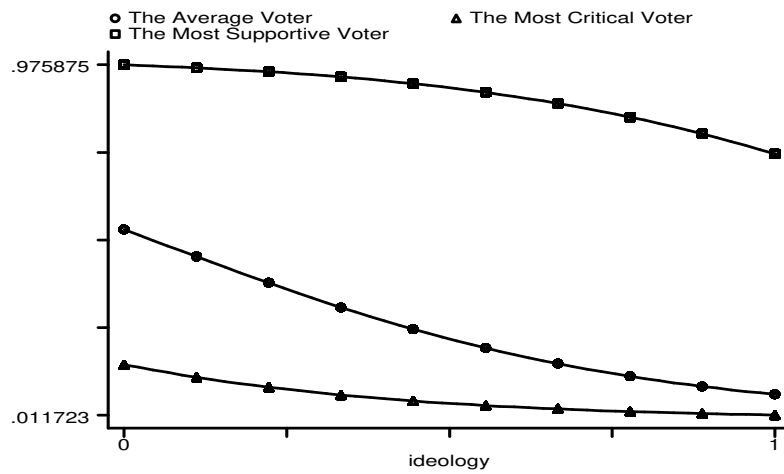
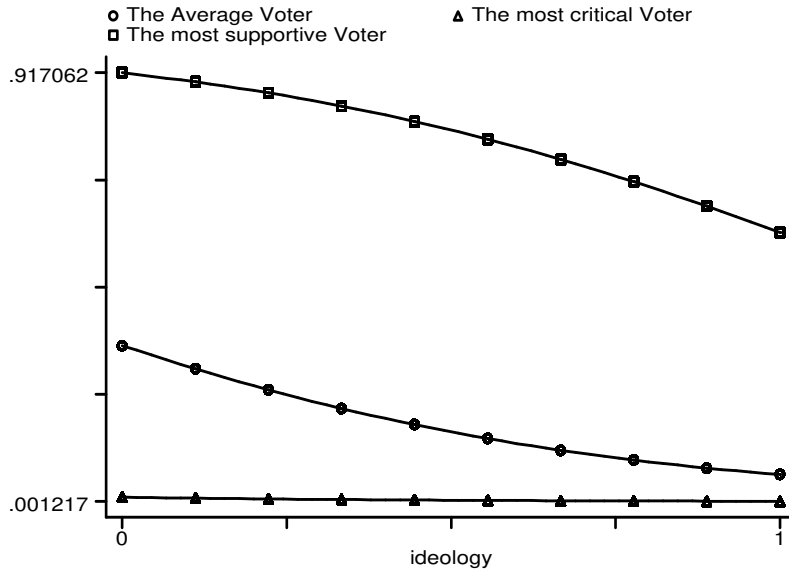


Figure 5.12. The effect of ideology on the probability of voting for the incumbent (PSOE) for the three modal voters, 1996



Once the null hypothesis about the constant effect of ideology on the voting choice has been rejected and the changing effect of ideology confirmed, is it possible to identify any clear pattern in the changing effect of ideology on the vote over time? Do other issues (such as voters' perceptions of the incumbent's performance) become more important in determining the vote for the incumbent as time passes? Let me now compare the strength of the effect of ideology on the voting intention when the impact of ideology weakens. Consider, for instance, the range of probabilities corresponding to *the most supportive voter* (note that this is the condition under which ideology has a stronger effect, therefore I am using the least advantageous empirical evidence for

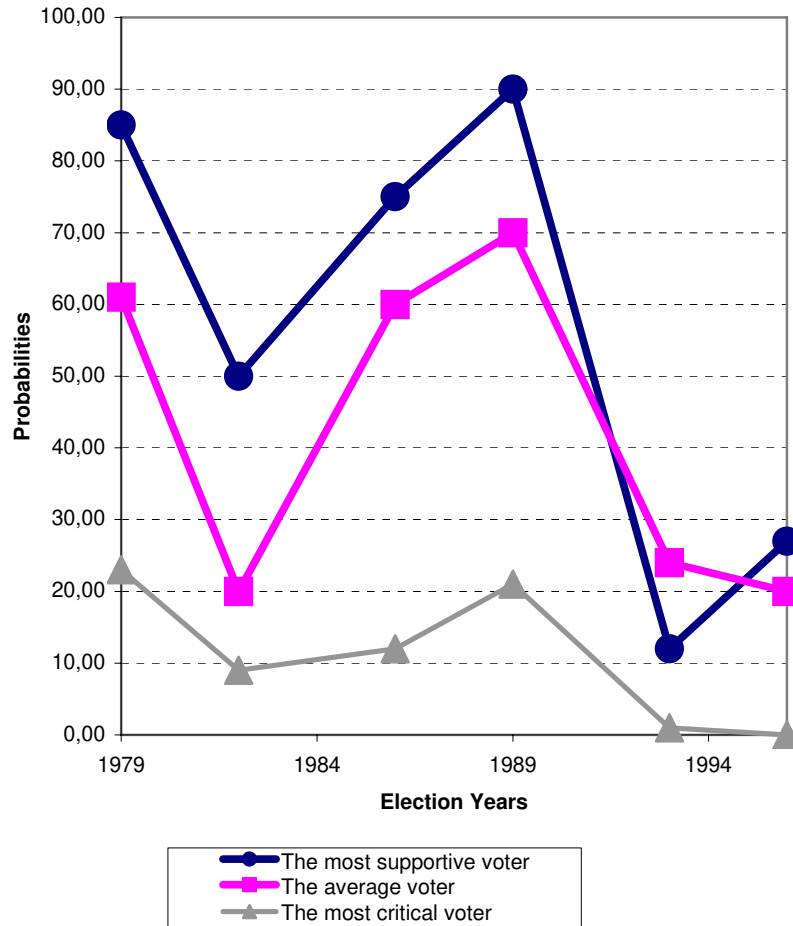
testing the hypotheses being defended here).²³ This range runs from 0 up to 0.85 in 1979 (85%), while in 1982 the range is of 50% (0.25 and 0.75). The range is higher in 1986: 75% and 1989: 90%. It declines very significantly in 1993: 14% (from 0.96 to 0.82) and increases again in 1996, although it does not reach the levels of previous periods: 27%. (See Figure 5.7 to Figure 5.12, lines with squares, always at the top).

The same applies to *the average voter*. The range of probabilities for the average voter in 1979 is 61%. It decreases by up to 20% in 1982. In the 1986 and 1989 elections the range is higher: 60% and 70% respectively, while the range decreases in the last period, dropping to 25% in 1993 and 20% in 1996 (see Figure 5.7 to Figure 5.12, lines with circles). Finally, this tendency is also confirmed if we look at *the most critical voter* (lines with triangles, always at the bottom). While until 1989 the range of maximum and minimum probabilities is between 20% and 10%, for the last period it is 2% in 1993 and 0% in 1996.

These ranges of probabilities corresponding to the influence of ideology on the vote for the incumbent for each modal voter could also be graphed. This graph gives us a visual impression of the evolution of the strength of the effect of ideology on the probability of supporting the incumbent across elections. Figure 5.13 shows this evolution. It reveals a comparative pattern of the effect of ideology on the probability of voting for the incumbent which is confirmed for the three different modal voters.

²³ Here I refer to the maximum and the minimum probability of voting for the incumbent that the modal voter can take at each point of the ideological continuum. Note that for 1979, 1986, and 1989 (Figures 5.1, 5.3 and 5.4 respectively) the maximum point of probability for each type of voter corresponds to the inflection point. That is, the point at which the influence of ideology on the probability of voting for the incumbent changes from positive to negative.

Figure 5.13. Ranges of Probabilities corresponding to the influence of ideology on the vote for the incumbent for each modal voter. 1979-1996



More specifically the graph shows that the effect of ideology on the probability of supporting the incumbent was quite weak for the 1982 elections (especially in comparison with the preceding 1979 elections). The effect becomes stronger in the successive elections (1986 and 1989) while it starts to decrease dramatically during the 1990s. This suggests that ideology is a changing factor influencing electors' decisions to differing degrees in each election. The question then becomes why the effect of ideology changes in that way. Is it possible to identify any trend or logic that explains the changing effect of ideology over time?²⁴

In 1979 electors seem to be highly captive, that is, when deciding how to vote they choose the party closest to their traditional ideology. This is what can be expected in a new democracy where there seems to be a high level of political continuity before and after the Francoist dictatorship, especially with regard to the general loyalties towards the left and the right (Maravall, 1982). This is not, however, the case in 1982 the elections when the main opposition party, the PSOE, managed to win the support of voters from a very wide ideological spectrum (that is, from radical left-wing voters to moderate voters, in the centre of the ideological continuum). This explains why the effect of ideology in 1982 is dramatically smaller than in 1979, and hence does not discriminate between the voters supporting the Socialist Party at that specific moment. As we shall see below, Table 5.1 suggests that the reason why some of the centrist voters supported the Socialists in 1982 was the poor economic performance of the incumbent government (UCD) or even the low credibility of the incumbent's promises for the future.

Nevertheless, during the 1980s, and in elections that were no longer exceptional, electors turned to their ideology when deciding how to vote. On the one hand, radical voters were expecting progressive socio-economic changes (as promised by the Socialists in the 1982 electoral campaign). On the other,

²⁴ Figure 5.13 reveals the same pattern in the changing effect of ideology for the three type of electors defined here: most supportive voter, the average voter, and the most critical voter.

moderate voters did not want taxes to be increased in order to finance public transfers and investment. During its first mandate, the incumbent has some room for manoeuvre in implementing its programme of macroeconomic discipline, thanks to its intertemporal discourse of future prosperity regardless of the present economic adjustment. Yet the PSOE started to lose electoral support both from the left and the right (as can be seen in Figure 5.3).

December 1988 saw the first general strike against the Socialist government, marking the formal rupture of the alliance between the PSOE and the General Workers' Union (UGT).²⁵ This was probably an important reason for left-wing and radical voters to resort to their ideology when deciding whether to punish the incumbent or not. The alternative for leftist voters was either to punish the incumbent for its confrontation with the trade union, or to reward it in order to prevent a right-wing party winning the 1989 elections. Either decision would be motivated by ideological considerations. Hence the effect of ideology on the vote is especially strong in the 1989 elections (see Figure 5.13).

As shown above, the ideological competition moved to the centre of the spectrum for the 1993 and 1996 elections. The increasing credibility of the PP polarised the competition, thereby, generating an increase in the useful vote (either to throw the incumbent out or to keep a right-wing party such as the PP away from government). Moreover, the scale of the impact of ideology on voting choice decreases for the 1993 and 1996 elections.²⁶ When deciding how to vote, therefore, moderate electors will consider what the party has done for the country lately and what the incumbent offers for the future of the country. Hence, the decrease in the strength of the effect of ideology on the voting decision runs parallel to the increase of the effect of citizens'

²⁵ After a relatively long period of economic recovery, the trade unions demanded substantive wage rises and increased transfers from the government.

²⁶ This is also coherent with the fact already mentioned that during the 1990s voters were more likely to vote with the intention of either throwing the incumbent out or power or of preventing the PP from winning.

evaluations of both the economic and social programmes implemented by the incumbent during the 1990s.

Another question, however, remains unexplained: why are the critical voters less likely to be captive? Why do they fall back on ideology when deciding how to vote? Note that the line at the bottom of Figure 5.13 (the line with triangles corresponding to *the most critical voter*) indicates that even in the elections for which the importance of ideology is very strong (1979 and 1989), the ranges of probabilities are always below 25%. Hence, these voters are more likely to use all the information they have to hand when deciding how to vote. What is the logic behind this?²⁷

Consider two extreme examples of voters judging the Socialists' performance.²⁸ For the sake of simplicity, let us assume that the economic performance to be judged by the hypothetical voters is poor. The first individual is a leftist voter who is, however, critical of what the Socialists have done for her and for the country lately. In this case, and given the contradiction between her ideology and the way in which she is judging the performance of the party closest to her ideological predisposition,

²⁷ It is true that the nonlinearity imposed on the data by the logit function might also explain the changing magnitude in the effect of ideology on voting for the incumbent for each type of voter. Remember that in the logit model, the effect of X_k on Y depends on the values of the other variables included in the model (see Chapter 3). Hence, when changing these values (as is the case with the different types of voters) the magnitude of the effect of X_k , in this case ideology, also changes. In formal terms, the derivative of X_k is the following:

$$\partial \text{prob} | \partial \text{logit} = \frac{\exp(X\beta)}{[1 + \exp(X\beta)]^2}$$

$$\text{It follows that: } \partial \text{prob} | \partial X_k = \left[\frac{\text{prob}(X\beta)}{1 + e^{X\beta}} \right] * \beta_k$$

The higher the numerator (that is, the probability of $Y = 1$, depending on the values of the other independent variables included in the model), the higher the derivative, and hence the greater the magnitude of the effect of the variable of interest, in this case voters' ideology.

²⁸ Note that the same applies to a voter judging the UCD. The only difference is that in that case the voter would be a right-wing rather than a left-wing voter.

it is reasonable to expect such a voter to resort to other heuristics and sources of available information aside from her ideology when deciding how to vote.

If, however, the same leftist voter has also a favourable opinion about the Socialists' economic performance, despite the fact that the former is bad,²⁹ it is reasonable to expect her to vote guided by her ideological predisposition. It is also reasonable to suspect that her evaluations about the economy are ideologically biased. I will return to this point below, as well as in Chapter 6.

To sum up, the empirical evidence offered in this section verifies previous research on voting behaviour that highlights the ideological component of voting decisions. Nevertheless, it also demonstrates that the relationship between ideology and the voting intention is far more complicated than one would conclude from most of the existing research on voting behaviour in Spain. All this goes to show that there are other important features accounting for the voting intention that must be taken into account when modelling electoral behaviour. Let me start with the voters' economic expectations.

2.2. Voters' economic expectations: testing the prospective hypothesis for the Spanish case

We have seen in Chapter 1 that the predominance of retrospective over prospective voting is explained in the EV literature through resort to two main arguments. The first maintains that retrospective voting would incur less decision-making costs. The second claims that retrospective voting makes governments accountable in a way that prospective voting does not. Neither of these views fully explains the predominance of retrospective voting. Elections are about the future, they are an expression of expectations. Convincing empirical evidence,

²⁹ In this case, the voter's evaluations of the performance of the party closest to her ideological predisposition are positive. Accordingly, her ideological predisposition and her opinions about the incumbent are coherent.

moreover, shows that expectations about the competing candidates in elections to a large extent determine voters' choices. Therefore, I have used the extended EV model to empirically test whether electors' economic expectations have any impact on their voting intentions. The results can be seen in the eleventh row of Table 5.1, where the coefficients corresponding to optimistic economic expectations (OPTIMISM) are both significant and positive.

According to Table 5.1, optimism about the economy in the future benefited the incumbent for the entire period analysed here. This goes against the hypothesis which states that the direction of causality could be reversed, so that people may believe the economy will improve in the future for the simple reason that their preferred party is going to win the forthcoming election. It would appear, therefore, that optimistic economic expectations benefited the incumbent party in every case. However, what is the magnitude of the effect of this variable in the model? Is there any identifiable tendency in the strength of the effect of optimistic expectations on voting intentions across time? Table 5.2 (which can be found at the end of this chapter) provides some answers to this question.³⁰

This table gives more detailed information on the model tested in Table 5.1. More specifically, Table 5.2 translates the logit coefficients into real probabilities by way of simulations. The strategy is as follows, I first set the values of all the independent variables included in the model to their sample mean values and computed the predicted probability of voting for the incumbent, this gives the baseline probability. I then computed predicted probabilities of voting for the incumbent for each of the

³⁰ It should be remembered that voters' optimistic economic expectations have the following mean value across elections: 0.57 in 1979; 0.25 in 1982; 0.32 in 1986; 0.42 in 1989, 0.33 in 1993, and 0.32 in 1996. As is well known, the logistic regression is not sensitive to the marginal distribution of the independent variables included in the model. This means that the changing coefficients across time are calculated controlling for the changes in the distribution of the independent variables (see Mare, 1981, for an explanation applied to the empirical case of educational careers).

independent variables of interest (that is changing from the baseline probability only the value of the independent variable in question, say, for example, economic expectations). I give both the predicted probability of voting for the incumbent for the highest value of the variable of interest (in the case of economic expectations: 1) and for the lowest value of the same variable (in this example: 0). I then give the difference between these two probability estimates (the raw called difference in the tables).³¹ This exercise is summarised in Table 5.2.³²

The procedure for calculating these simulations is explained in detail in Chapter 3. Put briefly, I have estimated the probabilities of intending to vote for the incumbent, as well as the uncertainty surrounding them for different values (the maximum and the minimum) of each variable of interest. In each case, the expected value algorithm is repeated $M=1.000$ times to approximate a 99% confidence interval around the probability of intending to vote for the incumbent. This way of presenting the results of the models is especially useful.³³

³¹ The difference is then equal to: $\hat{E}(Y_{\max}) - \hat{E}(Y_{\min})$. As discussed in the methodological chapter, simulated expected values are equivalent to simulated probabilities for all the discrete choice models.

³² Another strategy could be adopted to carry out these simulations. It could also be useful to set the values of the independent variables to their sample mode values (rather than their sample mean values). The argument here concerns the advantages of using more substantively plausible values, specially regarding socio-demographic variables. In the models I am presenting the differences between sample mode and mean values are not really important (except for levels of education and income). Nevertheless, I have calculated an alternative table of first differences setting the values of the independent variables to their sample mode (for those variables whose mean and mode differ to a great extent). This table is given in Appendix B (Table B.1). The differences in the predicted probabilities that can be read from Table B.1 with respect to the differences in Table 5.2 are very slight (although there are some exceptions for the 1993 and 1996 elections), and confirm the main points I am raising in this chapter regarding the magnitude of the effects of each independent variable of interest in the probabilities of voting for the incumbent for the entire period analysed.

³³ Moreover, the calculation of the probabilities with their correspondent confidence interval serve to solve the problems that the existence of nonsignificant variables included in the model poses for the simulation exercise.

The first entry in Table 5.2 shows a measure of the influence of electors' economic expectations on the probability of voting for the incumbent. According to Table 5.2, a voter seeing the future of the economy optimistically (and holding the other variables constant at their means) would have a probability of voting for the incumbent in 1979 (UCD) of 5%. However, a voter not being optimistic about the economic future would have a probability of voting for the UCD of 2%. This represents a difference of only 3%. Hence, the influence of voters' expectations about the economy on their voting intentions in 1979 was not very important. This is coherent with what we have previously seen in the 1979 elections, where citizens (when deciding how to vote) resorted mainly to their ideological predisposition.

The influence of voters' economic expectations on voting intention seems, however, to increase in 1982. For instance, in 1982 the difference in the probabilities of voting for the incumbent between an optimistic and a non-optimistic about the economic future is 11% (holding the other variables constant at their mean).³⁴ Remember what we noted in the previous section: in 1982 the effect of ideology is strikingly smaller than in 1979. Table 5.1 gives evidence showing that the low credibility of the economic future offered by the UCD cost it part of its electoral support. This is also coherent with the effect of the credibility of the principal opposition party, the PSOE, which managed to win electoral support from voters spread across a wide ideological spectrum. I will return to this point in the section dedicated to the credibility of the principal opposition party.

When such variables present high coefficient values (with high associated standard errors), the results of the simulation could be artificially inflated or deflated, making these results highly improbable and non-credible. In addition, having confidence intervals for each simulated probability makes it easier to fairly compare the effect of each independent variable of interest across models.

³⁴ The difference between positive and nonpositive voters' economic expectations for 1979, if we set the values of the independent variables to their sample mode values, does not change in both 1979 and 1982 (see Appendix B, Table B.1).

In the second period analysed here the importance of expectations about the economy increased with respect to the first period. More specifically, in 1986 the difference in the probability of rewarding the incumbent (PSOE) between an optimistic and a non-optimistic voter is 14%. Likewise in 1989 the difference is 28%. The magnitude of the effect of voters' economic expectations on the probabilities of supporting the incumbent seems, however, to decrease during the 1990s. Specifically, in 1993 the difference between an optimistic and a non-optimistic voter in the probabilities of supporting the Socialists is 11%, while in 1996 the difference is even smaller: 5%.³⁵ A summary of the magnitude of the effect of economic expectations on the probabilities of voting for the incumbent across elections might be useful at this point. This is shown in Figure 5.14.

Now the question becomes why does the magnitude of the effects of economic expectations upon voting behaviour change across elections? Is there any underlying logic that can explain this changing effect? First, we can relate the magnitude of the impact of voters' expectations about the economy on the vote choice to objective economic conditions. The hypothesis of the voters' asymmetry in their reactions to governments' economic performance is worth exploring here.

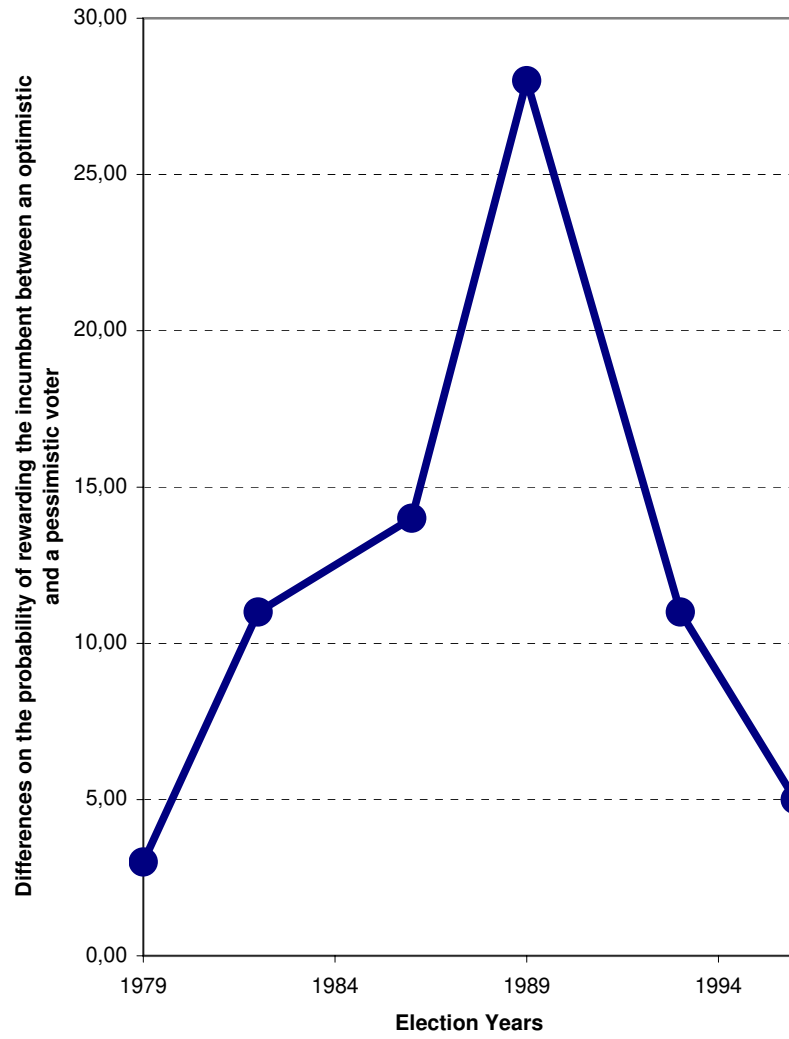
There are two different versions of the grievance asymmetry hypothesis. The first indicates that voters react to economic conditions only when they become very extreme, and are hence sufficiently salient in public debate (Mueller, 1970). Another variant was given by Bloom and Price, 1975. According to these authors, voters react to the state of the economy more in times of economic crisis than in times of economic prosperity. Or to put it another way, governments lose more support when the economy is deteriorating than they gain when the economy is improving. (Nanestad and Paldam, 1997b). The empirical evidence provided in this chapter, however, suggests that voters' economic expect-

³⁵ The difference is larger (12%) in the simulation with the mode values.

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ations (and voters' retrospective assessments of economic policies, too) have an impact on voting behaviour both in elections

Figure 5.14. Summary of the magnitude of the effect of voters' economic expectations on the probability of rewarding the incumbent across elections



taking place during or after periods of serious economic recessions (for example, 1993, with a recession of $-1,2\%$ and three devaluations of the currency, one in the middle of the electoral campaign), and in elections held after or during periods of economic prosperity (for example, 1989, with an economic growth of $+5,2\%$). The simple principle of the asymmetry hypothesis could, however, point to an explanation for the changing magnitude in the effect of voters' economic expectations on vote choice across time. For instance, the magnitude of the effect of economic expectations on voting behaviour could be higher in times of economic crisis because economic news is more salient in times of economic crisis than in times of economic prosperity.

All the above-mentioned propositions do not seem to apply in the case of economic expectations. The magnitude of the effect of voters' expectations about the economy on the probabilities of supporting the incumbent is greater in the 1986 and 1989 elections, each of which came after periods marked by very different economic tendencies. The 1986 elections were held after a period of bad economic conditions that, however, had begun to improve one year before, in 1985. In contrast, the 1989 elections took place after a period of rapid growth and intense job creation. On the other hand, the 1996 elections were held after a period of economic recovery similar to the period that preceded the 1986 elections. The magnitude of the effects of economic expectations on vote choice in 1996 elections is, however, low. Hence, we have two elections held after periods of similar economic performance where the magnitude of the effect of economic expectations on the probabilities of supporting the incumbent is, nevertheless, very different: it is high in the case of the 1986 elections, but low in that of the 1996 elections. Now, the question is why is this the case? A possible explanation may be the age of governments. Accordingly, electors will be more likely to vote looking forward when governments are new (Maravall, 1999). This would appear to be the case for the empirical findings I am presenting here, since the magnitude of the effect of economic expectations on the probabilities of supporting the incumbent is greater in the 1986

elections (when the Socialist government was relatively young) than in the 1996 elections (when the Socialist government had been in power for four consecutive legislatures). This explains the differences in the magnitude of the effect of electors' economic expectations on their voting decisions in the 1986 and 1996 elections. Yet, why is the magnitude of the effect of electors' economic expectations on their intention to support the incumbent greater in 1989 than in 1986, if the incumbent in the 1989 elections was older? This empirical finding in fact suggests that electors are more likely to vote looking forward precisely in a period when the intertemporal discourse has more credibility while the same discourse loses applicability as time passes.³⁶ Hence, voters' economic expectations are more important in determining the vote precisely in the period in which they can be more easily persuaded by the incumbent of the possibilities of a better future (that is, the 1986 and 1989 elections).

At this point, however, voters' economic expectations are under question. If the incidence of economic expectations on vote choice is especially high during the period when the intertemporal discourse is still credible, then electors' expectations about the economy could be a product of the incumbent's persuasiveness (especially, when the present economic performance is poor). The past is certainly easier to judge. The voter can always use different sources of available information (their own experience, the mass media, etc.) in order to evaluate what has been achieved until then (which is something relatively concrete). The formation of expectations is, nevertheless, more complicated, as expectations are based on much less tangible elements such as promises, proposals, trust, reputation, etc.. Under these circumstances, voters' expectations about the economy are very likely to be ideologically biased. Indeed, there are theoretical reasons to suspect that electors first decide how to vote and then look for ways of rationalising their voting decisions. In turn, electors'

³⁶ As we have seen in Chapter 2, and for obvious reasons, promises of light at the end of the tunnel lose credibility as time passes, especially if the situation shows no signs of improving.

voting intentions may shape the way in which they use the information they have at hand in order to form expectations about the economy.

This brings us to some problems in the EV literature, since the study of the relationship between economic judgements and voting choice is carried out under the hypothesis that this relationship represents an example of democratic accountability or voters' control over the governments' performance and promises.³⁷ If voters' economic expectations are highly ideological, and if the incumbent can easily persuade electors to support it on the grounds of the brilliant economic future it is offering (despite its recent poor performance), then having to confront such voters in successive elections will not work as a disciplinary mechanism for the incumbent, promoting economic efficiency.³⁸ In short, it seems necessary to establish which factors explain voters' economic assessments about the future, since the magnitude of the effect of such assessments on the probability of supporting the incumbent is greater in the 1980s, just at the time when intertemporal discourse would appear to be more credible. I will discuss this issue in Chapter 6 when I test the ideological bias of voters' economic expectations across elections.

Let me now turn to another way in which voters' hypothetically control the incumbent: electors' retrospective evaluations of both economic and social policies. When promises about the future lose credibility, it is reasonable to expect voters to pay more attention to what the incumbent has done for them lately than to promises about the future. Evaluations of economic and social policies can therefore be expected to become increasingly

³⁷ Hence, there might be other examples of voters' control over the incumbent's actions and promises. Consider, for instance, other issues such as immigration, drugs, corruption.

³⁸ Of course, I am not claiming here that governments' accountability is limited to economic efficiency. Furthermore, voters' ideology can work as a mechanism for electors to hold the incumbent responsible for its actions while in government and for its promises in election campaigns. For example, a leftist voter will resort to her ideology when deciding to punish the Socialist government because she thinks that it has been disloyal to the Left.

important as time passes. As I show below, this is certainly the case in Spain.

2.3. Retrospective evaluations of economic and social policies: holding the incumbent responsible

As discussed in Chapter 1, the EV literature often assumes that voters attribute responsibility for economic performance to the government. The latter is a problematic assumption that could well be very unrealistic. In order to address this problem, an empirical strategy has been adopted here: that of using voters' evaluations of economic policies, rather than their assessments of the state of the national economy.³⁹ The idea is that the assumption about the attribution of responsibilities is more realistic in this case. Compared with a coalition government, a majority incumbent would be less likely to elude responsibility for policies that it had previously decided and implemented. Hence, this variable measures the implementation of the Socialists' economic programme, something that is more easily and directly attributed to the incumbent's actions.

There is, moreover, another hypothesis to be tested. The substantial extension of social transfers in the PSOE's economic programme after 1989 (Boix, 1998; Chhibber and Torcal, 1997; Maravall, 1998 and 1999; Gonzalez, 1997) might have visible effects on voting intentions.⁴⁰ Furthermore, research on voting behaviour in Spain has demonstrated that the social profile of the voters most willing to support the Socialists in the 1990s was the

³⁹ As explained in Chapter 3, the idea behind this is that the political discourse of governments often simplifies the differences between policies and outcomes. The majority of citizens perceive that policies already implemented by the incumbent are indicators of the expected outcomes. Hence, to a certain extent policies and outcomes are no longer distinguishable. For a discussion of the differences between policies and outcomes see Chapter 3 and Fiorina, 1981.

⁴⁰ See Chapter 4 for a summary of the substantial expansion of social transfers promoted by the Socialists especially after 1989.

following: the industrial working class, people living in rural areas, and members of the welfare-dependent social sectors such as pensioners and housewives (the insiders, in terms of social protection; see Gonzalez, 1997, and Boix, 1998).⁴¹

I am not going to test these hypotheses in depth here, as I do not have the necessary data.⁴² Moreover, I do not have sufficient empirical information to establish a priori or make an assumption about first, how social policies pursued by the incumbent in the 1990s affected each social group and second, whether this effect was homogeneous or not within these social groups. In addition, the increase in social expenditure cannot be directly interpreted. Careful analysis is needed in order to discover whether the increase in social expenditure after 1989 translated into improved conditions for individuals or a better functioning of the educational or health care systems.⁴³

Given all these uncertainties about the effects of the increase in social expenditure after 1989 on citizens' standard of living, I have opted not to look at the effect of social policies on certain

⁴¹ Gonzalez also states that active classes (unemployed or low-skilled workers, very much the "outsiders" within the Spanish labour market) only supported the Socialists in 1993 when they still benefited from redistributive social policies or could get access to a job, even if the latter was temporary. The support of this social group, he argues, is especially vulnerable to the economic situation. As soon as the economic crisis of the 1990s began to bite and the Socialists approved the labour market reform law of 1994 (which hit the outsiders - the unemployed and the low-skilled workers - particularly hard and introduced substantial cuts in unemployment benefit, see Chapter 4) the outsiders withdrew their support for the incumbent (Gonzalez, 1997, see also Gonzalez Alvarez, 2000).

⁴² I can, however, test the most general hypothesis about pensioners and housewives as they are included as separate categories in the labour market position. The expectation here is that both pensioners and housewives (when compared with people in the labour market) will be more willing to support the incumbent in the last periods analysed here (that is, in the 1990s) as their purchasing power was not dependent on the economic cycle.

⁴³ An alternative possibility would be that the increase in social expenditure was only incremental and did not produce an effect on standards of living or on the functioning of educational or health care systems.

assumed homogeneous social groups, but rather to restrict my analysis to the effect of social policies on public opinion. In this way, I allow citizens to see social policies as indicators of a good (or bad) performance by the incumbent, independently of how these social policies affect them economically and individually.⁴⁴ As discussed in Chapter 3, the indicator used to operationalise public opinion about social policies (mainly health care and education) is very broad. Furthermore, the former embraces citizens' opinions about distinct dimensions of these two social policies. Hence, the indicator must be interpreted in a rather crude way, since we have citizens' support for health care and educational policies (in the 1986, and 1989 election models), and individual retrospective evaluations of the functioning of health care and educational systems (in the 1993 and 1996 models).

Various dimensions of citizens' opinion about social policies could be at work here.⁴⁵ In the 1986 and 1989, the indicator is more general: it measures the degree of individuals' support for health care and educational policies. Hence, citizens can be expressing their support for either the laws introducing the new health care and educational systems,⁴⁶ or for the functioning of both systems, or they could even be expressing a combination of both opinions. The broad character of the indicator must be taken into account when interpreting the results. In contrast, the indicator of citizens' views about social policies corresponding to

⁴⁴ I also allow people to make arguments of the following type: "the economy is not doing very well but I can still see that certain social groups have improved" or "the government has not done very much for me personally, but I can see the situation for the poor has improved". This is what Stokes has called the "social comparison principle" (Stokes, 1996).

⁴⁵ Public opinion about social policies can also be seen as signals that voters send to the incumbent to indicate their opinion about the country's level of social inequalities or social welfare. Hence, this variable could be considered as another way of operationalising the sociotropic hypothesis.

⁴⁶ *Ley General de Sanidad Pública*, approved in 1986; *Ley de Reforma Universitaria*, approved in 1983; *Ley Orgánica Reguladora del Derecho a la Educación* (LODE), approved in 1985, and *Ley de Ordenación General del Sistema Educativo* (LOGSE) approved in 1990.

the 1993 and 1996 elections is narrower, as it expresses voters' retrospective evaluations specifically about the functioning of the health care and educational systems.

I expect the effects of electors' evaluations of social policies to have an impact on the probability of voting for the incumbent. As was discussed in Chapter 1, the Socialist government defended its economic programme using the argument of social compensations. Hence the political identity of the Socialists becomes dependent on choices over social policies (Maravall, 1999). At a time of globalisation, when the economic programmes of governments become ever more similar, it is highly likely that voters will identify more with social programmes than with economic programmes. How do these expectations work empirically? Let me start by commenting on the results referring to voters' assessments about economic policies.⁴⁷

The second entry in Table 5.2 shows the difference between having a positive and a negative evaluation of economic policies for the probability of voting for the incumbent. This difference was very small in 1979: 3%. Again, this accords with the ideological character of the vote that has been identified in 1979. The difference between positive and a negative assessments about economic policies for the probability of rewarding the UCD, however, becomes higher in 1982: 11%. This shows that part of the electors' discontent with the UCD was due to their doubts about its poor economic performance.

As previously discussed, research explaining the electoral disintegration of the UCD has highlighted the importance of Gonzalez's leadership of the PSOE or the party's catch-all capacity to win electoral support from across society.⁴⁸ As we shall see in the coming section, these are obviously very important features that help to explain the electoral results in 1982, but these

⁴⁷ Voters' retrospective evaluations of economic policies have the following mean value across elections: 0.44 in 1979; 0.25 in 1982; 0.57 in 1986; 0.27 in 1989; 0.16 in 1993; and 0.18 in 1996.

⁴⁸ There was also internal factional in-fighting together with a leadership crisis in the UCD party.

are not the only ones. However, existing research has always analysed electoral behaviour taking the recalled vote as the dependent variable. In contrast, I am explaining (in line with the theoretical interest of this thesis) the voting intention for the incumbent (in this case UCD). In my opinion, in order to study the reasons that led to the collapse of the UCD, it is more appropriate to analyse voting intentions for the UCD than to speculate about the reasons for the UCD's electoral defeat from an empirical analysis of the recalled vote for the PSOE.⁴⁹

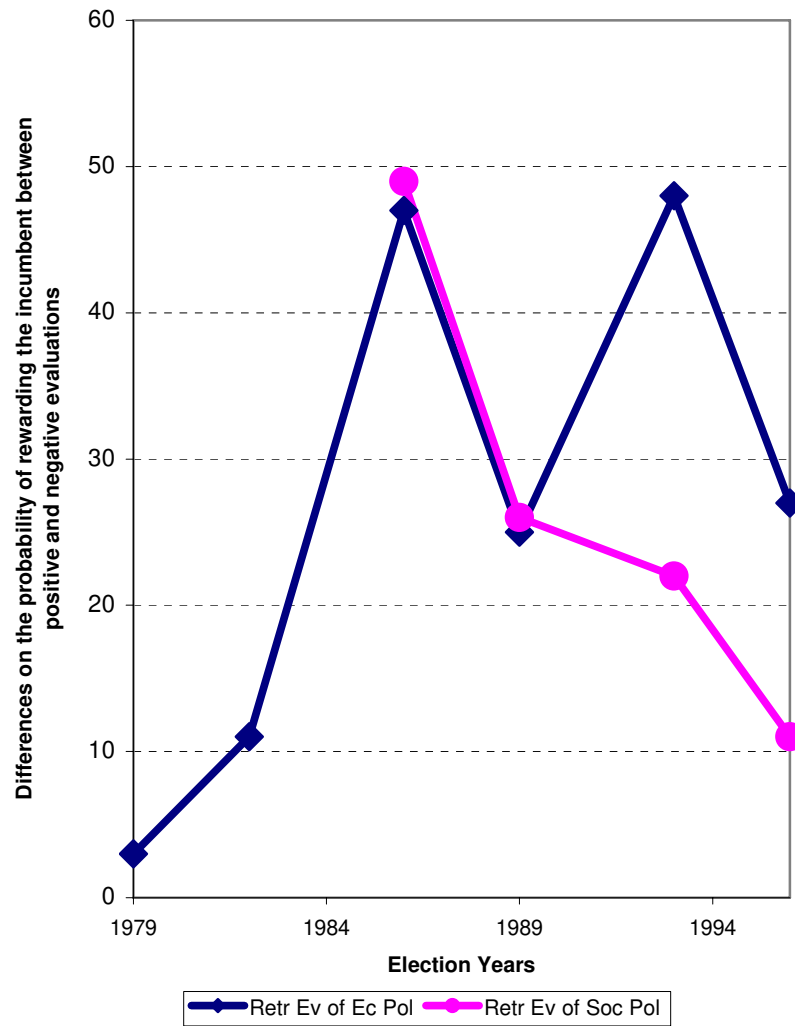
Table 5.2 also reveals the increasing importance of voters' retrospective evaluations about economic policies on the probabilities of rewarding the Socialists during the rest of the period analysed here (1986-1996): the difference was 47% in 1986, 25% in 1989, 48% in 1993 and 27% in 1996. These differences changed significantly in the case of the 1996 elections, when the values of the independent variables are set to their sample mode values. The difference then becomes 43% (see Appendix B, Table B.1). A summary of the changing effect of voters' evaluations of both economic and social policies on the probabilities of rewarding the incumbent across elections is given in Figure 5.15.

What can explain the changing magnitude of the effects of voters' retrospective evaluations about economic policies on voting choice? I would expect these judgements to have a greater impact on voting choice in the 1990s since promises are less credible as time passes, and hence, people may resort to more tangible things such as what the incumbent has done until then. This is certainly the case, as the effects of retrospective evaluations on the probabilities of rewarding the incumbent are high in both the 1993 and 1996 elections (48% and 27% respectively). Furthermore, this interpretation is strengthened by two facts. The first is that the electoral impact of economic policies is greater if the simulations are computed setting the

⁴⁹ This is what Gunther *et al.*, 1986 do, as do Gunther, 1991 and Gunther and Montero, 1994, etc..

values of the independent variables at their sample mode values: 43%. The second is that in the simple EV model, carried out to

Figure 5.15. Summary of the magnitude of the effect of voters' retrospective judgements about both economic and social policies on the probability of rewarding the incumbent across elections



control for the comparability of the extended EV model across elections, the two highest coefficients are those corresponding to the 1993 and 1996 elections (see Appendix A, Table A.1).

In the simulations presented in Table 5.2, however, the greatest effects correspond to the 1986 and 1993 elections (47% and 48% respectively). Note that these two elections were held during or immediately after periods of economic recession. This finding suggests that the magnitude of the effect of voters' retrospective evaluations of economic policies on voting behaviour is greater in elections taking place during or immediately after a period of poor economic results.

Hence, we have two alternative interpretations of the results corresponding to the magnitude of the effect of voters' retrospective evaluations about economic policies. First, in the 1990s, after three and then four consecutive Socialist mandates, electors are more willing to vote retrospectively rather than prospectively. Second, the magnitude of the effect of voters' evaluations of economic policies is greater in elections held during or after periods of economic crisis (the grievance asymmetry hypothesis). It seems to me that the first interpretation is more convincing for the Spanish situation. Unfortunately, the quality of the data impedes interpreting the results in a more rigorous way.

Moreover, the former are no more than two interpretations suggested by the empirical findings of the statistical analysis carried out in this chapter. Further statistical analysis would be necessary in order to properly test the two alternative interpretations of the results. More specifically, and as explained in Chapter 3, I should have pooled all the data sets corresponding to each survey in order to test whether the effect of each variable varies significantly across elections. Unfortunately, however, I could not use the pooling cross-sectional technique as I lack some of the variables in almost all of the surveys used here. Hence, the interpretation of the changing magnitude of the effect of each independent variable across elections should be read bearing all these caveats in mind. The same difficulties apply to the

interpretation of the changing electoral effect of social policies across elections.

The third entry of Table 5.2 shows that voters' retrospective evaluations of social policies have an effect on the probabilities of rewarding the incumbent in 1986, 1989, 1993, and 1996.⁵⁰ For instance, the difference between having a positive and a negative evaluation of social policies for the probability of rewarding the Socialists was 49% in 1986, 26% in 1989, 22% in 1993 and 11% in 1996.⁵¹ These results change to some extent if the values of the independent variables are set to their sample mode values. The effect becomes smaller for the 1989 and 1993 elections: 12% and 14% respectively, whereas the difference becomes bigger for 1996 elections, 17%. (see Appendix B, and Table B.1).

It is difficult to interpret these results. To start with, the results drawn from the 1986 survey could be artificially inflated, since the survey used for the analysis misses out two important variables of the extended EV model: voters' economic expectations and their views of the main opposition party. As discussed in Chapter 3, it is difficult to assert a priori the effect of the mis-specification on the estimated results for social policies in 1986. If the two missed variables are correlated with voters' evaluations of social policies, then the coefficient may be biased and artificially inflated. This helps to explain the big difference between the effect of electors' assessments of social policies in the 1986 elections compared with the 1989, 1993, and 1996 elections.

Regarding the magnitude of the effect of voters' evaluations of social policies for the 1989, 1993, and 1996, the results are puzzling, since they change to a relative extent depending on the

⁵⁰ Note that I lack voters' evaluations of social policies in the first period under analysis.

⁵¹ Note that here I am using an additional survey in order to test this hypothesis as evaluations of social policies were not included in the survey used for the 1986 elections. For details of the characteristics of this macro-survey see Chapter 3. It is important to note that this survey has many more cases: 12,300. It should also be noted that voters' evaluations of social policies have the following mean value across elections: 0.68 in 1986; 0.55 in 1989; 0.54 in 1993; and 0.68 in 1996.

values of the independent variables chosen to compute the simulation. In any event, it is paradoxical that the greatest electoral effect of social policies is found in the 1986 elections, when the percentage of public expenditure devoted to social policies was lowest, while the electoral effect is smaller in the 1993 elections when social transfers had been considerably expanded.

One plausible explanation has to do with the symbolic dimension of voters' evaluations of social policies. The approval of laws that created the bases of the welfare state in Spain, such as the *Ley Orgánica Reguladora de Derecho a la Educación* (LODE), approved in 1985, or the *Ley General de Sanidad Pública* (LGS), approved in 1986 took place during the first Socialist legislature. One may suspect that citizens were expressing their support for these laws introducing the new health care and educational systems.⁵² The impact that these evaluations had on voting behaviour is especially great because the approval of these two laws was covered extensively in the mass media, and gave everyone access to free and public health care and educational systems. This is an important symbolic component, and hence the electoral consequences are great.⁵³

Hence, the only thing it is possible to conclude from these findings is that social policies have electoral consequences, but that no clear pattern can be found with respect to the changing electoral effect of social policies across elections. Thus, the effect of electors' retrospective evaluations about social policies on their voting behaviour can help explain the capacity of the Socialists to remain in government for an unusually long period. Nevertheless,

⁵² For instance, the *Ley General de Salud Pública* promoted the transformation of the former Social Security System into a National Health Service (NHS) which implies the following: universalisation, tax financing, and public provision. In the same vein, the *LODE* promoted the universalisation of the educational system, tax financing and public provision.

⁵³ The idea is that the moment of approval of laws that substantially change the status quo and provide citizens with new individual rights such as the free access to health care or the education system may be particularly relevant, and hence may have a substantial electoral effect.

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there was another factor benefiting the PSOE for almost the entire period under analysis: the low credibility of the principal opposition party. As available survey data shows, Spain is a case in which it is very typical to find a situation in which the voter may think that the incumbent should have done better, but that the opposition is expected to be even worse. What is the magnitude of this advantage for the incumbent? This is the topic I consider in detail here.

2.4. The lack of opposition as an advantage for the incumbent

Table 5.2 indicates that the magnitude of the effect of voters' opinions of the credibility of the principal opposition party is not very high for the 1979 elections. Hence, the difference between trusting or not the Socialists' ability to solve the problem of Spain's high unemployment for the probability of rewarding the UCD was 5% in 1979. This means that apart from their ideology, citizens also considered other heuristics when deciding how to vote. For example, they considered the Socialists' capacity to govern.

The difference between a positive and a negative view of the Socialists' capacity to solve the country's economic problems for the probabilities of rewarding the UCD is 12% in the 1982 election. The Socialists abandoned marxism at the National Congress in 1979, a decision which helped turn them into a credible alternative to the government. From here it follows that voters, when deciding whether to reward or punish the incumbent in the 1982 elections, resort to their ideological predisposition and to other sources of information, such as the credibility of the future that the UCD was offering, as well as the credibility of the Socialist Party as an alternative. Hence, electors were mainly looking forward when voting.

The credibility of the right-wing party, AP/PP has an effect on vote choice during the 1980s and 1990s. For instance, in 1986 the difference between a positive and a negative view of the PP is

26%, while in 1993 and 1996 it is 12% and 33% respectively.⁵⁴ This empirical finding suggests that the quality of the main opposition party is an important factor for the existence of economic voting. In fact, elections are not only about sanctioning the incumbent but also about selecting candidates (Fearon, 1999). Nonetheless, EV literature has only very recently begun to pay serious empirical attention to this question (see Sanders, 1996, and 2000). The Spanish case demonstrates that when the credit of the principal opposition party is constantly low (as was the case for the Conservative Party, the PP) the incumbent enjoys an additional advantage.

The lack of a credible opposition party can limit the electorate's capacity to control the incumbent. When voters do not trust the main opposition party, their critical view of the incumbent's performance will never translate into punishment. If in successive elections the Socialists confronted critical voters who, however, thought the opposition would only make things worse, then elections hardly worked as a disciplinary mechanism.⁵⁵

Nevertheless, in the 1996 elections, and thanks to a change of political leadership, together with an increase in the organisational cohesion of the party, the PP becomes credible. For example, in the survey used for the 1996 elections model, when asked who was the best party to solve Spanish society's problems, 32% of respondents said the PP, and 34% the PSOE. This fact suggests

⁵⁴ The difference between positive and negative voters' views of the principal opposition party, if we set the values of the independent variables to their sample mode values, does not change very significantly in any of the elections. More specifically, the effect is smaller in 1986 and 1993: 19% and 10% respectively, while the effect is higher in 1996: 39% (see Appendix B, Table B.1). Note also that I lack this variable for the 1989 election. Additionally, voters' views on the main opposition party have the following mean value across elections: 0.38 in 1979; 0.82 in 1982; 0.45 in 1986; 0.25 in 1993; and 0.31 in 1996.

⁵⁵ The same logic applies to the view of elections as mandates. There can be no valid mandate without alternatives to the winning party. Without alternatives, there is no choice.

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that the credibility of the PP could become a crucial factor explaining the Socialists' eventual electoral defeat in 1996. What explains this final defeat? Why did it come in 1996 and not before, for instance in 1993, during a tough economic recession?

According to Table 5.2, the magnitude of the effect of the credibility of the PP on the probabilities of rewarding the Socialists is clearly higher in the 1996 elections. This suggests that the credibility of the PP becomes a crucial factor in explaining the Socialists' electoral defeat in 1996. As stated above, a proper test is required to see whether the difference in the effect of this variable on voting behaviour in the 1993 and 1996 elections is statistically significant. This will be done in Chapter 7. The results obtained from this exercise, however, will only give some clues about the reasons behind the PSOE's electoral defeat in 1996. As it will be discussed in Chapter 7, aggregate electoral results cannot be explained through the type of empirical analysis developed in this thesis. The empirical findings provided here only allow us to understand how the individual determinants of voting behaviour have changed across elections.

I will discuss this topic in greater depth in Chapter 7. Here, I will consider the magnitude of the effect of distinct political events or issues of particular relevance in each election on the probability of voting for the incumbent. In addition, I recapitulate the main empirical findings of the extended EV model, together with some comments on the socio-demographic control variables that have been included in the model, above all the level of education of individuals and their labour market positions. In this way, I complete the EV model and present some tentative conclusions.

2.5. Political events: completing the extended EV model

We have seen in Chapter 1 that all kinds of political events take place between elections, and that electors are expected to react to them. Therefore, voters' views or evaluations of these

events or issues (which, of course, are connected to the incumbent's actions) are included in the model. Table 5.2, sixth row, presents the magnitude of voters' reactions to the different political events across elections.⁵⁶ For example, the difference in the probabilities of voting for the incumbent between voters with positive and negative opinions about the benefits of Spain joining the European Community in 1986 is 24%. The Socialists benefited to a great extent from Spain's entry into the European Community. It was often presented as a clear sign of the modernisation of the country.

In 1989, within the context of a very recent general strike (December 1988) against the government economic programme, the view that the Socialist government had lost contact with real problems on the ground produced a difference in the probability of voting for the incumbent of 35% (when compared with the contrary view). In contrast, for the 1993 and 1996 elections, I have chosen electors' judgements about one of the most salient issues in public opinion, together with unemployment and terrorism (Jimenez, 1998): corruption. In 1993, the view that the degree of corruption among Spanish politicians has become worse in recent years produces a difference in the probability of voting for the incumbent of 21%.

The magnitude of the effect of public opinion about corruption is expected to increase in the 1996 elections. The empirical evidence, however, does not support this expectation, as the difference for the 1996 model is only 4%. This may be an empirical problem. The variable I am using for the 1996 elections (unlike that of 1993) is not directly measuring electors' opinions about the degree of corruption in the incumbent party. It simply asks electors to say which is the most important problem facing the country. Here the corruption issue is mixed up with unemployment, terrorism, and poverty. There was no better

⁵⁶ Unfortunately, I do not have the event variable for the 1979 and 1982 elections. Additionally, voters' views about different political issues have the following mean value across elections: 0.37 in 1986; 0.70 in 1989; 0.77 in 1993; and 0.22 in 1996.

variable with which to specify the model, but I suspect that with a variable equal to the one used for the 1993 model, stronger coefficients would have been obtained and, providing a further explanation for the Socialists' eventual electoral defeat in 1996.⁵⁷

Until now, my comments have referred to the variables specifying the extended EV model as well as the principal control variable, ideology. I noted at the beginning of this chapter that the control variables are used not only to alleviate possible specification biases of the model, but also to capture (in a rather crude way) whether individual experiences (measured through citizens' socio-demographic characteristics) have any impact on their voting decisions.

2.6. *The socio-demographics*

As noted above, it is possible to identify the social profile of the voters most willing to support the Socialists during the 1990s. More specifically, the industrial working class, people living in rural areas, the less educated and old people, and members of welfare dependent social groups such as pensioners or housewives (Gonzalez, 1997, Boix, 1998). The findings of the empirical analysis carried out here confirms this profile, although only partially.

The negative influence of the level of education of electors on the voting intention for the incumbent seems to confirm the consensus profile, so that the probability of voting for the

⁵⁷ Even for the 1993 model the variable I am using is not the most adequate for properly measuring the electoral impact of voters' opinions about corruption. Voters will be more likely to react to the government's response to corruption, rather than to corruption itself. The reason is simple: the government has no direct responsibility for the scandals involving leading members of the PSOE. The government's responsibilities lie more in its reactions to such scandals. Unfortunately, there were no questions directly asking individuals about their views on government reactions to corruption.

incumbent decreases as the voter's educational level rises.⁵⁸ This negative influence seems to be stronger during the 1990s. A measure of the magnitude of the effect of this variable is given in Table 5.2.⁵⁹ If a voter with no educational qualifications is compared with a voter who has been to university (and holding constant the other variables in the model at their sample mean values), the difference in the probability of voting for the incumbent is 4% in 1979, 27% in 1986, 26% in 1989, 36% in 1993 and 19% in 1996.⁶⁰

In addition, the labour market position of citizens has an effect on their voting behaviour. Being a housewife increases the odds of voting for the incumbent in 1982 and 1986, and especially in 1996.⁶¹ This can be considered as a proxy for gender voting, since being both an adult women and a housewife (at least up to the middle of the eighties) was very likely in Spain. The category of pensioners (compared with those working) turns out to be significant in the 1989 and 1996 elections.⁶² Note also that in

⁵⁸ The only exception is the 1982 election when the education coefficients do not prove to be significant.

⁵⁹ I recognise that these magnitudes are very artificial, as they are influenced by the effect of changing the value of the variable education from 0 (the minimum) to 1 (the maximum), therefore I am comparing the probabilities of an individual with no qualifications voting for the incumbent, with another who has been to university. A proper measure, more qualitative and realistic should have been used here. It would probably be more appropriate to specify this variable divided into dummies and then to make simulations changing the values of these dummies. I preferred not to do it for the sake of simplicity while presenting the results, as this variable is a control one for my research.

⁶⁰ These differences change only relatively (for the 1993 and 1996 models in particular) if we set the values of the remaining independent variables of the model to their sample mode values: 7% in 1979; 21% in 1986; 17% in 1989; 42% in 1993; and 41% in 1996. See Table B.1, Table B.2, and Table B.4 in Appendix B.

⁶¹ It should be remembered that in the simple EV model, this variable also turns out to be significant in the 1993 elections.

⁶² In the simple EV model, the category of pensioners also turns out to be significant in the 1993 elections.

1996, both pensioners and housewives are more likely to vote for the Socialists.

The effect of being unemployed, however, did not turn out to be significant in any of the six election models. This suggests that there is no relationship whatsoever between the condition of being unemployed and the odds of rewarding the incumbent. Many explanations can be suggested here. The main argument explaining the striking fact that unemployment did not have major electoral consequences for the Socialists points to the lack of connection between the experience of being unemployed and dramatic material scarcity. Unemployment for the period analysed here was not necessarily concentrated in the poorest households, since family and welfare were safeguards against need (see Maravall and Fraile, 2000). I will return to this topic in Chapter 6. Let me now summarise the main findings of the analysis developed in this chapter.

3. Conclusions

So far I have presented the empirical evidence obtained from the statistical analysis carried out in this chapter. The main findings suggest that except for during the first years of transition to democracy, when the priority was to consolidate political changes, the consecutive democratic governments had to face voters' judgements of both their promises and their performance. First, voters' economic expectations have an increasing influence on voting behaviour up to 1989. This influence, however, diminishes during the 1990s. There seems to be a political logic in voters' economic expectations so that they have a greater impact on voting intentions when politicians' discourses claiming intertemporality or promising a better future are still credible. Hence, once the inter-temporal justification for bad economic performance loses credibility, and once promises for the future have been systematically betrayed, the influence of public economic expectations on voting behaviour seems to decline.

In contrast, retrospective control of voters over the incumbent by way of their economic evaluations increases as time passes. Thus, voters' evaluations of economic policies have increasing influence on their intentions to reward the incumbent. In addition, this chapter presents evidence demonstrating that social policies have electoral consequences.

The way in which voters may form their judgements about the successive incumbents' economic performance and promises can be based on the best evidence that voters are able to access (that is, through their personal experiences while consuming, for example, or observing prices at the market or on the grocery bill, or through the information they get from the mass media, etc.). The problem is that voters' judgements can also be based on rationalisations of their ideological predisposition, or even their voting decisions. If this is the case, then the control that voters can exert over democratic governments is weaker. And the capacity of governments to persuade voters to reward them despite their poor economic performance may be great. The question then becomes to what extent governments are induced to be accountable or responsive through election results. Especially if voters can be easily convinced to support the incumbent in spite of broken promises or poor economic performance.

In Chapter 6, I tackle the problem of causal reciprocity between electors' economic expectations and their voting intentions by using two-stage probit least squared, a technique which consistently estimates reciprocal relationships between dichotomous dependent variables. This technique, however, has rarely been used in the EV literature dealing with individual-survey data. In my opinion, this gives additional interest to the empirical analysis I present in the next chapter. I choose to endogeneize voters' economic expectations rather than voters' retrospective judgements about economic policies for the reasons given elsewhere. The past is easier to evaluate, since voters can use tangible information such as their own experience or the mass media. The formation of expectations, however, is more complicated, as these are based on relatively intangible

information such as promises, proposals, etc.. Hence, it is easier for politicians to manipulate voters' economic expectations than their judgements about the past.⁶³

In Chapter 6, I show that voters' economic expectations are largely influenced by their voting intention. But there is more to it than that. First, I demonstrate that the political bias of citizens' economic expectations decreases with time, implying that the influence of voters' economic expectations on their voting intention becomes more and more genuine. Second, I provide the specific magnitude of the effect of this bias, demonstrating that there are some other important features influencing citizens' economic expectations. Accordingly, I will now turn to a closer examination of voters' economic expectations and their impact on voting choice.

⁶³ Of course, I am not saying that voters' retrospective evaluations about economic policies cannot be ideologically biased or that politicians cannot manipulate the information to their advantage. My point here is that, comparatively, voters economic expectations are more likely to be ideologically biased than voters' retrospective evaluations, simply because the information that the latter requires is more concrete and tangible than the information required by voters when they are forming their economic expectations.

Table 5.2. Effects of optimism about the economic future of the country, retrospective assessments of both economic and social policies, views about the principal opposition party (AP/PP) and visions about events on the probability of intending to vote for the incumbent (UCD/PSOE), 1979-1996

	1979	1982	1986a	1986b	1989	1993	1996
	UCD	UCD	PSOE	PSOE	PSOE	PSOE	PSOE
Voters' economic expectations							
1 optimistic	.05	(.03-.07) .18	.57	No Var	.49	.35	.16
0 non optimistic	.02	(.01-.04) .07	.43	(.48-.65)	.21	(.40-.58)	(.28-.42)
Difference	.03	.11	.14	(.36-.50)	.28	.11	(.12-.22)
Voters' retrospective judgement of economic policies							
1 Positive	.05	(.03-.07) .14	.68	(.61-.73)	.50	.68	.36
0 Negative	.02	(.01-.04) .03	.21	(.16-.27)	.25	(.18-.32)	(.57-.77)
Difference	.03	.11	.47	.43	.25	.48	(.16-.23)
Voters' retrospective judgement of social policies							
1 Positive	No Var	No Var	No Var	.64	.45	.39	.17
0 Negative	No Var	No Var	.15	(.60-.67)	.19	(.36-.54)	(.31-.46)
Difference			.49	(.12-.19)	.26	.22	(.12-.24)
Voters' views of the main opposition party (PSOE and PP)							
1 Positive	.01	(.03-.07) .08	.34	(.23-.46)	No Var	.20	.02
0 Negative	.06	(.01-.04) .20	.60	(.49-.69)	No Var	.32	(.13-.27)
Difference	.05	.12	.26	.35	.12	.12	(.27-.37)
Voters' views of political events							
0 Positive	No Var	No Var	.57	(.48-.66)	.57	.45	.13
1 Negative	No Var	No Var	.33	(.20-.47)	.21	(.46-.67)	(.10-.17)
Difference			.24	.35	.36	.21	(.05-.13)
Voters' level of education							
1 Maximum	.02	(.01-.03) No Sigf	.33	(.22-.46)	.19	.11	.03
0 Minimum	.06	(.03-.09)	.60	(.48-.70)	.45	(.34-.57)	(.17-.29)
Difference	.04		.27	.32	.26	.36	(.17-.29)
Baseline Probability	.03	(.02-.05) .09	.48	(.42-.53)	.32	(.25-.39)	(.24-.32)

Estimated probabilities were calculated with the other variables set to their sample mean values.

Numbers in parenthesis correspond to 95% confidence interval for each simulation.

The CLARIFY program by Michael Tomz *et al.*, was used to calculate the simulations.

CHAPTER 6

THE DIFFICULT QUESTION OF CAUSALITY IN EV. ARE VOTERS' EXPECTATIONS A RATIONALISATION OF THEIR VOTING DECISIONS? WHERE DO EXPECTATIONS ABOUT THE ECONOMY COME FROM?

1. Introduction

The literature on EV has tended to focus on the question of the impact of economic attitudes (both retrospective and prospective evaluations of the state of the economy) on voting choice. Yet comparatively little attention has been paid to the factors explaining these attitudes, or the way in which retrospective and prospective judgements are related. This question has significant theoretical implications for the main conclusions drawn in EV studies. First, if expectations about the economy are no more than rationalisations of prior voting decisions, then electors are unable to control the economic programmes of politicians and have no capacity to shape economic policy. Second, if, in contrast, expectations about the economy are simply extrapolations from the past, then it can hardly be argued that electors are prospectively oriented. If this were indeed the case, prospective and retrospective judgements about the economy would be one and the same thing. And therefore, the main debate within EV

over the relative impact of retrospective or prospective assessment of the economy when voting on economic issues would have no empirical relevance whatsoever.

In this chapter, I investigate the determinants of voters' prospective economic evaluations of the state of the economy. Among all these determinants, I focus on voting intentions and information about how the economy was in the past. Additionally, I look for the existence of other sources of subjective heterogeneity in voters' economic assessments, more specifically: personal experiences, socio-economic characteristics, and political sophistication.

The findings of this analysis indicate that the Spanish electorate uses all the relevant information it has to hand in order to form its economic expectations. Hence, voters' expectations about the economy are based on information about the past, personal experiences and individual characteristics (whether they are unemployed or not, their income level, age, and education), as well as their ideology.

The chapter has the added interest of testing an econometric model (two-stage probit least squares) that permits voting intentions and prospective assessments of the economy to be empirically related. This model makes it possible to obtain correct coefficient estimates about the effect of economic expectations on the vote for the incumbent party (UCD and PSOE) from 1979 to 1996.

This chapter is organised as follows. I begin by discussing the debate over the origins of subjective expectations about the economy. The second part presents the data and methodology used for the empirical analysis. Finally, I summarise the principal findings of the analysis and draw some tentative conclusions.

2. Theoretical argument

Where do economic expectations come from? This is an empirical question in the causal chain connecting elections and the economy. If electors vote on the basis of the future consequences that they attribute to the candidates' or parties' programmes for both their own personal welfare and that of the nation, then it becomes very important to investigate where these expectations come from. One key question is whether they are mainly based on objective measures (such as real macroeconomic indicators), or whether they are a mere reflection of ideological bias. The question becomes, therefore, whether personal experiences filter perceptions about the economy? This question has implications for the study of the relationship between economic evaluations and vote choice, especially when this relationship is studied under the hypothesis that it represents an example of democratic accountability or voters' control over governments' performance and promises.

Little is known, however, about the way in which people derive notions about how the economy is doing or will do in the near future. Not much empirical research has been carried out into whether electors read official statistics every day or not. Or, rather, whether they obtain the information they need from their own daily experiences as consumers. Do electors listen to politicians and their explanations? Do they read what the media says about the state of the economy and its future prospects?

This question has been empirically investigated only very recently (see Nanestad and Paldam, 2000; Sanders, 2000; Niemi *et al.*, 1999; Mutz, 1994; Dutch *et al.*, forthcoming; Wleizen *et al.*, 1997).¹ The topic was already posed by Downs, 1957, who maintained that it is highly likely that voters extrapolate their understanding of what will happen in the immediate future from their experience of the recent past. They may learn from their past experiences, and will incorporate this information into their views

¹ An important exception is the study of Conover *et al.*, 1987. The same authors also study the determinants of retrospective evaluations of the economy. See Conover *et al.*, 1986a, 1986b.

about the future. This image of voters corresponds to what Mackuen *et al.*, 1992 refer to as “peasants” (or as an economist would put it, adaptive expectations theory) and emphasises the rational ignorance of electors.

Nonetheless, a number of other theories offer alternative explanations of the way citizens form their expectations about the economy. For example, one line of research highlights the important affective component of economic expectations which, combined with considerable learning from the past, may determine such attitudes (Conover *et al.*, 1986a, 1986b, and 1987). Another hypothesis presumes that voters not only have the capacity to learn from the past but also an ability to incorporate all the additional information at their disposal. This is rational expectations theory.

Rational expectations theory as applied to economic voting should not be misunderstood. The image used by Mackuen *et al.* is that of voters as “bankers”. This does not necessarily imply the unrealistic assumption that voters are sophisticated. Moreover, these authors do not maintain that voters are economists or financiers who respond to events when they are anticipated, rather than waiting until events actually occur. Rather, what they argue is that voters simply use any relevant information to hand when making their forecasts. The idea is that of people who are everyday consumers, and who have access to free or accidental information. Their basic belief is that acquiring economic news is relatively easy (Erikson *et al.*, 2000). In short, under the rational expectations hypothesis, the majority of citizens conform to limited information rationality (Popkin, 1991).

Another relatively new line of research is also very closely connected to this topic. This line of research tries to explain the contradictory empirical findings concerning the influence of the economy on voting behaviour. More specifically, studies using aggregate data almost unanimously find a clear statistical relationship between election results and economic conditions, while individual-level studies using survey data have produced conclusive evidence regarding the link between individual voting and evaluations of the economy. In short, it seems likely that the

macro-level behaviour of the people does not correspond with the micro-behaviour of individuals (Erikson, *et al.*, 2000).

The most common explanation for this apparent paradox lies in the high degree of random variation associated with survey data. The underlying assumption behind this view is that individual errors in surveys are randomly distributed. Accordingly, the aggregation of individual responses may cancel out this random variation (Page and Saphiro, 1992; Stimson *et al.*, 1995). Aggregate measures of individual-level economic evaluations might be a function, therefore, not only of objective economic conditions but also of the characteristics of individual respondents. All of this implies that individual judgements about the economy contain subjective sources of systematic variation such as ideological rationalisations, individual experiences, etc. (Dutch *et al.*, 2000).

What, therefore, are the sources of subjective heterogeneity in voters' economic assessments, either retrospective or prospective? According to Dutch *et al.*, 2000, it is possible to identify three different sources of subjective heterogeneity in evaluations of the national economy: information and media exposure, political attitudes, and personal experiences (measured by citizens' socio-economic characteristics).

First, convincing empirical findings show that voters' decision calculus differs in accordance with their level of information, and that economic evaluations are formed largely on the basis of what is reported in the mass media (see Althaus, 1998; Bartels, 1996; Heterington, 1996; Muntz, 1992; Sanders *et al.*, 1993). Hence, it seems reasonable to expect people to perceive the economy differently depending on their level of education (Krause, 1997) and political sophistication. For instance, education and political sophistication could reduce the costs of obtaining and consuming information.

Second, citizens' reactions to the economy may differ according to their personal experience, social status and/or

situation in the labour market.² The simple principle of egocentric voting suggests that personal experience is a source of economic evaluations. Furthermore, literature on public opinion theorises that citizens use heuristics to filter the available information that they decide to process (Zaller, 1992). One subjective heuristic is individual personal experience. For example, one can expect people experiencing personal financial difficulties to see the economy differently to those in a thriving financial situation.

Individual ideological predisposition could be another subjective heuristic. Hence, individuals intending to vote for the incumbent, or at least with strong attachments to the incumbent, may perceive the national economy more positively. Previous research has shown that this is indeed the case (Conover *et al.*, 1987; Dutch *et al.*, forthcoming; Markus, 1988; Mutz, 1994; Wleizen *et al.*, 1997).

At this point, it is possible to summarise the theoretical expectations regarding the individual-level determinants of voters' prospective evaluations of the economy. These expectations will be empirically tested. Electors' prospective evaluations constitute both an independent and a dependent variable in the empirical analysis carried out here. What are the factors that explain electors' propensity to be optimistic, according to the model I test here? First, I expect electors intending to vote for the incumbent to be more optimistic than electors intending to throw the incumbent out. Second, according to adaptative expectations theory, I expect retrospective evaluations of the economy to be important determinants of voters' economic expectations. Third, personal experiences as well as personal situation in the labour market may determine voters' economic expectations. More specifically, I expect a positive relationship between levels of income and the odds of having optimistic economic expectations. I also expect unemployed citizens to be more pessimistic than their employed counterparts. Other aspects of citizens' personal experiences can

² For example, we can expect unemployed citizens to be more severely affected by economic cycles, and therefore to be more sensitive to an economic recession than, for instance, employed people.

be measured through their socio-demographic characteristics: gender and age. Finally highly educated people may form their economic expectations differently from poorly educated people.³

Voters' perceptions of the economy constitute, therefore, an intervening variable between objective economic conditions and voting behaviour. Additionally, it becomes a dependent variable. In Chapter 5, it has already been demonstrated that voters' prospective economic assessments have a significant impact on the probability of their supporting the incumbent. It is time now to address the question of where prospective economic evaluations come from. In doing so, I will continue to develop the original extended EV model that was tested in Chapter 5. The difference between the model presented in this chapter and that proposed in Chapter 6 is that here I use a model in which two dependent variables (voting intention for the incumbent, and optimistic economic expectations) are simultaneously estimated. Moreover, these two dependent variables are reciprocally related, and both effect one another.

This empirical analysis acquires special interest if we consider the following. EV is based on the assumption that economic attitudes are causally prior to political preferences. The principal criticism of this approach maintains that prospective economic assessments may in fact constitute *ex-post* rationalisations of voting decisions based on ideological or traditional grounds. The process of making economic predictions may be more complex than evaluating the past. The past is certainly easier to evaluate, or at least, the voter has potentially more sources of available and

³ Note that I do not have data available to properly test the hypothesis of political sophistication. According to the literature, the degree of accessible information about the state of the economy (Conover *et al.*, 1987) or the level of voters' media exposure (Nadeau *et al.*, 1999) may also influence the electorate's economic evaluations. Note, nonetheless, that one can view education as a proxy for information. As Krause indicates, better educated individuals tend to be both more aware of current events and used to acquiring and processing new information. Convincing empirical evidence demonstrates that levels of educational attainment are closely related to levels of political information and sophistication. (Krause, 1997).

free information: policy outcomes, personal experience, mass media information, etc.. In contrast, the future is difficult to evaluate. Prospective judgements are based on promises, proposals, reputation, etc., and therefore, electors need to use a wider range of information (Conover *et al.*, 1987). In all likelihood, expectations about the future are more easily politicised than retrospective judgements. Indeed there are theoretical reasons to suspect a reciprocal causation between voting intentions and electors' expectations about the economy. This theoretical possibility should be modelled when empirically testing the EV hypothesis.

Until now, however, comparatively little attention has been paid to reciprocal causation in the EV literature discussing individual-level survey research (exceptions are Fiorina, 1981, Wlezien *et al.*, 1997).⁴ This may be due to the nature of the dependent variable (which is either discrete or dichotomous). While the use of non-recursive multi-equation models for continuous dependent variables is well known in EV literature, the use of non-recursive multi-equation models for dichotomous dependent variables is not.

Techniques do exist, however, to consistently estimate reciprocal relationships between dichotomous dependent variables. In line with recent research on voting behaviour (Alvarez, 1997) I use two-stage probit least squares (hereafter 2SPLS) estimation in order to address the problem of reciprocal causation between prospective economic assessments and the vote. The model I test here makes it possible to obtain correct coefficient estimates about the real effect of economic expectations on the vote for the incumbent party (UCD and PSOE) in 1979-1996, thereby cleaning the bias that individual ideological predisposition could be creating in the prospective EV model tested in Chapter 5. Below I briefly explain the data and

⁴ One example of reciprocal causation modelling within the EV literature dealing with aggregated data can be found in Clarke *et al.*, 1998, where they use the Granger test for time series analysis.

methodology I have used in order to specify this 2SPLS model. More details concerning the method are given in Chapter 3.

3. Data and methodology

The data used here is the same as the data used for Chapter 5. Details of the operationalization of the variables are given in Chapter 3. Appendix C contains the derivations of this chapter.

3.1. Data

The statistical investigation of this chapter proceeds in two phases. First, I replicate the extended EV model used in Chapter 5, where the dependent variable was the vote for the incumbent (1) versus the vote for other parties (0). The independent variables of the extended EV model are the same as in Chapter 5, namely: prospective assessments of the state of the economy (that is, a dummy variable that takes the value 1 for optimistic economic expectations), evaluations of both economic policies (ECPOLEVA) and social policies (SOCPOLEVA), both taking the value 1 for the most positive evaluations; subjective views of the main opposition party, that is, PSOE in 1979 and 1982, and AP/PP from 1982 onwards, (OPPOSITION) taking the value 1 for positive views; and finally subjective views of particular prominent political issues (EVENT), a variable that takes the value 1 for negative views about events related to the incumbent's actions.

Second, as has been seen above, I am also interested in exploring the factors that account for voters' economic expectations. Therefore, what was initially an independent variable has been converted here into a dependent variable (endogenous variable). The independent variables that, according to the model estimated, could account for citizens' expectations about the economy are as follows: individuals' levels of education

and income, individuals' positions in the labour market, voting intentions for the incumbent (that is, the dependent variable of the first model), voters' retrospective evaluations of the economy (a categorical variable taking the minimum value for the most negative evaluations and the maximum value for the most positive evaluations), (RETRSOC), and the two socio-demographic characteristics of age (in years) and gender (codified as 1 for male). Details concerning descriptive statistics of the new variables used in this model as well as their original codification are given in Chapter 3, as well as in Appendix A.

Hence, I will be applying a multi-equation model. The simplest multi-equation model would be a *recursive causal model*. In order to be recursive, however, a model must satisfy a number of conditions to ensure that all causal effects specified in the model are unidirectional; that is, no variables can be reciprocally related, each affecting the other (see Berry, 1984).⁵ As argued below, it is highly unrealistic to assume that voters' economic expectations and their voting intentions are not reciprocally related. Hence, it would appear advisable to abandon recursive models and employ non-recursive multi-equation models. Therefore, the two dependent variables are estimated through a 2SPLS. The process of estimation is explained below.

3.2 . *The statistical model: two-stage estimation*

I am interested in determining the role that voters' economic assessments of the future play in shaping their electoral choice. I am also interested in the factors that explain voters' economic expectations. Hence expectations about the economy are an important explanatory variable in the determinants of the vote, as well as an important endogenous variable. This causal process relating prospective judgements and the vote can initially be

⁵ Therefore, all pairs of errors in the model must be assumed to be uncorrelated.

depicted as a hierarchical model as set out in the following two equations:⁶

$$\text{Equation (1)} \quad v_i = \beta_1 + \beta_{11}X_{1i} + \beta_{12}X_{2i} + T_{11}u_i + \xi_{1i}$$

$$\text{Equation (2)} \quad u_i = \beta_2 + \beta_{21}X_{1i} + \beta_{23}X_{3i} + T_{21}v_i + \xi_{2i}$$

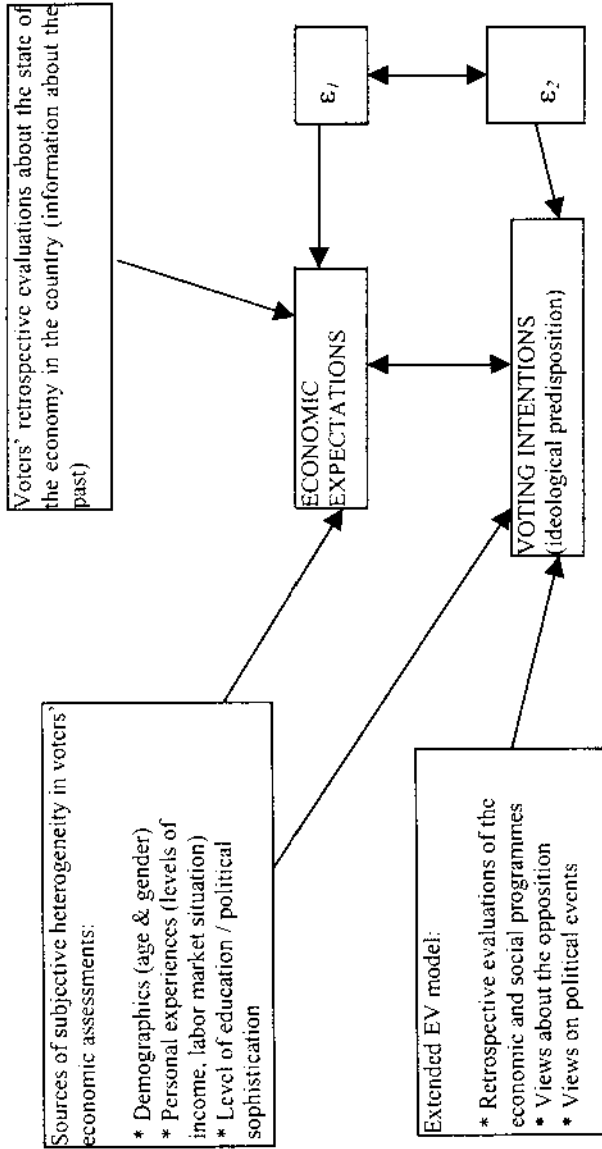
Where v_i is voter i 's expectations about the state of the economy, u_i is elector i 's voting intention, X_{1i} is a vector of the *control variables*, X_{2i} constitutes voter i 's retrospective judgement about the economy, X_{3i} is a vector of the *independent variables* that constitute the extended EV model, the β 's and T 's are parameters to be estimated, and ξ 's are error terms in each model.

If one wants to estimate these two equations separately, the assumption to be met is that of non-correlation between the two error terms (ξ_{1i} and ξ_{2i}). As argued above, there are solid theoretical reasons to suspect that elector i 's voting intention might influence their economic expectations, and hence the error term in each of the equations is likely to correlate with the right-hand side variable in each equation. If we estimate these two equations independently (that is ignoring the endogeneity) the coefficients in this model are likely to be biased (see Alvarez, 1997, and Alvarez and Glasgow, 1999).⁷ Hence, I estimate this model (which is now non-hierarchical) with 2SPLS in order to deal with the endogeneity between the two variables (voting intention and economic expectations). This model is summarised in Figure 6.1.

⁶ A model is hierarchical if all endogenous variables in the model can be arranged in a sequence X_1, X_2, \dots, X_m in such a way that for any X_i and X_j where $i < j$, X_j cannot be viewed as a cause of X_i . Thus, the first endogenous variable (in this case V_i) must be determined only by exogenous variables, whereas the second endogenous variable (in this case U_i) is influenced only by exogenous variables and the first endogenous variable (see Berry, 1984).

⁷ Alvarez and Glasgow, 1999, show the costs of ignoring the problem of reciprocal causation in non-recursive choice models using Monte Carlo simulations. They compare the same model estimated by probit, 2SPLS, and two-stage conditional maximum likelihood (2SCML).

Figure 6.1. Modelling the reciprocity between voting and economic expectations



First, I estimate two reduced-form equations for each endogenous variable (both are binary choice variables, and therefore estimated via probit analysis).⁸ The parameters from the reduced-form equations are then used to generate a predicted value for each endogenous variable. These predicted values are substituted for each endogenous variable as they appear on the right-hand side of the respective equation (that is, equations 1 and 2).⁹

The results for the simultaneous equation models corresponding to the economic expectations (1979-1996) are given in Table 6.1 and for the electoral choice equations (1979-1996) in Table 6.3 In both tables, the first column shows the names of the independent variables in each model. The other columns give the parameter estimates and associated standard errors as estimated by the 2SPLS for each election from 1979 to 1986. Below I summarise the principal findings of the analysis. I divide the comments on the empirical results into two sections. The first discusses the economic expectations model, and the second the voting model.

4. Empirical results: determinants of voters' economic expectations

Table 6.1 shows that citizens' prospective evaluations about the economy are a function of various factors. Respondents' ideological predisposition has a significant and constant impact during the whole period under analysis, so that the intention to vote for the incumbent (UCD in 1979 and 1982, and PSOE in 1986 to 1996) increases the probability of having optimistic expectations about the economy (see the positive and significant coefficients of the incumbent voting intentions in the second row of Table 6.1). This constitutes empirical evidence demonstrating

⁸ Results of reduced-form can be found in Appendix C, Tables C.1 and C2.

⁹ The proof that the estimates obtained in the second stage are consistent can be found in Achen, 1986.

Table 6.1. Two-stage economic expectations models (1979-1996)

Dependent variable is 1(optimistic) and 0 (not optimistic: either pessimistic or neutral)						
Independent variables	1979#	1982	1986	1989	1993	1996#
Constant	1.14** (.22)	3.15** (.53)	-1.16** (.29)	.07 (.24)	-.34 (.35)	-.41* (.16)
Incumbent's vote intention	.09** (.02)	2.37** (.23)	.78** (.07)	.48** (.04)	.37** (.04)	.05+ (.02)
RETROSOC (equal)	-.49** (.11)	-.47* (.21)	-.99** (.15)	-1.18** (.11)	-.80** (.25)	-.78** (.16)
RETROSOC (worse)	-.99** (.18)	-1.15** (.33)	-1.26** (.16)	-1.35** (.15)	-.71** (.25)	
Unemployed ^o	.06 (.18)	-.67* (.32)	-.38* (.17)	-.33* (.18)	-.15 (.13)	-.02 (.09)
Retired ^o	.24 (.16)	-.01 (.31)	-.26 (.21)	-.56 (.22)	-.06 (.16)	-.06 (.12)
Student ^o	-.21 (.15)	-.52 (.37)	.08 (.22)	.24 (.21)	.20 (.18)	.01 (.11)
Housewife ^o	.14 (.11)	-.78** (.27)	-.37* (.18)	-.10 (.17)	-.11 (.15)	.11 (.11)
Education	.10 (.15)	.35 (.33)	.69** (.25)	.72** (.22)	.93** (.27)	.31* (.14)
Gender (male)	.28* (.09)	.06 (.21)	-.26+ (.15)	.19 (.13)	-.02 (.10)	.18** (.07)
Age	-.001 (.002)	-.02** (.007)	.008+ (.004)	.007+ (.004)	.007* (.003)	.005* (.002)
Income	.35+ (.20)	_____	.62+ (.33)	_____	.37+ (.22)	_____
Number of cases	1463	456	819	931	971	1023
Chi 2	156.8**	201.9**	370.4**	475.1**	95.02**	46.4**
Pseudo R2	0.08	0.38	0.34	0.37	0.07	0.02
% Correct	63%	82%	83%	80%	68.5%	65%

Note: Entries are maximum-likelihood estimates with 2SPLS, and their associated asymptotic standard errors in parentheses.

** significant at the level of 99%.

* significant at the level of 95%.

+ significant at the level of 90%.

As this is a weighted survey, I present SVY probit coefficients.

^oThese coefficients have been calculated taking the employed as the category of reference.

Note: PSOE voting intention is the parameter taken from the reduced-form equation for each election. The reduced-form equation for the PSOE voting intention is given in Appendix C, Table C.1.

the reciprocal causation between voting intention and prospective economic assessments must be taken into account when modelling voting choice.¹⁰

Voters' retrospective assessments of the economy can be seen to be an important and constant factor explaining expectations, so that the probability of being optimistic about the future decreases as the voter's retrospective economic assessments becomes more negative (see the significant and negative coefficients in Table 6.1, third and fourth row). Hence, Spanish electors behave very much as Downs predicted all those years ago: citizens extrapolate their understanding of how the economy will fare in the future from its performance in the recent past. This, however, should not be interpreted as evidence that economic expectations are completely static, as for example, Nanestad and Paldam demonstrated in their study of Denmark (see Nanestad and Paldam, 1994). Economic expectations, at least in Spain, are also a function of various other factors. This is consistent with the findings of previous research on economic expectations in Spain (see Maravall and Przeworski, 1998).¹¹

More specifically, personal financial experiences influence citizens' propensity to be optimistic about the economic future. Hence, we find that the higher a citizen's level of income, the greater the chances she will be optimistic. This applies to all the elections for which I have data on individuals' levels of income. In contrast, the personal experience of being unemployed seems to lower the probabilities of having optimistic economic expectations, at least for the period 1982-1989. It is particularly striking that this coefficient did not prove to be significant in the

¹⁰ This applies to each election except that held in 1996, when this reciprocity does not seem to be as important (the coefficient of PSOE voting intention is almost insignificant. See Table 6.1). Note that the coefficient for the 1979 election model is also very small.

¹¹ This is also consistent with the descriptive data I presented in Chapter 4, where it was clear that individual retrospective and prospective evaluations across time are by no means equivalent. For instance, the future was invariably seen as brighter than the past during the whole period under analysis. (See Figure 4.3 in Chapter 4.)

1993 and 1996 elections, when the unemployment rate was especially high. This may be connected to the fact that the unemployed are not necessarily the poorest.

Why, however, were unemployed people not more pessimistic than their employed counterparts in the early 1990s? The unemployment rate rose from 16.2% in 1990 to 22.8% in 1993 (see Chapter 4, Table 4.1). Levels of unemployment over this period were highest among young people and women, that is, precisely those people who were most protected either by their family income¹² or by unemployment benefits.¹³ This may explain why the coefficient did not prove to be significant in the 1993 elections. While in the 1996 elections it could be that citizens, independently of whether they are employed or unemployed, were more likely to be pessimistic as a consequence of the low credibility of the incumbent in handling the economy rather than as a consequence of their personal experience.¹⁴

The finding that unemployed people were, albeit only to a small extent, more pessimistic than the employed people in the 1982, 1986, and 1989 election models is particularly interesting for research into the political consequences of unemployment in Spain. As earlier studies have noted, it is particularly striking that high unemployment did not have major negative electoral consequences for the Socialists (see Maravall and Fraile, 1998). It was found that the potential negative consequences of high unemployment were mitigated by the PSOE government's social policies, together with the traditional ideology of unemployed voters.¹⁵ In this chapter, I have found another important clue to the

¹² Recall that in Spain the typical family structure is that of the male breadwinner. Young people leave their parental house very late in comparison with most other Western countries. The family is, therefore, an important institution protecting the young unemployed from poverty.

¹³ It should be remembered that unemployment benefits were extended to cover more than half of the registered unemployed in 1991 (Boix, 1998:144).

¹⁴ On aggregate, the percentage of pessimistic was especially high in 1996: 68% versus 66% in 1993 and 57% in 1989.

¹⁵ It should be noted that voters' economic expectations were not included in the model tested in the article mentioned. This could imply that if prospective

relationship between unemployment and the vote for the incumbent. The experience of being unemployed has an *indirect* effect on the vote for the incumbent through prospective assessments of the economy. Being unemployed decreases the probability of being optimistic about the economic future. At the same time, optimism about the future of the economy has a direct and positive impact on the vote for the incumbent. In other words, the effect of being unemployed translates into more negative expectations about the economy and hence in a lower probability of voting for the Socialists. Therefore, the use of a *non-recursive multi-equation model* has enabled me to identify an important indirect and negative effect of the experience of being unemployed on the probability of voting for the incumbent. It would be impossible to capture this indirect effect using a single equation model.

Apart from personal experience, the political sophistication of citizens exerts a positive effect on the probabilities of being optimistic, so that the more educated the citizen is, the greater her chances of having optimistic economic expectations. This influence remains constant over time during the Socialist mandate (that is, from the 1986 to the 1996 elections).¹⁶ Hence, it seems as if the more educated voters filter out information about the future of the economy in a positive way so that they tend to be more optimistic. Note also that high levels of education are normally associated with a prosperous economic personal situation, which is, moreover, expected to increase the likelihood of being optimistic.

Finally, one of the two socio-demographic variables turns out to be significant, as the age of the electors also has a positive and significant impact on the probabilities of being optimistic, so that

economic evaluations were excluded from the model, the coefficient corresponding to the unemployed would change. On running the model without the economic expectations variable, however, I found that the unemployed coefficient did not change at all. Results are available on request.

¹⁶ In contrast, level of education does not turn out to be significant for the UCD mandate.

the older the respondent, the greater the chance that they will be optimistic about the economy.¹⁷ Old people benefited most from the expansion of social benefits (in the form of universal health care and higher pensions) carried out by the Socialists (Boix, 1998). This fact may have encouraged optimism about the economic future among the elderly, as compared to young people faced by the threat of unemployment when thinking about the economic future (note too that in Spain - during the period analysed here - unemployment has grown fastest among women and young people).

At this point in the discussion, it is possible to conclude that in Spain *expectations about the economy are not static but dynamic*: they depend on factors other than people's retrospective economic assessments. According to the model tested in Table 6.1, economic expectations are a function not only of retrospective evaluations of the economy, but also of individuals' personal experiences and socio-economic characteristics, their age, their level of education, and their political attitudes.

As in the logistic regression, the coefficients estimated through the binomial probit model are not directly interpretable. Thus, to better understand the estimated substantive impact of each variable, I illustrate how the *modal respondent's* (that is, the typical respondent presenting the sample mean values for all the independent variables included in the model) propensity to be optimistic varies in comparison to other types of respondents: an elector intending to punish the incumbent, a person with negative retrospective economic evaluations, an unemployed citizen, a poor person (with the minimum level of income), an illiterate respondent, and also a 25-year-old citizen. The strategy followed here to make these simulations is the same as that applied in Chapter 5. Using the coefficient estimates of Table 6.1, I compute the predicted probabilities of being optimistic for all these

¹⁷ Note that there is an important exception to this positive relationship between age and optimistic economic expectations. For the 1982 elections, this relationship is negative so that the older the elector the lower the chance of her having optimistic economic expectations.

different types of respondents, holding the other variables constant at their sample mean values. Note that here I am interested in stressing the difference in the probability of being optimistic between what I have called the *modal respondent* and the other citizens who I propose to simulate here. This information is given in Table 6.2. The plus and minus signs show the decline or increase in the probability of supporting the incumbent.

According to Table 6.2, the *modal respondent* would have a probability of being optimistic about the economic future of 61% in 1979, 17% in 1982, 30% in 1986, 40% in 1989, 37% in 1993, and 33% in 1996. In comparative terms, and according to the general model we have tested for the whole period under analysis, the *modal respondent* was particularly optimistic in 1979, and, in contrast, distinctly pessimistic in 1982. If we compare these probabilities of being optimistic with the other type of respondents figured in Table 6.2, we can obtain an impression of the magnitude of the effect of each independent variable on the probabilities of being optimistic about the economic future.

For example, if we compare the *modal respondent* with an elector intending to punish the incumbent, the latter's probabilities of being optimistic fall by 3% in 1979, 16% in 1982, 20% in 1986, 17% in 1989, 13% in 1993, and by only 2% in 1996. Hence, the respondents' vote intention introduced a bias that affected their economic expectations during the whole period analysed here. Surprisingly, the influence of voting intention on the probability of having optimistic economic expectations is very low in 1979 and especially so in 1996, when the corresponding coefficient is significant only at the level of 90% (see Table 6.1). Note also that from 1986 onwards, there is a decrease in the strength of the effect of voting intentions on the formation of economic expectations. This finding suggests that with the passing of time, expectations about the economy were less likely to be biased by voting intentions.¹⁸

¹⁸ Note that this is coherent with the fact that prospective assessments about the economy have increasingly less incidence on vote choice from 1986 onwards (see Table 6.4 below). And, as argued in Chapter 2 with respect to prospective

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Let me now compare the *modal respondent* with an elector with negative retrospective economic assessments. The latter's probabilities of being optimistic decrease by 16% in 1979, 7% in 1982, 19% in 1986, 31% in 1989, 9% in 1993, and 10% in 1996. Hence, the effects of retrospective economic assessments are higher first in 1989, and second in 1986. Why is it that people resort more to information about the past when forming their economic expectations in 1989 and 1986? Initially, I expected to find an upward trend in the strength of the effect of retrospective views about the economy on the probabilities of being optimistic. If this had been the case, it would have been possible to conclude that as time passes, economic expectations are less ideologically-grounded and more based on information about what the incumbent has done up to that point. As Table 6.2 suggests, this was not, however, the case. Economic expectations effectively become less grounded on vote intention as time passes, but they do not become more static, as the influence of retrospective economic evaluations on the probabilities of having optimistic economic expectations are not stronger in 1993 and 1996 than during the rest of the period. Moreover, it seems to be the other way around: the influence of retrospective economic evaluations on the formation of economic expectations seems to be weaker in the 1990s than the 1980s.

It can be seen, therefore, that other factors apart from voting intention or retrospective evaluations influence the formation of public economic expectations. Spanish citizens seem to incorporate all the additional information they have at their disposal when forming their expectations. They certainly use information about the past, but also information that they pick up from their personal experiences and daily life. Thus, citizens' expectations vary with their socio-economic situation. Compare,

voting, electors were more likely to vote looking forward in the first periods of the Socialist mandate, when the intertemporal discourse had more credibility. From this it follows that the credibility of intertemporal discourses depends very much on electors' voting intentions.

Table 6.2. Differences in the probability of having optimistic economic expectations, 1979-1996. The modal respondent compared with a respondent intending to punish the incumbent, a citizen with negative evaluations of the state of the economy, an unemployed respondent, an illiterate person, and a 25-year-old respondent

Type of respondents	1979	1982	1986	1989	1993	1996
A respondent intending to punish the incumbent	.58 (.55-.61)	.01 (.00-.01)	.10 (.06-.14)	.23 (.19-.28)	.24 (.20-.28)	.31 (.28-.34)
Difference	-.03	-.16	-.20	-.17	-.13	-.02
A respondent with negative retrospective Judgements	.45 (.41-.49)	.10 (.06-.15)	.11 (.07-.15)	.09 (.05-.14)	.28 (.22-.34)	.23 (.19-.28)
Difference	-.16	-.07	-.19	-.31	-.09	-.10
An unemployed person	Not significant	.06 (.01-.16)	.20 (.12-.29)	.30 (.19-.42)	Not significant	Not significant
Difference		-.11	-.10	-.10		
A respondent with no qualifications	Not significant	Not significant	.20 (.13-.28)	.29 (.22-.37)	.21 (.13-.30)	.31 (.26-.34)
Difference			-.10	-.11	-.16	-.02
A poor citizen (minimum income level)	.54 (.41-.49)	No variable in this model.	.22 (.14-.31)	No variable in this model.	.32 (.27-.38)	No variable in this model.
Difference	-.07		-.08		-.05	
A young respondent (25-year-old)	Not significant	.28 (.19-.37)	.26 (.20-.32)	.36 (.30-.41)	.31 (.26-.37)	.30 (.27-.34)
Difference		+.11	-.04	-.04	-.06	-.03
The modal respondent	.61 (.59-.64)	.17 (.12-.21)	.30 (.26-.34)	.40 (.36-.44)	.37 (.34-.39)	.33 (.31-.35)

Estimated probabilities were calculated with the other variables set to their mean value.

Numbers in parenthesis correspond to 95% confidence interval for each simulation.

The CLARIFY program by Michael Tomz *et al.* 1999, was used to calculate the simulations.

for example, the *modal respondent* with an unemployed citizen: the probability of being optimistic for the unemployed elector decreases by 11% in 1982 and 10% in both 1986 and 1989. The probabilities of being optimistic for a poor person also decrease by 7% in 1979, 8% in 1986, and 5% in 1993. Expectations about the economy also vary with citizens' levels of education, so that if we compare the *modal respondent* with an illiterate person, the probability of the latter being optimistic about the economic future decrease by 10% in 1986, 11% in 1989, 16% in 1993, and 4% in 1996. Finally, and as Kramer (1983) points out, there seems to be a life-cycle effect on perceptions of the economy, with young people facing an uncertain future with a high risk of unemployment, while the future looks less unpredictable to the elderly, as their purchasing power is not dependent on the economic cycle. If we compare the *modal respondent* with a 25-year-old voter, the probability of being optimistic for this young person decreases by 4% in 1986 and 1989, 6% in 1993, and 3% in 1996. The causation seems to be the reverse for the 1982 elections, when a young elector is 11% more likely to have optimistic economic expectations.

To recapitulate, I have endogeneized the variable corresponding to electors' prospective evaluations of the economy in order to better assess the electoral consequences of economic expectations. This exercise has significant theoretical implications for the conclusions that can be drawn from the study carried out in this investigation. I have identified an important political component in voters' prospective economic evaluations, so that electors intending to vote for the incumbent tend to see the economic future as brighter than voters intending to punish the incumbent. This may generate problems for the conclusions that can be drawn from the existence of EV.

If we were to judge democratic accountability and responsiveness strictly in terms of economic efficiency, we might conclude that they will increase only when EV becomes genuine; that is, when voters' opinions about the economic future are not grounded on their previous voting intentions. Viewed in this light,

the 1986 and 1989 elections show a lower degree of democratic accountability or responsiveness, while the 1993 and 1996 elections show a higher degree of democratic accountability or responsiveness. This proposition, however, must also be confirmed by looking at the impact of voters' economic expectations on their voting intention.

Hence, once we know that voters' economic expectations become less grounded on their voting intention over time, we can investigate the effect that such expectations have on voting choice. Or, to put it another way, we can study how the extended EV model works once I permit economic expectations and voting intention to be reciprocally related. We have previously seen that there are solid theoretical reasons to suspect that voting intention and economic expectations are reciprocally related. A model that does not empirically allow these two variables to be reciprocally related (a single equation model like the one presented in Chapter 5) will produce coefficients that are likely to be biased. How does the extended EV model presented in Chapter 5 work, once I re-estimate it with 2SPLS? The results for the EV model are given in Table 6.3. Below I summarise the principal findings of this estimation.

5. The extended EV model revised

How do the findings presented in Chapter 5 about the extended EV model change when the reciprocal causation between voting intentions and economic expectations is taken into account?

Table 6.3 indicates that, after controlling for the ideological bias of voters' prospective economic assessments, these evaluations still have an important impact on the probability of voting for the incumbent: optimism about the economy in the future benefited the incumbent (UCD in 1979 and 1982, and PSOE in 1986-1996) for the entire period analysed here. This can be seen in the second row of Table 6. 3, where the coefficients

Table 6.3. Two-stage economic voting models, 1979-1996

Dependent variable is 1(voting for the UCD, or PSOE) and 0 (voting for any other party)

Independent variables	1979# (UCD)	1982 (UCD)	1986 (PSOE)	1989 (PSOE)	1993 (PSOE)	1996# (PSOE)
Constant	-6.20** (.46)	-.15 (.51)	1.10** (.38)	.61+ (.37)	6.06** (.78)	1.08** (.26)
OPTIMISM	.93** (.12)	2.03** (.25)	1.33** (.12)	1.06** (.09)	9.0** (.60)	2.18** (.25)
Ideology	19.5** (1.54)	1.5** (.47)	2.92** (1.1)	4.45** (1.2)	-1.67** (.52)	-1.13** (.21)
(Ideology) ²	-16.14** (1.45)	—	-5.19** (1.28)	-9.7** (1.7)	—	—
Age	.008* (.003)	.002 (.008)	-.006 (.005)	-.005 (.005)	-.02* (.01)	-.003 (.003)
Education	-.37+ (.20)	-1.41** (.43)	-.96** (.29)	-.75** (.26)	-3.2** (.64)	-1.88** (.21)
Income	.14 (.27)	—	-.74* (.38)	—	-4.61** (.71)	—
Unemployed ^o	.26 (.31)	.61 (.43)	.45 (.39)	.31 (.21)	.44 (.32)	.31 (.21)
Retired ^o	-.05 (.18)	-.47 (.37)	.40 (.25)	.68* (.26)	.51 (.37)	.34** (.14)
Student ^o	.35 (.24)	-1.19* (.40)	.27 (.26)	-.83** (.26)	-.78 (.44)	-.19 (.14)
Housewife ^o	.22 (.11)	.21 (.22)	.33* (.17)	.32* (.16)	1.27** (.32)	.38** (.10)
ECPOLEVA	.06 (.15)	.65* (.30)	.75** (.13)	.38* (.18)	.90** (.25)	.76** (.12)
SOCPOLEVA	—	—	—	.45** (.15)	.56* (.31)	.49** (.12)
OPPOSITION	-.85** (.10)	-.22 (.21)	-.31 (.26)	—	-.42 (.28)	-1.7** (.14)
Event	—	—	-.28 (.27)	-.88** (.14)	-.21 (.23)	-.24* (.10)
Number of cases	1537	459	782	911	947	2243
Chi 2	701.1**	118.4**	548.5**	659.3**	1029.6**	1037.5**
Pseudo R2	0.42	0.32	0.50	0.55	0.85	0.39
% Correct	87%	86%	87%	85%	98%	81%

Note: Entries are maximum-likelihood estimates with 2SPLS, and their associated asymptotic standard errors in parentheses.

** significant at the level of 99%.

* significant at the level of 95%

+ significant at the level of 90%.

As this is a weighted survey, I present SVY probit coefficients.

^o These coefficients have been calculated taking the employed as the category of reference.

Note: Optimistic economic expectations are the parameter from the reduced-form equation for each election. The reduced-form equation for optimistic economic expectations is given in Appendix C, Table C.2.

corresponding to optimistic economic expectations are both significant and positive.¹⁹

Table 6.3. also shows that voters' retrospective judgements about both economic and social policies have a positive impact on the vote for the incumbent: positive evaluations translate into a higher probability of voting for the incumbent. Accordingly, voters' retrospective control of governments remains important when controlling for the reciprocal relation between voting intentions and economic expectations. This is not the case with respect to voters' views of the opposition. As can be seen from Table 6.3, only in the 1979 and 1996 elections is the coefficient of this variable significant. Finally, voters' views of political events only seem to have an impact on their voting intentions in the 1989 and 1996 elections. In 1989, a voter who thought that the government had lost contact with the real problems facing ordinary people was less likely to vote for the incumbent. Likewise, voters who thought that political corruption was one of Spain's main problems were less likely to vote for the Socialists in the 1996 elections.

Hence, the results obtained from testing the extended EV model with single equation estimation change to a certain extent when the same model is tested with a non-recursive multi-equation estimation. More specifically, there is one variable that loses significance once the reciprocal relationship between voters'

¹⁹ A note of caution is necessary here. The model for 1993 is particularly problematic due to the distribution of the two dependent variables. People were especially pessimistic at the beginning of 1993. After a long period of economic growth which closed towards the end of 1991, 1993 saw negative GNP (-1.2%) and the unemployment rate reach 22.8% (see Table 4.1). Hence, only 33% of the population was optimistic about the economic future. The intended vote for the incumbent was also especially low at that time, just 32% compared to 49% in 1986, or 56% in 1989. In 1993, the model makes a poor job of predicting both the probability of being optimistic and the vote for the incumbent. This becomes clear when we look at the standard errors of the coefficients' estimates. They are always especially large compared with the rest of the coefficients' standard errors. Furthermore, voters' economic expectations predicted by the model for 1993 are very unrealistic.

economic expectations and their voting intentions are modelled: voters' views on the main opposition party. Why is this the case? In my view, the most convincing reason is empirical, and goes as follows. First, recall the prospective nature of the variable measuring voters' visions about the opposition. More specifically, the survey question I have used to operationalise this variable is one that asks the respondent to give their opinion about which party is best suited to govern the country, or to resolve the principal problems in Spain (see more details in Chapter 3).

The non-recursive model presented in this chapter allows prospective economic evaluations and voting intention to be related. Once this reciprocal causation is taken into account, electors' views on the opposition loses statistical significance. When we use the predicted values of prospective evaluations rather than the original variable as such, we isolate the ideological bias contained in the original variable of prospective economic evaluations. This ideological bias probably captures the effect that in the single equation model presented in Chapter 5, was caught in the opposition variable. And this explains why the opposition variable in the non-recursive model presented in this chapter does not turn out to be significant in the 1982, 1986, 1989, and 1993 models. It should be remembered that the two election models where the opposition variable is still significant are 1979 and 1996. These are precisely the two elections where the ideological bias of economic expectation is smaller (see Table 6.2), and the difference in the probabilities of having optimistic economic expectations between the *modal respondent* and an elector intending to punish the incumbent is only 3% in 1979 and 2% in 1996. This can also be seen in the parameter estimates of Table 6.1, second row, where the smaller coefficients correspond to 1979 and 1996.

The non-recursive estimation used here, therefore, makes it possible to identify the relationship between voters' economic expectations and voting intention. It also enables me to correctly estimate the values of the coefficients of the variables that constitute the extended EV model: these coefficients are less likely

to be biased than if they are estimated by ignoring the reciprocal causation between expectations and voting intention. Note also that even if the main results obtained from the single equation model presented in Chapter 5 can still be maintained, the coefficients corresponding to voters' evaluations of economic policies in the single equation model are overestimated by a relatively large margin.²⁰ The scale of this overestimation seems to be smaller in the case of voters' evaluations of social policies, but it nonetheless exists. Additionally, the effect of voters' prospective economic evaluations on their vote choice seems to be underestimated by the single equation model presented in Chapter 5.²¹ Therefore, had the endogeneity not been modelled, the effects of voters evaluations about social and economic policies would have been overestimated while the effects of voters' prospective evaluations about the economy would have been underestimated by a relatively large margin.²²

Once we have estimated the new extended EV model, and know that the coefficients testing the effect of each variable on the

²⁰ See Tables 5.3 to 5.5 in Chapter 5 where the effect of this variable on the probabilities of voting for the incumbent seems to be higher than the effect given in Table 6. 4. See also Table C.2, showing the results of the reduced-form probit voting models, where the coefficients corresponding to voters' evaluations of both economic and social policies seem to be bigger than the same coefficients in Table 6.2, which shows the outcome of the 2SPLS estimation.

²¹ Again, see Tables 5.3 to 5.5 in Chapter 5, where the effect of economic expectations on the probability of voting for the incumbent seem to be smaller than the effect given in Table 6.4. See also the coefficients correspondent to economic expectations in Table C.2 (reduced-form probit voting model), where the coefficients seem to be smaller than the coefficients of Table 6.3 (2SPLS model).

²² Note that the effect of voters' economic expectations on the probabilities of supporting the incumbent is higher in the two-stage models than in the single equation models (that is, the models of Chapter 5). Nevertheless, in substantive terms, the higher effect should be minimised, since the political bias of voters' economic expectations must be discounted. The advantage of the two-stage models presented in this chapter is precisely that they provide the magnitude of the partisan bias of electors' prospective considerations. This magnitude can then be discounted from the overall effect of voters' economic expectations on the probability of supporting the incumbent.

probability of voting for the incumbent are less likely to be biased, what is the magnitude of the effect of voters' prospective economic assessments on the probability of voting for the incumbent? What percentage of electoral support could the incumbent lose due to voters' pessimistic economic expectations? And, what about the retrospective control of voters over the incumbent? What percentage of votes could the incumbent lose due to voters' negative retrospective evaluations about both economic and social policies? These questions have implications for the inferences that can be drawn from the EV model tested in this thesis.

Table 6.4 provides specific information that helps to answer these questions. As in Table 6.2, I show how the probabilities of voting for the incumbent change if we compare the *modal voter* (that is, the typical voter presenting the sample mean values for all the independent variables included in the model) with a voter who has pessimistic economic expectations, an elector negatively assessing both economic and social policies, a highly educated voter, a rich voter, a voter who is housewife, and with a centrist voter.²³ In this way, we can obtain a clearer idea of the magnitude of the effect of each variable in each election model across time.²⁴

According to Table 6.4, the *modal voter* would have a probability of voting for the incumbent of only 6% in 1979 and 7% in 1982. This probability would increase during the first two Socialist mandates, 1986 and 1989 (52% and 36% respectively), while it decreases again during the 1990s (12% in 1993 and 13%

²³ The strategy for calculating these simulations is exactly the same as that used in Table 6.2. Using the coefficient estimates of Table 6.3, I compute the predicted probabilities of intending to support the incumbent for each type of voter, holding constant the other variables included in the model at their sample mean values. I am also interested in stressing the difference in the probabilities of voting for the incumbent between the *modal voter* and the other voters I have classified in Table 6.4.

²⁴ Remember that the comparison across time is problematic and not very stringent (as we are comparing models that do not always have the same variables), especially as the probabilities of the *modal voter* intending to support the incumbent change so radically between the models.

in 1996). This makes the comparison across time highly problematic.²⁵

Compare the differences in the probability of supporting the incumbent between the *modal voter* and the pessimistic voter. Having pessimistic expectations about the economy could have cost the UCD government around a 5% decrease in the probability of being supported in 1979, and around a 7% decrease in the probability of being voted for in 1982.²⁶ Equally, pessimistic economic expectations could have cost the successive Socialist governments a 42% decrease in the probability that this elector would vote for the Socialists in 1986, and a 29% decrease in the probability that the same voter would support them in 1989. These costs seem to be smaller during the 1990s: for instance, in 1993 having pessimistic economic expectations corresponds with a decrease in the probability of voting for the incumbent of around 11%, while in 1996 the decrease in the probabilities was around 12%.

²⁵ For this reason, I have replicated the same table, but this time holding the independent variables of the voting model constant at their sample mean and mode values. More specifically, when both mean and mode values are very different, I have chosen the mode value; the point being to use more substantively plausible values, particularly regarding socio-demographic variables. The results of these second simulations can be seen in Appendix C (Table C.3), where the *modal voter*'s probabilities of supporting the incumbent are still very different. Clearly, these probabilities are lower for the first two elections (1979 and 1982: 13% and 12% respectively). Then they are very high for the 1986 to 1993 elections (62%, 62%, and 45% respectively) and again relatively low for the 1996 elections (20%). The main conclusions drawn from Table 6.4 can be maintained if we read Table C.3. Note, however, that there are some exceptional results in Table C.3. Firstly, the effect of ideology in 1979 seems to be much stronger. Also the effect of education, income, and being a housewife seem to be inflated in 1993. We should bear in mind, however, that the 1993 model does not make a good job of predicting the probabilities of voting for the incumbent (see Footnote 19). No other important differences can be found between Table 6.4 and Table C.3 (I refer to the differences in the probabilities of supporting the incumbent between the *modal voter* and the rest of the voters that have been characterised here).

²⁶ Note that the decrease in the probability is always calculated with respect to the *modal voter*.

Now compare the difference in the probability of supporting the incumbent between the *modal voter* and the voter with negative views on economic policies. Critical opinions of governmental economic policies could have cost the UCD government a decrease of around 2% in the probability of rewarding it in the 1982 elections. Voters' negative evaluations of economic policies could have cost successive Socialist governments around a 17% decrease in the probability of being supported in 1986, around a 5% decrease in 1989, 4% in 1993, and 3% in 1996. Similarly, voters' negative evaluations about social policies could have cost the Socialists a decrease in the probability of being supported of about 9% in 1989, 5% in 1993, and 6% in 1996.

Hence, Table 6.4 shows the magnitude of the costs successive incumbent governments faced due to voters' pessimistic economic expectations and to their critical views about economic and social policies. These magnitudes might seem small, but when elections are highly competitive (as was the case in 1993 and 1996), a small percentage difference in the probability of supporting the incumbent can be crucial for determining the final aggregate results.

Table 6.4. Differences in the probability of voting for the incumbent (UCD/PSOE), 1979-1996. The modal voter compared with a pessimistic elector, a voter negatively judging both economic and social policies, a highly educated voter, a rich voter, a housewife, and a centrist elector.

Type of voters	Probability of voting for the incumbent (UCD and PSOE) in:					
	1979	1982	1986	1989	1993	1996
A voter with pessimistic expectations	.01 (.01-.02)	.00 (.00-.00)	.11 (.06-.15)	.07 (.04-.10)	.01 (.00-.01)	.01 (.00-.02)
Difference	-05	-07	-42	-29	-11	-12
A voter with negative judgements about economic policies	Not significant	.05 (.02-.08)	.35 (.27-.43)	.31 (.26-.38)	.08 (.04-.14)	.10 (.08-.12)
Difference		-02	-17	-05	-04	-03
A voter with negative judgements about social policies	No variable in this model.	No variable in this model.	No variable in this model.	.27 (.20-.35)	.07 (.03-.14)	.07 (.04-.10)
Difference				-09	-05	-06
A highly educated voter	.03 (.01-.06)	.01 (.00-.04)	.32 (.21-.44)	.22 (.13-.32)	.01 (.00-.02)	.01 (.00-.01)
Difference	-03	-06	-20	-14	-11	-12
A rich voter (maximum income level)	Not significant	No variable in this model	.36 (.20-.52)	No variable in this model	.01 (.00-.01)	No variable in this model
Difference			-16		-11	
A housewife:	Not significant	Not significant	.62 (.50-.72)	.45 (.34-.57)	.34 (.24-.65)	.21 (.15-.27)
Difference			+13	+09	+22	+08
A centrist voter	.13 (.10-.16)	.09 (.06-.13)	.42 (.36-.49)	.16 (.10-.24)	.09 (.04-.16)	.11 (.09-.13)
Difference	+07	+02	-10	-20	-03	-02
The modal Voter	.06 (.04-.07)	.07 (.04-.10)	.52 (.47-.57)	.36 (.30-.41)	.12 (.07-.18)	.13 (.10-.15)

Estimated probabilities were calculated with the other variables set to their mean value.

Numbers in parenthesis correspond to 95% confidence interval for each simulation.

The CLARIFY program by Michael Tomz *et al.*, 1999, was used to calculate the simulations.

There is also the possibility that these negative attitudes reinforce each other.²⁷ For instance, it seems reasonable to presume that an elector who judges a government's economic policies negatively may also have pessimistic economic expectations. For this voter the probabilities of supporting the incumbent decrease even further to: 5% in 1979, 9% in 1982, 59% in 1986, 34% in 1989, and 15% in both the 1993 and 1996 elections. In 1993 and 1996 the decrease in the probabilities of supporting the Socialists is not very large (15% in both elections), but from the empirical analysis carried out in this chapter we know that prospective economic assessments are less politically biased in the 1990s. Comparing the decrease in the probabilities of supporting the Socialists produced by both negative economic expectations and negative evaluations of economic policies together, with the decrease in the probabilities of voting for the Socialists produced by any of the other variables (education, income, being a housewife, and ideology) the importance of economic voting then becomes clear.

Therefore, Table 6.4 reveals the percentage drop in the probabilities of being supported that the consecutive incumbent governments under the democratic regime would have suffered whenever the voters had negative views about governments' performance or about what the successive governments had to offer them in the near future. A number of tentative conclusions can be drawn from these findings.

6. Conclusions

²⁷ Of course, there is also the possibility that these attitudes are contradictory. This may be the case especially with respect to voters' evaluations of economic and social policies. For instance, Maravall has pointed out that Spanish public opinion (at least in the aggregate) tends to be discontent with economic policies and, on the contrary, to support social policies (Maravall, 1999)

Two main conclusions emerge from this chapter, the first is theoretical, the second methodological. In theoretical terms, it is possible to conclude that voters' economic expectations are in fact biased by their voting intentions. This bias can provide governments with instruments to avoid accountability, responsiveness or to betray their promises (in terms of strict economic efficiency). The intertemporal discourse often used by the Socialists could be a good example of this. This discourse helps form optimistic economic expectations, regardless of the real economy, especially among more ideologically predisposed voters. Hence, when searching for the effects of electors' economic expectations on their voting behaviour, it would seem necessary to discount the partisan bias of such expectations. Once we discount this bias, it is possible to conclude that the effect of public economic expectations are genuine.

For instance, looking at the simulations presented in Tables 6.2 and 6.4, we could discount the voting intention bias from the effects of citizens' economic expectations on the probabilities of supporting the incumbent.²⁸ Consider the effect of electors' economic expectations in 1979, when they stood at around 5%. If I discount the effect of intending to vote for the incumbent on the probabilities of being optimistic (3% in 1979, see Table 6.2), then the *cleaned* effect of being optimistic about the economic future on the probability of supporting the UCD was only 2%. The effect of citizens' economic expectations on the probabilities of voting for the UCD seems to be higher in 1982, 7%. This appears at first sight to contradict the UCD's political situation in 1982. It is very unlikely that voters trusted the UCD's proposals for the economic future at a time when the party was internally divided, immersed in a leadership crisis and with no hope of remaining in

²⁸ This is not a stringent exercise in the comparison of the effect. The results only apply to the effect of intending to vote for the incumbent on the probabilities of having optimistic economic expectations, holding the other variables constant at their sample mean values. This also apply to the economic expectations when the other variables included in the model are held constant at their sample mean values (see Tables 7.2 and 7.4).

government. Indeed, if we discount the voting-intention effect of electors' economic expectations (16% is the effect of intending to vote for the UCD on the probabilities of being optimistic, see Table 6.2), there seems to be no *clean* effect at all of voters' prospective considerations on their intention to vote for the UCD.

The same process can be carried out with the rest of the election models. Accordingly, the effect of voters' economic expectations on the probabilities of supporting the Socialists drops from 42% to 22%, once the economic expectations' partisan bias is discounted. In 1989, citizens' economic expectations have an effect on the probabilities of supporting the Socialists of 17%. If we discount the voting-intention bias in these expectations, the *clean* effect then becomes 12%. Discounting the political bias of voters' economic expectations in 1993 means neutralising the effect of having optimistic economic expectations on the probabilities of supporting the Socialists. The voting-intention bias of citizens' economic expectations in 1996, however, is very tenuous, and therefore even if the effect of economic expectations seems to be small, 12%, the effect is almost clean of its partisan bias. Moreover, if we discount the voting-intention bias of electors' economic expectations, the effect of economic expectations on the probability of supporting the Socialists is still 10%. The difference between 1993 and 1996 is that in 1996 the economy had been expanding for two years and optimism about the future did not need to be based on voting intention, but more probably on objective economic conditions.

In addition to expectations, Spanish voters exerted retrospective control over the incumbent throughout the entire period analysed here: positive evaluations about both economic and social policies had a relatively important and direct impact on the probabilities of supporting the incumbent. This impact may have been overestimated in the previous chapter due to not taking account of the reciprocal causation between voting intentions and expectations about the economy, but the impact nonetheless exists

and it can be important under certain circumstances (for instance, when elections are highly competitive).²⁹

In methodological terms, this chapter provides a substantive example clarifying the importance of non-recursive choice models in electoral behaviour. The empirical estimation of this nonrecursive model demonstrates the endogeneity of electors' economic expectations and their voting intentions. Accordingly, it provides an idea of the magnitude of this endogeneity, demonstrating that it decreases over time. This example also reveals the drawbacks associated with not accounting for endogeneity when it is suspected in a binary choice model. The effects of economic expectations on voting for the incumbent would have been underestimated, while the effects of voters' retrospective evaluations of economic and social policies would have been relatively overestimated (especially in the case of economic policies).

Having empirically answered the principal criticism of the EV approach, let me now turn to the final empirical analysis carried out in this thesis: a pooled cross-sectional analysis of the last two elections studied here. In this way, I seek to provide additional evidence helping to explain the Socialists' defeat in the 1996 elections.

²⁹ This overestimation applies to the whole period analysed here. Nevertheless, the overestimation is especially high for the first two elections where the effect of voters' retrospective evaluations on the probabilities of supporting the UCD is not significant in 1979 and very low in 1982, while in Chapter 5 (Table 5.3) this effect was significant in both elections.

CHAPTER 7

EXPLAINING THE ELECTORAL DEFEAT OF THE SOCIALISTS: A POOLED CROSS-SECTIONAL ANALYSIS

This thesis has studied the whole period of the Socialists' electoral hegemony. It has presented empirical evidence demonstrating the advantages the Socialists enjoyed at the polls in a period in which there was no alternative ready to govern, and in years of both economic recession and prosperity. The empirical analysis of this thesis, however, ends with the PSOE's defeat at the polls in 1996. Paradoxically, the 1996 elections took place during a period of economic recovery. What were the reasons for this defeat? Why did it come in 1996 and not in 1993, during a tough economic recession?

It should be emphasised that the analysis of individual survey data shows its shortcomings when it comes to trying to explain macro aggregate electoral results. As has been shown in the previous chapters, this type of analysis of individual survey data is well-suited to achieve two things. First, to identify factors that affect electors' voting intentions at the individual level, and second, to understand whether the importance of the identified factors in accounting for the individual voting intention varies from one election to another.

The reason why aggregate electoral results cannot be explained by using empirical evidence from individual survey data is that many institutional factors mediate the translation from the individual vote to the aggregate electoral results. For example, an electoral law specifying a more or less proportional electoral system. Many different factors affect proportionality. For example, the number of electoral districts, the electoral formula used to distribute the votes, the electoral threshold, etc.. Therefore, the type of research carried out in this thesis cannot give a definitive explanation for aggregate electoral results.

Yet, individual survey data make it possible to identify how the factors explaining individual voting behaviour change across elections. This is the subject of Chapter 5, where I used the technique of simulations to show how the probabilities of supporting the incumbent change when the values of different variables change across elections. This refers to the changing magnitude of the estimated coefficients. The electoral results may also vary due to the changes in the frequencies of the independent variables included in the models across time. Let me give an example. Voters' evaluations of the government's economic policies vary very significantly during the period analysed here. In Chapter 5 it was shown that the magnitude of the effect of this variable on the probabilities of rewarding the incumbent also change across elections. Hence, the variations in the aggregate electoral results may be due to (apart from institutional factors): one, a change in the frequencies of this variable across time; two, a change in the magnitude of the effect of the same variable across elections; or three, both of the former reasons.

The comments made in Chapter 5 refer only to the change in the magnitude of the effect of the different variables included in the extended EV model across elections (that is, the change in the magnitude of the estimated coefficients). This is methodologically correct since it is well known that logistic regression is not sensitive to the marginal distribution of the independent variables included in the model (Mare, 1981). Hence, the coefficients

estimated through logistic regression are calculated independently of the marginal distributions of the independent variables.

I have made no comments on the marginal distributions of the variables across time because it is extremely difficult to explain why such distributions change across elections. In principle, the changes in the marginal distributions could be due to the government's capacity to shape public opinion, to citizens' personal political experiences, their degree of political sophistication, the influence of the mass media on public opinion, etc.. The explanation for changes in public opinion at the aggregate level lies well beyond the scope of this thesis. Accordingly, I have not considered this issues, except when commenting on the changing factors explaining individual voting behaviour across elections.

Yet the way in which I have illustrated in Chapter 5 how the individual determinants of voting intention change across time is not statistically stringent. As explained in the methodological chapter, the differences in the magnitude of the effects of each independent variable on the probability of supporting the incumbent do not constitute sufficient empirical evidence that the impact of a given variable changes across elections. A formal test is needed in order to confirm that the differences found in Chapter 5 are statistically significant. Ideally this should be done through the statistical technique of pooled cross-sectional analysis. However, the fact that the surveys used in this thesis do not contain all the variables required to test the extended EV model make it difficult to use this technique.¹

This chapter gives an example of how the pooled cross-sectional technique works and, by pooling the data of the 1993 and the 1996 surveys, provides rigorous empirical evidence of how the individual determinants of the voting intention change across these two elections.² These findings give additional clues to

¹ See Chapter 3 for a detailed explanation.

² Note that the 1993 and 1996 surveys contain all the questions necessary to test the extended EV model. There is, however one variable missing: family

understanding the reasons for the PSOE's electoral defeat in 1996 at the macro-level.

The chapter is organised as follows. I begin by presenting the method used to investigate how the individual determinants of the vote change across the 1993 and 1996 elections. If the available data had permitted, this would have been the ideal methodological strategy for this thesis. I then summarise the principal findings of the analysis by providing a measure of the magnitude of the effect of each variable across the 1993 and 1996 elections, and draw some tentative conclusions about the reasons for the PSOE's electoral defeat in 1996.

1. Methodology and results

The empirical strategy followed here can be divided into two steps. In the first step, I have prepared the data sets, re-codifying all the variables so that they become perfectly equivalent and can be pooled. I have re-codified the variables of the 1996 survey according to the variables of the 1993 survey. I have created a new dummy variable called *96Year* that identifies the cases corresponding to 1996 with value 1 and those corresponding to 1993 with value 0. I then re-run the same models as used in Chapter 5 for the 1993 and 1996 elections separately.

As with the previous analyses, and given the dichotomous nature of the dependent variable, the two voting models have been estimated through logistic regression. The results for each election are given in Table 7.1. The first column shows the names of the independent variables in each model. The next column gives the parameter estimates and associated standard errors as estimated by logit regressions for each election separately.

Note that the only difference between the results of these two models in Table 7.1 and those shown in Chapter 5 (Table 5.1) is that here I have dropped the income variable in the 1993 model,

monthly income is not available for 1996. Hence this variable is dropped in the pooled cross-sectional analysis carried out here for both elections.

since it was not available in the 1996 survey. Additionally, there are some minor differences in the estimated coefficients of the 1996 election model that are explained by the fact that some of the independent variables have been re-codified according to the 1993 coding logic.

I seek to compare the importance of the independent variables in determining the voting intention for the incumbent in 1993 and 1996. Chapter 5 presented evidence to show the apparent changing magnitude in the effect of some of the independent variables in the extended EV on the probabilities of rewarding the incumbent in each election. According to the simulations, the greatest differences seem to be for voters' evaluations of economic policies, their opinions of the PP, and their attitude to the problem of corruption (see Table 5.2).³

These differences in the magnitude of the effect of the independent variables discussed above are very similar to those presented in Table 7.3. The strategy followed to compute the simulations presented in this table is exactly the same as that applied in Chapter 5, and explained in detail in Chapter 3. Table 7.3 confirms that the greatest differences in the effect of the independent variables are found in voters' evaluations of economic policies and in their views about the PP (first and fourth row).⁴ The simulations in Table 5.1 also suggest that there are differences in the effect of voters' evaluations of social policies, voters' economic expectations, and their ideology on the

³ More specifically, in Table 5.2 the differences in the magnitude of the effect of the variables between the 1993 and the 1996 elections are the following: 6% for voters' economic expectations; 21% for voters' evaluations of economic policies; 11% for voters' evaluations of social policies; 21% for voters' views about the PP; 16% for voters' views about corruption, and 17% for voters' levels of education.

⁴ The difference in the effects of voters' retrospective evaluations between 1993 and 1996 is 35%, according to the simulations presented in Table 7.3, while the difference in the effects of voters' views on the PP between 1993 and 1996 is 19%.

probability of voting Socialist in 1993 and 1996.⁵ Are all of these apparent differences statistically significant?

In order to answer to this question, I go on to the second step of the empirical analysis. I pool the surveys so that it is possible to test whether the interaction terms between the year dummy-variable previously computed (*96Year*) and each independent variable of the extended EV model is significant or not. This is a formal test to verify whether the differences in the effect of the independent variables on voting intentions in 1993 and 1996 are statistically significant (Firebaugh, 1997). In other words, an interaction effect is the conditional effect of an independent variable (*X*) on the dependent variable (*Y*), depending on the values of another independent variable (*K*). In this case, *K* is a proxy for the time: 1993 versus 1996. If the interaction turns out to be significant, we have a formal statistical test that allows us to conclude that the effect of *X* on *Y* is different in 1993 and 1996.⁶

The results of this second analysis are given in Table 7.2. The model that can be seen there has been obtained after dropping all the interactions that did not turn out to be significant in the *saturated model* (that is, the one including the interaction terms of all the independent variables with the year dummy-variable).⁷ More specifically, the model presented in Table 7.2 has been compared with the *saturated model*. This model has passed the likelihood ratio test. The results of this test are as follows:

⁵ The difference in the effect of voters' ideology between 1993 and 1996 is 12% according to the simulations presented in Table 7.3. The difference in the effects of voters' evaluations of social policies between 1993 and 1996 is 8%; the difference in the effects of voters' economic expectations between 1993 and 1996 is 6%; while the difference in the effects of voters' views about corruption is 12%. All the differences cited are smaller than the differences corresponding to the other two variables (see the previous note).

⁶ This implies taking a first step in adopting a dynamic approach to voting behaviour analysis.

⁷ Hence, not all of the apparent changing effects suggested by both Table 5.2 and Table 7.3 proved to have a statistically significant different effect across elections in the pooled cross-sectional analysis. Furthermore, only two of the independent variables turned out to have a statistically significant different effect across the two elections analysed in this chapter.

Likelihood- ratio test= $\chi^2 (10)=10.65$. Prob (*Chi2*)=0.38 (>0.05).

From this it can be concluded that the nonsignificant interactions of the saturated model (that is, ten interaction terms) can be dropped. Additionally, when comparing the model of Table 7.2 with the most simple one (that is, with the extended EV model plus only the dummy variable corresponding to the year), it is possible to conclude that the introduction of the two significant interaction terms in the model of Table 7.2 improves the fit of the model. The results of the likelihood ratio test are the following:

Likelihood- ratio test= $\chi^2 (2)= 69.64$. Prob (*Chi2*)=0.000 (<0.05).

Finally, Table 7.2 can be read in the same way as Table 7.1. The first column shows the names of the independent variables, including the interactions terms that turned out to be significant. The next column gives the parameter estimates and associated standard errors as estimated by logit regressions for both elections together. Below I summarise the principal findings of the pooled analysis.⁸

⁸ Initially I estimated a 2SPLS pooled cross-sectional model. The results show that for the pooled model, electors' voting intention do not have a statistically significant effect on their economic expectations. This is coherent with the results shown in Chapter 6, where the political bias of voters' economic expectations was very small in 1996. From these results it follows that estimating the pooled cross-sectional model by a single equation will not bias the coefficients. Results are available from the author on request.

Table 7.1. First analysis: EV model in the two general elections held in the 1990s

Dependent variable is 1-(voting for the PSOE) and 0-(voting for one of other parties)

Independent variables	1993	1996
Constant	1.42 (.60)*	-.91 (.33)*
Ideology	-2.51 (.45)**	-1.94 (.42)**
Age	-.01 (.01)	.01 (.01)
Education	-2.98 (.53)**	-2.37 (.37)**
Unemployed ^o	.05 (.27)	.32 (.27)
Retired ^o	.74 (.32)*	.45 (.19)*
Student ^o	-.09 (.36)	-.34 (.28)
Housewife ^o	.27 (.24)	.63 (.21)**
Optimistic economic expectations	.63 (.18)**	.56 (.15)**
Economic policies' assessments	2.21 (.23)**	1.04 (.15)**
Social policies' assessments	1.08 (.26)**	1.30 (.23)**
Opposition	-.81 (.25)**	-3.61 (.38)**
Event: Corruption	-.82 (.20)**	-.52 (.22)*
Number of cases	1015	1692
LR Chi 2 (11)	455.53**	762.85**
Pseudo R2	0.35	0.37
% Correct	81%	80%

Note: Entries are logit maximum-likelihood estimates and their associated standard errors.

** Significant at the level of 99%.

* Significant at the level of 95%.

+ Significant at the level of 90%.

^o These coefficients have been calculated taking the employed as the category of reference.

Table 7.2. Second Analysis: EV model in the 1990s. Pooled cross-sectional analysis. Does the importance of each variable change significantly in each of the two elections?

Dependent variable is 1-(voting for the PSOE) and 0-(voting for one of the other parties)
 I include only the significant interactions (this model was compared with the saturated model - the one with all possible interactions and having passed the likelihood ratio test).

Independent variables	Both elections
Constant	.34 (.34)
Ideology	-2.22 (.30)**
Age	.002 (.004)
Education	-2.49 (.30)**
Unemployed ^o	.32 (.26)
Retired ^o	.52 (.20)*
Student ^o	-.24 (.22)
Housewife ^o	.48 (.16)**
Optimistic economic expectations	.60 (.12)**
Economic policies' assessments	2.22 (.22)**
Social policies' assessments	1.22 (.17)**
Opposition	-.88 (.24)**
Event: Corruption	-.69 (.15)**
96YEAR* ECPOLEVA	-1.19 (.26)**
96YEAR* Opposition	-2.66 (.43)**
96YEAR	-.78 (.18)**
Number of cases	2707
LR Chi 2 (15)	1211.25**
Pseudo R2	0.36
% Correct	81%

Note: Entries are logit maximum-likelihood estimates and their associated standard errors.

** Significant at the level of 99%.

* Significant at the level of 95%.

+ Significant at the level of 90%.

^oThese coefficients have been calculated taking the employed as the category of reference.

Table 7.3. Magnitude of the effects of the variables included in the EV model: effects of voters' ideology, economic expectations, retrospective assessments of both economic and social policies, views on the principal opposition party (PP), and views on the scale of political corruption scandals, on the probability of voting for the incumbent (PSOE), 1993-1996

Variables of interest	Probability of voting for the incumbent (PSOE) in	
	1993	1996
Voters' retrospective judgement about economic policies		
1 positive	.67 (.58-.75)	.23 (.17-.29)
0 negative	.18 (.15-.21)	.09 (.7-.12)
Difference	.49	.14
Voters' retrospective judgement about social policies		
1 positive	.36 (.30-.42)	.17 (.13-.22)
0 negative	.16 (.12-.22)	.05 (.03-.08)
Difference	.20	.12
Voters' economic expectations		
1 optimistic	.34 (.28-.40)	.17 (.12-.21)
0 non optimistic	.21 (.17-.25)	.10 (.07-.13)
Difference	.13	.07
Voters' views about PP		
1 positive	.16 (.11-.23)	.02 (.00-.03)
0 negative	.30 (.26-.34)	.35 (.31-.39)
Difference	.14	.33
Voters' views on scale of corruption		
0 not a lot	.40 (.32-.48)	.13 (.09-.16)
1 too much	.23 (.19-.26)	.08 (.5-.12)
Difference	.17	.05
Ideology		
0 left	.35 (.32-.44)	.17 (.12-.24)
1 right	.12 (.09-.14)	.06 (.03-.07)
Difference	.23	.11
Baseline probability	.26 (.22-.29)	.12 (.09-.15)

Estimated probabilities were calculated with the other variables set to their mean value.

Numbers in parenthesis correspond to 95% confidence interval for each simulation.

The CLARIFY program by Michael Tomz *et al.*, 1999, was used to calculate the simulations.

2. Empirical findings. A statistical test for the changing effect of the independent variables of the extended EV model in 1993 and 1996

Table 7.2 provides evidence confirming that the effect of voters' retrospective judgements about economic policies on the probability of voting for the Socialists is weaker in 1996 than in 1993. Table 7.2 also indicates that the effect of the credibility of the PP on the probability of voting for the incumbent is stronger in 1996 than in 1993. This was already suggested by the simulations shown in Table 7.3, where the greatest differences in the effect of the independent variables are found in citizens' economic evaluations and their views of the PP. The simulations in Table 7.3 suggest, however, that there are also differences in the effect of voters' evaluations of social policies, their views about corruption, their economic expectations, and their levels of education on the probability of rewarding the Socialists in 1993 and 1996. None of these differences proved to be statistically significant in the pooled-cross-sectional analysis carried out here.

Table 7.2 also demonstrates that time matters when explaining how the individual determinants of the vote change across elections. Furthermore, the coefficient corresponding to the effect of the time (that is, the dummy variable *96Year*) turns out to be significant. What does this mean? Basically, that in the 1996 model there is a greater propensity to punish the PSOE (note that the coefficient is negative, and that the value 1 of the year dummy-variable corresponds to all the individuals in the 1996 survey). This implies that there might be additional factors explaining the electoral defeat of the Socialists that the extended EV model tested here is not able to capture in 1996 when compared to 1993.

I might suggest the following explanation. As already indicated in Chapter 5, in the survey used to model the 1996 elections there is no proper variable measuring voters' views of the government's reactions towards political scandals and corruption within the PSOE. Therefore, the extended EV model is not able to capture the electoral effect of corruption in 1996. From

this it follows that the interaction term corresponding to the corruption variable may very probably have been significant, with a variable equal to the one used for the 1993 model. Unfortunately, no better variable was available in the 1996 survey.

I shall now focus on the explanation of the two interaction terms that turned out to be significant in the analysis presented in Table 7.2. How does the effect of voters' views on economic policies and on the PP on the probability of voting for the PSOE change between 1993 and 1996? In Table 7.4, I first compute the probability of an average voter rewarding the incumbent in the two elections. This gives the Baseline Probability.⁹ I then compare the probabilities that a voter who positively evaluates the Socialists' economic programme will reward the incumbent with the average voter defined above. Finally, I compare the probabilities that a voter seeing the PP as a credible alternative for government would reward the incumbent with those for the average voter.¹⁰

These results show that the effects of economic policies on the probabilities of rewarding the incumbent decreased in the 1996 elections. For instance, the difference between a voter with positive judgements about economic policies and the average voter was 35% in 1993, while the difference decreases much further in 1996, dropping to just 3%. Hence, the effect of voters' evaluations of the incumbent's economic programme on their vote decreases in the 1996 election.

In practical terms this means that, in the event of positive evaluations of the Socialists' economic programme, these would have benefited the party more in the 1993 than in the 1996 elections. Therefore, the economic measures the Socialists implemented in their final legislature in response to the economic

⁹ That is, the values of all independent variables included in the model were set at their sample mean values.

¹⁰ To compute these simulations I use the equation of the pooled-cross-sectional model presented in Table 2. This shows that the baseline probability is equal for the two elections since I maintain the year dummy- variable constant at its mean value.

crisis did not benefit them as much in the 1996 elections as the same economic measures would have done in the 1993 elections. Here one should consider the differences discussed above between the changing marginal distribution of the variables across elections, and the changing magnitude of the effect of the coefficients estimated for the variables across elections.

Table 7.4. Magnitude of the difference in the effect of some variables in 1993 and 1996. Effect of positive judgements about economic policies and the credibility of the PP on the probability of voting for the incumbent in 1993 and 1996

Probability of voting for the incumbent (PSOE) in		
Variables of interest	1993	1996
Positive assessments of economic policies	.51 (.41-.60)	.19 (.16-.22)
Difference	.35	.03
PP's credibility	.09 (.07-.13)	.02 (.1-.05)
Difference	.07	.14
Baseline probability	.16 (.14-.19)	.16 (.14-.19)

Estimated probabilities were calculated with the other variables set to their mean value. Numbers in parenthesis correspond to 95% confidence interval for each simulation. The CLARIFY program Michael Tomz *et al.*, 1999, was used to calculate the simulations.

As can be seen from Appendix A, Tables A.3-A.7, in 1993 only 16.1% of the total respondents had positive evaluations of the government's economic programme, while 24.8% of respondents in 1996 had positive evaluations. Two logics seem to be at work simultaneously in explaining the aggregate electoral results. On the one hand, there are more citizens positively evaluating the Socialists' economic programme, and hence this should increase the number of votes for the PSOE at the aggregate level in 1996 when compared to 1993 (the effect of this increase, however, might not be very visible at the aggregate level, since it is only around 9% in the marginal distribution). On the other hand, the magnitude of the impact of voters' evaluations of economic

policies decreases to a great extent, so that the positive views of the government (around 25% of the total respondents) will have a smaller effect in the 1996 aggregate electoral results than in the 1993 aggregate electoral results. This will produce a decrease in the number of votes for the incumbent at the aggregate level in 1996 when compared to 1993.¹¹

Meanwhile the credibility of the PP has a changing effect on the probabilities of rewarding the Socialists in the 1993 and the 1996 elections. There is a 12% difference in the 1993 election between a voter who considers the PP a credible alternative government and the average voter, while the same difference is higher in the 1996 elections, at 24%. The growing credibility of the PP, due to the changes in the party leadership and its increasing organisational cohesion, had an effect on the marginal distributions of this variable across the 1993 and 1996 elections. In the 1993 survey, 25.2% of the respondents considered the PP a credible alternative to the government, while 32.2% considered the PP a credible alternative in 1996.

In the case of voters' views of the main opposition party, the changing marginal of the variable as well as the changing magnitude of its effects on the probability of voting for the incumbent follows the same logic in explaining the aggregate electoral results. That is, on the one hand, the increase in the percentage of voters seeing the PP as a credible party of government, may decrease the votes for the incumbent, at the aggregate level. On the other hand, the increase in the magnitude of the effect of this variable on the probabilities of rewarding the Socialists, may also decrease the votes for the Socialists at the aggregate level.¹²

¹¹ Or to put it another way, the coefficient of the variable corresponding to voters' evaluations of economic policies is smaller in 1996 than in 1993. Since the sign of this variable is positive, this means that the votes for the incumbent in the aggregate may fall in 1996 when compared to 1993.

¹² In other words, the coefficient of the variable OPPOSITION is higher in 1996 than in 1993. Since the sign of this variable is negative, this means that the votes for the incumbent in the aggregate may decrease in 1996 when compared to 1993.

A number of tentative conclusions can be drawn from the additional findings provided in this chapter in order to explain why the Socialists finally lost in the 1996 elections.

3. Conclusions

In this chapter I have pooled the surveys corresponding to 1993 and 1996 in order to compare the factors explaining individual determinants of the vote in 1993 and 1996. The objective of this analysis was twofold. First, to provide an empirical example of the ideal technique to be adopted in order to rigorously compare how the individual determinants of the voting intention change across elections. Hence, the analysis offers a methodological contribution to the question of comparing the individual determinants of the vote across elections. Second, to give additional empirical evidence that helps to understand the reasons of the Socialists' 1996 electoral defeat.

The results obtained from the pooled cross-section analysis of the two surveys indicate that only two variables of the extended EV model have a significantly different effect in 1996, compared to 1993. First, the credibility of the PP has a stronger negative effect on the probability of rewarding the Socialists. Thus, one of the principal advantages in favour of the PSOE finally entered into decline. Second, the effect of voters' assessments about economic policies is significantly weaker in 1996 than in 1993. This means that the economic programme the Socialists implemented from 1994 to 1996, which brought about very rapid economic recovery, did not benefit the incumbent sufficiently. Various reasons may explain why voters changed the rules governing their voting-decisions. One interpretation is that since the economy was recovering, media attention was focused less on unemployment than, for example, on the issue of corruption. Hence electors relied more on the salient corruption issue than on the state of the

economy when deciding how to vote at the polls in 1996 when compared to 1993.¹³

Finally, it seems that there are additional factors captured by the extended EV model for the 1996 elections (that is, the *96Year* dummy variable turned out to be positively significant) that are absent in that for 1993. The suggestion here is that corruption is (together with voters' economic assessments) the other factor explaining the changing individual determinants of voting behaviour across the two elections analysed here. Political scandals (even if not new) returned with particular salience in the 1996 elections. Indeed corruption may have cost the PSOE some votes.¹⁴

¹³ There was a virulent campaign against the government whose main argument was that of corruption. One newspaper, *El Mundo*, was especially implicated in the campaign (See Maravall, 1999)

¹⁴ See Barreiro and Sanchez Cuenca, 2000, for evidence on the negative electoral consequences of corruption for the Socialists in the 1996 elections.

CONCLUSIONS

This thesis has addressed fundamental issues in political science: what criteria determine voting decisions? Does the electorate react to the economic and social programmes promised or implemented by politicians? Does it hold the incumbent or the candidates accountable for their promises or their programmes? I shall briefly summarise the findings and discuss their implications in the light of the theoretical questions posed in the first and second chapters. I shall also make some suggestions concerning future research on some of the topics and findings addressed here that have emerged as particularly interesting.

In order to answer the questions above, I have proposed an EV model that has been tested across elections and for the Spanish case. This model starts out from the simple reward-punishment hypothesis and justifies the extension of the EV model through consideration of both the political and institutional context in which elections are embedded. The extended EV model works empirically and shows that there are additional factors mediating the relationship between public opinion and the state of the economy, mainly voters' views about the quality of the main opposition party, about salient political events, and about the social policies implemented by the incumbent.

What are the main conclusions that can be drawn from the results of the empirical test of the extended EV model? The ideological component of the individual vote changes across elections, the elections of 1979, 1986 and 1989 being those in which citizens resorted more to their ideology when deciding how

to vote. The effect of ideology, however, cannot be isolated from other components of the voting decision at the individual level. For example, citizens' economic expectations have an impact on their voting intention in every election studied, the elections of 1986 and 1989 being the two in which individuals' economic expectations seem to have a stronger effect on their voting intentions. The explanation for this finding lies in the fact that when governments are young their discourses of exoneration (particularly those pointing to the promises of a better future regardless of the present poor economic performance) are more credible, especially when economic conditions are good (as in the case of the 1986 and 1989 elections). Hence, when deciding how to vote, electors resort more to what they hope from the government than to what they have had from it. However, if the incidence of economic expectations on voting choice is especially high during the period in which the intertemporal discourse is still credible, then voters' economic expectations could be a product of persuasion. In this case, voters' supposed control of the incumbent's promises is weak, and it becomes important to investigate whether citizens' economic expectations are mere rationalisations of their voting decisions.

Chapter 6 presented empirical evidence showing that voting intentions may colour voters' economic expectations. Voting intentions are not the only influence, however. Past economic trends are incorporated into future projections about the state of the economy. In forming their economic expectations, voters are also affected by their individual experiences (level of income, situation in the labour market, age) and their level of political sophistication (level of education). Individuals' economic expectations in turn have a direct impact on their voting intentions, even once their partisan bias is discounted. Hence, the incidence of electors' economic expectations on their voting intention can work as a mechanism promoting voters' control over the incumbent's promises about the economy, regardless of present economic performance. Note also that the Socialists' intertemporal discourse was not only political but also based on real economic

conditions: the latter were improving in the run up to the 1986 elections, and much more so in 1989.

Electors also exert retrospective control over the incumbent's actions by way of their evaluations of the government's economic and social programmes. This control was very weak for the first two elections studied here. As expected, in 1979 and 1982 (that is, the period of transition to democracy) the successive UCD democratic governments were more likely to be exonerated from their poor economic performance, probably as an effect of the electorate's so-called honeymoon with democracy. Nevertheless, in the 1982 elections individuals' evaluations of the UCD's economic programme had a discrete effect on their voting intention, providing another reason for the UCD's electoral disintegration in 1982.

The effect of electors' economic perceptions on their voting choice becomes more important after the consolidation of democracy in Spain. Voters' control over the Socialists' economic programme is particularly strong during the 1990s, as after three or four consecutive PSOE mandates, when the efficacy of promises and intertemporal discourses decreased, citizens were more likely to vote retrospectively than prospectively.

Voters' retrospective control over the Socialists was also exerted by way of their evaluations of social policies. The findings concerning the electoral consequences of social policies are, however, puzzling. According to the initial hypotheses outlined in Chapter 2, the impact of social policies should have increased during the 1990s when the Socialists decided to increase social expenditure. The available survey data, however, do not provide enough information regarding the effect of the increase in social expenditure after 1989. The findings presented in Chapter 5, moreover, point to the electoral effect of public opinion on the government's social policies. This effect seems to be greatest in the period in which the general laws that created the bases of the educational and health care systems were approved, that is, in the 1986 elections. This points to a symbolic electoral dimension of

social policies, which requires further research in the future, on the basis of more detailed survey data.

All these findings suggest is that social policies count. Hence, the Socialists benefited from electors' positive responses to their social policies. There is another factor that helps to explain the PSOE's capacity to retain power, namely the low credibility of the principal opposition party (AP/PP). Citizens' views of the PP's credibility had an effect on their intention to reward the incumbent, thereby reducing the possibility that the incumbent would be punished for its poor economic performance. This advantage, however, came to an end. By 1996 the PP had become a viable opposition, and the effect of voters' views about its credibility was especially high. This might be one of the reasons explaining the PSOE's electoral defeat in 1996. The pooled cross-sectional analysis carried out in Chapter 7 shows that the positive effect of voters' evaluations about the Socialists' economic programme dropped considerably in 1996 compared to 1993. The analysis also shows that there was a greater willingness among voters to punish the incumbent in 1996 than in 1993. This may be a product of the political scandals and corruption that had attracted particular mass media attention during in the period before the 1996 elections. This thesis has shown, therefore, that political events are an additional factor explaining individual voting behaviour.

Thus, from 1982 onwards the Socialists had to face voters' evaluations of both their previous promises and their economic and social programmes at the polls. To this extent, the Spanish electorate may have controlled the incumbent, regardless of politicians' ability to escape responsibility or to be exonerated.

In my opinion the empirical results presented in this thesis point to a series of questions that should be explored in future research on EV. To start with, this thesis suggests that social policies have electoral consequences. In times of welfare state reforms, social policy voting acquires special relevance. Any political reform increasing social inequalities or dismantling

popular social policies could make governments, both right and left, electorally vulnerable.

Social policy voting, however, deserves further investigation in order to better understand, for example, whether electors benefiting from certain social programmes are more willing to support the incumbent, or whether the symbolic effect of social policies is more important than the welfare effect. It would also be interesting to study which kind of social programmes are more significant in electoral terms. For example, it may be the case that social policy voting is higher for income transfer policies (such as unemployment benefits, or pensions) than for public services (such as health care or education). Another possibility would be that social policy voting is greater for the most redistributive social policies (such as non-contributive pensions) than for the less redistributive social policies (such as education).

The extended EV model developed in this thesis is very appropriate for export to other countries and chronological periods. An important area of enquiry in the EV literature is comparative research. However, comparative research has been mainly based on aggregate data. In my view, the comparative design with individual data across time would be the ideal research approach to deepen our understanding of the different ways in which electors' views about the economy influence their voting decisions.

In short, this thesis is an empirical study of Spanish electoral behaviour. In the light of the results obtained from the analyses carried out here, it can safely be concluded that the Spanish electorate does react to changing policy outcomes, social conditions and economic circumstances. Moreover, citizens react both to government policies and to the perceived results of these policies. This also suggests that (contrary to previous research on electoral behaviour in Spain that highlights the stable component of the vote) electors are not passive subjects, and that their political and partisan preferences change across time.

METHODOLOGICAL APPENDIX

APPENDIX. A.

Table A.1. A test on the comparability of the results of the extended EV model: the simple EV model, 1979-1996

Dependent variable is 1 (voting for the UCD, or PSOE) and 0 (voting for any other party)

Independent Variables	1979# (UCD)	1982 (UCD)	1986 (PSOE)	1989 (PSOE)	1993 (PSOE)	1996# (PSOE)
Constant	-14.9** (1.35)	-3.9** (.65)	-.80 (.51)	-1.2** (.45)	1.3** (.48)	-.23 (.25)
Ideology	49.0** (5.1)	2.9* (.72)	9.2** (1.9)	8.54** (1.8)	-3.1** (.36)	-4.4** (.30)
(Ideology) ²	-41.3** (4.84)	—	-15.8** (2.45)	-18.0** (2.7)	—	—
Age	.012* (.005)	.02+ (.01)	-.02* (.007)	-.001 (.006)	-.01 (.01)	.02** (.003)
Education	-.69* (.30)	-.04 (.57)	-1.6** (.35)	-1.2** (.35)	-2.8** (.46)	-1.7** (.32)
Unemployed °	-.54 (.72)	-.33 (.68)	.23 (.25)	.23 (.29)	.26 (.24)	.14 (.22)
Retired°	.43 (.29)	.03 (.52)	.58+ (.34)	.86* (.34)	.63* (.27)	.40* (.17)
Student °	.19 (.36)	.22 (.59)	.65 (.63)	.01 (.35)	-.01 (.32)	-.29 (.25)
Housewife °	.25 (.16)	.55 (.32)	.30 (.22)	.37+ (.22)	.48* (.22)	.69** (.17)
Optimistic economic Expectations	.52** (.15)	.77** (.28)	.79** (.18)	1.1** (.17)	.50** (.16)	.23* (.11)
ECPOLEVA	.71** (.25)	1.4* (.45)	1.9** (.18)	2.0** (.23)	2.3** (.21)	2.1** (.20)
Number of cases	1733	493	1017	970	1187	2335
Chi 2	184.2**	39.7**	301.8**	454.7**	344.78**	364.33**
Pseudo R2	0.37	0.13	0.35	0.34	0.31	0.21
% Correct	83%	84%	81%	79%	80%	77%

Note: Entries are maximum-likelihood estimates with logit and their associated asymptotic standard errors.

** significant at the level of 99%.

* significant at the level of 95%

+ significant at the level of 90%.

As this is a weighted survey, I present SVY probit coefficients.

°These coefficients have been calculated taking the employed as the category of reference.

Table A.2. The extended EV Model estimated through Multinomial Logit.

1. The 1979 elections.

Dependent variable is 1-(voting for the UCD), 2-(voting for the main opposition parties of the left, 3-(voting for the right-wing parties) and 4-(voting for the rest of the options). The comparison group is the category 1 (voting for the incumbent=UCD)

Independent variables	Left parties	Right-wing parties	Rest of the parties
Constant	4.98 (.60)**	-4.9 (.94)**	3.74 (.60)**
Ideology	-10.25 (.71)**	4.64 (.84)**	-6.12 (.69)**
Age	-.02 (.007)*	.01 (.01)	.01 (.01)
Education	-.23 (.45)	1.94 (.61)**	1.41 (.44)**
Income	.67 (.58)	-.42 (.81)	-.53 (.57)
Unemployed ^o	.43 (.72)	2.33 (1.01)*	.61 (.75)
Retired ^o	-.39 (.39)	-.16 (.53)	-.37 (.46)
Student ^o	-.27 (.49)	-.93 (.98)	.25 (.46)
Housewife ^o	-.36 (.24)	-.29 (.37)	.08 (.24)
Optimistic economic expectations	-.31 (.12)+	-.72 (.30)*	-.79 (.20)**
Economic policies' assessments	-.74 (.32)*	.11 (.48)	-1.11 (.33)**
Opposition	2.49 (.22)**	-.38 (.45)	.25 (.25)
Number of cases	1318		
LR Chi 2 (33)	1060.65**		
Pseudo R2	0.35		

The comparison group is=1 (Intending to vote for the incumbent, UCD).

Note: Entries are multinomial logit maximum-likelihood estimates and their associated standard errors.

** Significant at the level of 99%.

* Significant at the level of 95% .

+ Significant at the level of 90%.

^o These coefficients have been calculated taking the employed as the category of reference.

2. The 1982 elections.

Dependent variable is 1-(voting for the UCD), 2-(voting for the main opposition parties of the left, 3-(voting for the right-wing parties) and 4-(voting for the rest of the options). The comparison group is the category 1 (voting for the incumbent=UCD)

Independent variables	Left parties	Right-wing parties	Rest of the parties
Constant	4.3 (.99)**	-5.4 (1.42)**	1.58 (1.13)
Ideology	-6.45 (1.1)**	6.74 (1.57)**	-3.29 (1.32)*
Age	-.02 (.007)*	.01 (.01)	.01 (.01)
Education	-1.18 (.81)	2.04 (.91)*	1.5 (.89)+
Unemployed ^o	.08 (.77)	-.31 (.58)	-.38 (.86)
Retired ^o	-.12 (.69)	-1.27 (.88)	-.09 (.85)
Student ^o	-.62 (.76)	-.89 (.93)	-.81 (.88)
Housewife ^o	-.76 (.44)*	-.20 (.24)	-.65 (.54)
Optimistic economic expectations	-1.26 (.37)**	-.67 (.45)	-1.66 (.49)**
Economic policies' assessments	-1.29 (.50)**	-1.70 (.62)**	-1.08 (.63)**
Opposition	2.06 (.47)**	.30 (.47)	.54 (.48)
Number of cases	386		
LR Chi 2 (30)	263.38**		
Pseudo R2	0.29		

The comparison group is=1 (Intending to vote for the incumbent, UCD).

Note: Entries are multinomial logit maximum-likelihood estimates and their associated standard errors.

** Significant at the level of 99%.

* Significant at the level of 95% .

+ Significant at the level of 90%.

^o These coefficients have been calculated taking the employed as the category of reference.

3. The 1986 elections.

Dependent variable is 1-(voting for the PSOE), 2-(voting for the main opposition parties of the left: IU), 3-(voting for the right-wing parties: AP, and CDS) and 4-(voting for the rest of the options). The comparison group is the category 1 (voting for the incumbent=PSOE)

Independent variables	Left parties	Right-wing parties	Rest of the parties
Constant	1.59 (1.17)	-7 (.89)*	-2.12 (.72)**
Ideology	-11.29 (1.99)**	8.73 (.98)**	1.49 (.89)+
Age	-.01 (.02)	.03 (.01)**	.01 (.01)
Education	-.26 (1.0)	.84 (.62)	1.57 (.53)**
Income	2.70 (1.27)*	1.06 (.82)	1.32 (.72)+
Unemployed ^o	.16 (.61)	-.32 (.45)	-.62 (.38)
Retired ^o	.33 (.95)	-1.07 (.63)*	-.46 (.53)
Student ^o	-1.5 (1.2)	-.80 (.61)	-.71 (.48)
Housewife ^o	.46 (.62)	-.21 (.36)	-.65 (.35)+
Optimistic economic expectations	-.99 (.54)*	-.58 (.33)+	-.59 (.28)*
Economic policies' assessments	-2.54 (.50)**	-1.8 (.31)**	-2.02 (.26)**
Opposition	.13 (.89)	2.83 (.64)**	.14 (.51)
Event (Spanish entry in EC)	.53 (.85)	.53 (.59)	1.54 (.50)**
Number of cases	694		
LR Chi 2 (33)	631.88**		
Pseudo R2	0.39		

The comparison group is=1 (Intending to vote for the incumbent, PSOE).

Note: Entries are multinomial logit maximum-likelihood estimates and their associated standard errors.

** Significant at the level of 99%.

* Significant at the level of 95% .

+ Significant at the level of 90%.

^o These coefficients have been calculated taking the employed as the category of reference.

4. The 1989 elections.

Dependent variable is 1-(voting for the PSOE), 2-(voting for the main opposition parties of the left: IU), 3-(voting for the right-wing parties: PP) and 4-(voting for the rest of the options). The comparison group is the category 1 (voting for the incumbent=PSOE)

Independent variables	Left parties	Right-wing parties	Rest of the parties
Constant	-8.20 (1.1)**	-1.28 (.66)*	-1.91 (.63)*
Ideology	-12.22 (.66)**	2.09 (.74)**	3.73 (.72)**
Age	.04 (.01)**	.01 (.01)	.01 (.01)
Education	1.93 (.65)**	.81 (.51)	1.43 (.48)**
Unemployed ^o	-.07 (.65)	-.71 (.45)	-.03 (.39)
Retired ^o	-1.1 (.79)	-.60 (.50)	-.90 (.51)
Student ^o	.97 (.66)	.19 (.51)	.51 (.46)
Housewife ^o	-.32 (.42)	-.38 (.32)	-.50 (.32)
Optimistic economic expectations	-1.38 (.36)**	-1.27 (.25)**	-1.45 (.24)**
Economic policies' assessments	-1.52 (.55)**	-1.51 (.38)**	-.82 (.34)*
Social policies' assessments	-1.24 (.41)**	-1.24 (.30)**	-1.52 (.29)**
Event (socialists' responsiveness)	1.26 (.39)**	1.75 (.30)**	1.57 (.27)**
Number of cases	802		
LR Chi 2 (33)	714.96**		
Pseudo R2	0.35		

The comparison group is=1 (Intending to vote for the incumbent, PSOE).

Note: Entries are multinomial logit maximum-likelihood estimates and their associated standard errors.

** Significant at the level of 99%.

* Significant at the level of 95% .

+ Significant at the level of 90%.

^o These coefficients have been calculated taking the employed as the category of reference.

5. The 1993 elections.

Dependent variable is 1-(voting for the PSOE), 2-(voting for the main opposition parties of the left: IU), 3-(voting for the right-wing parties: PP) and 4-(voting for the rest of the options). The comparison group is the category 1 (voting for the incumbent=PSOE)

Independent variables	Left parties	Right-wing parties	Rest of the parties
Constant	-0.07 (.93)	-7.71 (1.16)**	-2.39 (.82)*
Ideology	-3.11 (.82)**	9.28 (.95)**	2.98 (.71)**
Age	-.01 (.01)	.01 (.01)	.01 (.01)
Education	1.49 (.84)+	3.18 (1.07)*	2.47 (.76)**
Income	1.27 (.71)+	.58 (.85)	.77 (.64)
Unemployed ^o	.26 (.37)	-.03 (.48)	-.09 (.35)
Retired ^o	-.41 (.52)	-.53 (.59)	-.50 (.44)
Student ^o	.42 (.52)	-.15 (.67)	.37 (.46)
Housewife ^o	-.23 (.39)	-.37 (.42)	-.33 (.34)
Optimistic economic expectations	-.71 (.24)**	-.06 (.31)	-.89 (.25)**
Economic policies' assessments	-2.10 (.39)**	-3.66 (.75)**	-1.69 (.30)**
Social policies' assessments	-1.11 (.38)**	-1.30 (.45)**	-.92 (.34)**
Opposition	.10 (.42)	2.12 (.35)**	.56 (.37)
Event (Corruption)	.54 (.30)*	1.95 (.47)**	.81 (.27)**
Number of cases	792		
LR Chi 2 (33)	853.25**		
Pseudo R2	0.40		

The comparison group is=1 (Intending to vote for the incumbent, PSOE).

Note: Entries are multinomial logit maximum-likelihood estimates and their associated standard errors.

** Significant at the level of 99%.

* Significant at the level of 95% .

+ Significant at the level of 90%.

^o These coefficients have been calculated taking the employed as the category of reference.

6. The 1996 elections.

Dependent variable is 1-(voting for the PSOE), 2-(voting for the main opposition parties of the left: IU), 3-(voting for the right-wing parties: PP) and 4-(voting for the rest of the options). The comparison group is the category 1 (voting for the incumbent=PSOE)

Independent variables	Left parties	Right-wing parties	Rest of the parties
Constant	1.72 (.43)**	-5.68 (.64)**	-.814 (.41)*
Ideology	-2.18 (.45)**	9.97 (.84)**	3.52 (.53)**
Age	-.02 (.008)*	.01 (.01)	-.01 (.01)
Education	1.48 (.45)**	3.13 (.59)**	2.34 (.41)**
Unemployed ^o	.46 (.25)+	-.65 (.37)+	-.26 (.23)
Retired ^o	-.43 (.39)	-.84 (.48)+	-.23 (.33)
Student ^o	.36 (.33)	1.34 (.43)**	.34 (.32)
Housewife ^o	-1.09 (.31)**	-.69 (.38)+	-.46 (.24)*
Optimistic economic expectations	-.46 (.19)*	.06 (.26)	-.83 (.18)**
Economic policies' assessments	-1.53 (.31)**	-1.56 (.46)**	-1.24 (.27)**
Social policies' assessments	-1.03 (.27)**	-1.42 (.36)**	-.72 (.26)**
Opposition	1.42 (.43)**	5.31 (.39)**	1.79 (.39)**
Event (Corruption)	.39 (.24)	.66 (.34)*	.55 (.24)*
Number of cases	1692		
LR Chi 2 (33)	1939.35**		
Pseudo R2	0.43		

The comparison group is=1 (Intending to vote for the incumbent, PSOE).

Note: Entries are multinomial logit maximum-likelihood estimates and their associated standard errors.

As this is a weighted survey, I present SVY multinomial logit coefficients.

** Significant at the level of 99%.

* Significant at the level of 95% .

+ Significant at the level of 90%.

^o These coefficients have been calculated taking the employed as the category of reference.

Table A.3. Descriptive statistics of all the variables included in each model after being re-codified, 1979-1996

Variables of the 1979 model	Number of observations	Mean	Standard deviation	Min	Max
UCD vote intention	3613	0.28	0.45	0	1
Ideology	4190	0.43	0.19	0	1
Education	5506	0.32	0.26	0	1
Income	4622	0.57	0.20	0	1
Age	5653	44.6	17.7	18	99
Place in labour market	5605	2.95	1.84	1	5
Gender	5652	0.44	0.49	0	1
Optimistic economic expectations	3769	0.57	0.49	0	1
Retrospective evaluations	4970	0.74	0.35	0	1
Evaluations of economic policies	3234	0.44	0.32	0	1
Views on Opposition	3014	0.38	0.48	0	1

Variables of the 1982 model	Number of observations	Mean	Standard deviation	Min	Max
UCD vote intention	818	0.17	0.37	0	1
Ideology	841	0.43	0.19	0	1
Education	1159	0.37	0.26	0	1
Age	1117	43	17	18	88
Place in labour market	1175	2.79	1.79	1	5
Gender	1179	0.48	0.50	0	1
Optimistic economic expectations	806	0.25	0.43	0	1
Retrospective evaluations	1060	0.66	0.31	0	1
Evaluations of economic policies	978	0.25	0.43	0	1
Views on opposition	696	0.82	0.38	0	1

Variables of the 1986 model	Number of observations	Mean	Standard deviation	Min	Max
PSOE vote intention	1658	0.48	0.49	0	1
Ideology	1915	0.43	0.18	0	1
Education	2455	0.37	0.27	0	1
Income	1990	0.38	0.20	0	1
Age	2485	44.1	17.3	18	99
Place in labour market	2474	2.84	1.71	1	5
Gender	2477	0.49	0.49	0	1
Optimistic economic expectations	1887	0.32	0.47	0	1
Retrospective evaluations	2338	0.64	0.34	0	1
Evaluations of economic policies	1958	0.57	0.49	0	1
Views on opposition	1671	0.45	0.25	0	1
Event	1970	0.37	0.24	0	1

Variables of the 1986b model	Number of observations	Mean	Standard deviation	Min	Max
PSOE vote intention	7764	0.49	0.50	0	1
Ideology	8881	0.40	0.20	0	1
Education	12044	0.36	0.27	0	1
Income	9321	0.39	0.19	0	1
Age	12282	44.1	17.6	18	99
Place in labour market	11952	2.80	1.70	1	5
Gender	12310	0.48	0.49	0	1
Retrospective evaluations	10344	0.48	0.30	0	1
Evaluations of economic policies	8815	0.85	0.29	0	1
Evaluations of social policies	8601	0.68	0.38	0	1
Event	9114	0.40	0.25	0	1

Variables of the 1989 model	Number of observations	Mean	Standard deviation	Min	Max
PSOE vote intention	1710	0.43	0.49	0	1
Ideology	1727	0.38	0.21	0	1
Education	2475	0.37	0.26	0	1
Age	2488	44.3	17.7	18	95
Place in labour market	2470	2.73	1.75	1	5
Gender	2495	0.47	0.49	0	1
Optimistic economic expectations	1871	0.42	0.49	0	1
Retrospective evaluations	2266	0.46	0.35	0	1
Evaluations of economic policies	1998	0.27	0.38	0	1
Evaluations of social policies	1913	0.55	0.44	0	1
Event	2004	0.70	0.46	0	1

Variables of the 1993 model	Number of observations	Mean	Standard deviation	Min	Max
PSOE vote intention	1175	0.32	0.47	0	1
Ideology	2045	0.41	0.24	0	1
Education	2491	0.50	0.23	0	1
Income	1805	0.30	0.22	0	1
Age	2502	45.5	18.4	18	99
Place in labour market	2490	2.63	1.55	1	5
Gender	2502	0.50	0.50	0	1
Optimistic economic expectations	1908	0.33	0.47	0	1
Retrospective Evaluations	2459	0.71	0.21	0	1
Evaluations of economic policies	2210	0.16	0.36	0	1
Evaluations of social Policies	2265	0.54	0.34	0	1
Visions on opposition	2181	0.25	0.43	0	1
Event	2315	0.77	0.42	0	1

Variables in the 1996 model	Number of observations	Mean	Standard deviation	Min	Max
PSOE vote intention	4979	0.33	0.47	0	1
Ideology	4926	0.40	0.21	0	1
Education	5831	0.27	0.19	0	1
Age	6639	44.7	18.1	18	99
Place in labour market	6569	2.56	1.56	1	5
Gender	6640	0.48	0.49	0	1
Optimistic economic expectations	4360	0.32	0.47	0	1
Retrospective evaluations	6477	0.61	0.21	0	1
Evaluations of economic policies	5633	0.18	0.28	0	1
Evaluations of social policies	5470	0.68	0.35	0	1
Views on opposition	5200	0.31	0.46	0	1
Event	5373	0.22	0.42	0	1

Table A.4. Frequencies of the variables included in the models, 1979-1996

1. Vote intention for the incumbent across time (%)

Years	1 st Period: UCD		2 nd Period: PSOE			3 rd Period: PSOE	
	1979	1982	1986a	1986b	1989	1993	1996
0	70.83	83.01	48.49	49.97	43.39	67.49	68.14
1	29.17	16.99	51.51	50.03	56.61	32.51	31.86
Total	100	100	100	100	100	100	100

2. Voters' ideological self placement across time (%)

Years	1 st Period: UCD		2 nd Period: PSOE			3 rd Period: PSOE	
	1979	1982	1986a	1986b	1989	1993	1996
1	3.10	3.69	1.41	2.43	3.65	7.73	4.90
2	15.11	10.58	3.34	6.56	7.82	6.65	5.39
3	27.31	36.74	14.05	18.79	21.02	14.91	18.52
4	39.13	28.78	24.28	24.33	22.06	14.91	16.49
5	9.58	15.58	25.12	23.38	21.42	26.65	27.79
6	4.17	3.92	13.11	9.82	8.43	9.63	10.57
7	1.59	0.71	11.54	6.88	7.59	8.12	8.62
8			5.22	4.77	5.15	5.97	4.54
9			1.20	1.78	2.03	2.00	1.48
10			0.73	1.24	0.93	3.42	1.72
Total	100	100	100	100	100	100	100

3. Voters' levels of education across time (%)

Years	1 st Period: UCD		2 nd Period: PSOE			3 rd Period: PSOE	
	1979	1982	1986a	1986b	1989	1993	1996
1	7.28	4.14	4.20	4.98	4.44	3.97	7.67
2	36.48	24.76	27.66	29.56	24.85	7.55	54.57
3	30.85	37.10	35.15	32.03	37.33	11.32	5.44
4	3.06	5.78	5.87	6.17	7.56	25.29	19.68
5	6.29	11.73	7.05	8.218	7.52	25.85	6.48
6	6.28	5.00	8.96	8.32	7.56	16.42	5.39
7	5.26	5.78	4.40	4.72	5.13	4.48	0.43
8	4.50	5.69	6.72	6.00	5.62	4.78	0.34
Total	100	100	100	100	100	100	100

4. Voters' level of monthly family income across time (%)

Years	UCD		PSOE		PSOE
	1979	1986a	1986b	1993	1993
1	1.10	3.62	3.42	12.85	
2	2.13	16.33	17.16	36.62	
3	6.85	27.74	24.49	26.15	
4	13.76	26.53	27.64	12.91	
5	24.18	15.88	18.30	7.48	
6	21.94	6.28	6.14	2.16	
7	15.98	2.36	1.80	1.83	
8	10.97	1.26	1.05		
9	3.08				
Total	100	100	100	100	

8. Voters' evaluation of social policies across time (% , note that categories have been regrouped)

Years	2 nd Period: PSOE		3 rd Period: PSOE	
	1986b	1989	1993	1996
0 Worst	29.95	33.66	49.01	30.62
1 Best	70.05	66.34	50.09	69.38
Total	100	100	100	100

9. Voters' views about the main opposition party across time (% , note that categories have been regrouped)

Years	1 st Period: UCD		PSOE	3 rd Period: PSOE	
	1979	1982	1986a	1993	1996
0 negative	63.05	17.39	56.25	74.83	67.84
1 positive	36.95	82.61	43.75	25.17	32.16
Total	100	100	100	100	100

10. Voters' visions about salient issues across time (% , note that categories have been regrouped)

Years	2 nd Period: PSOE			3 rd Period: PSOE	
	1986a	1986b	1989	1993	1996
0 negative	24.72	28.94	70.26	77.32	85.49
1 positive	75.28	71.06	29.74	22.68	14.51
Total	100	100	100	100	100

APPENDIX B. Derivations of Chapter 5.

Table B.1. Effects of optimism about the economic future of the country, retrospective assessments of both economic and social policies, views on the principal opposition party (AP/PP) and visions on events on the probability of rewarding the incumbent (UCD/PSOE), 1979-1996

	1979		1982		1986a		1986b		1989		1993		1996	
	UCD		UCD		PSOE		PSOE		PSOE		PSOE		PSOE	
Voters' economic expectation														
1 optimistic	.10	(.06-.15)	.19	(.12-.31)	.86	(.80-.91)	No		.44	(.32-.57)	.34	(.23-.45)	.55	(.46-.63)
0 non optimistic	.06	(.03-.10)	.08	(.05-.13)	.78	(.71-.84)	Var		.18	(.12-.26)	.23	(.15-.31)	.43	(.36-.50)
Difference	.04		.11		.08				.26		.11		.12	
Voters' Retrospective judgement about economic policies														
1 Positive	.08	(.04-.13)	.08	(.05-.13)	.78	(.71-.84)	.83	(.80-.85)	.41	(.26-.57)	.71	(.57-.82)	.86	(.80-.91)
0 Negative	.15	(.08-.24)	.02	(.01-.05)	.32	(.23-.41)	.37	(.26-.47)	.18	(.12-.26)	.23	(.16-.23)	.43	(.36-.50)
Difference	.07		.06		.46		.46		.23		.48		.43	
Voters' Retrospective judgement about social policies														
1 Positive	No		No		No		.83	(.80-.85)	.18	(.12-.26)	.09	(.05-.14)	.43	(.36-.50)
0 Negative	Var		Var		Var		.33	(.26-.40)	.06	(.03-.09)	.23	(.16-.23)	.26	(.18-.37)
Difference							.50		.12		.14		.17	
Voters' Views about the main opposition party (PP)														
1 Positive	.03	(.01-.04)	.08	(.05-.13)	.64	(.48-.78)	No		No		.13	(.07-.22)	.04	(.01-.06)
0 Negative	.10	(.06-.15)	.20	(.11-.33)	.83	(.75-.90)	Var		Var		.23	(.16-.23)	.43	(.36-.50)
Difference	.07		.12		.19						.10		.39	
Voters' views about pol events														
0 Positive	No		No		.83	(.76-.80)	.88	(.86-.90)	.53	(.39-.65)	.44	(.30-.58)	.42	(.29-.54)
1 Negative	Var		Var		.64	(.48-.78)	.64	(.56-.72)	.18	(.12-.26)	.23	(.16-.23)	.43	(.36-.50)
Difference					.19		.24		.35		.21		.01	
Voters' Level of Education														
1 Maximum	.04	(.02-.04)	No		.61	(.46-.74)	.60	(.52-.68)	.08	(.04-.15)	.10	(.04-.19)	.10	(.05-.16)
0 Minimum	.11	(.06-.18)	Sigf		.82	(.74-.89)	.85	(.82-.87)	.25	(.15-.36)	.52	(.35-.69)	.51	(.43-.59)
Difference	.07				.21		.25		.17		.42		.41	
Baseline Probability	.10	(.06-.15)	.08	(.05-.13)	.78	(.71-.84)	.83	(.80-.85)	.18	(.12-.26)	.23	(.15-.31)	.43	(.36-.50)

Estimated probabilities were calculated with the other variables set to their sample mean and mode values. Numbers in parenthesis correspond to 95% confidence interval for each simulation. The CLARIFY program by Michael Tomz, Jason Wittenberg, and Gary King (1999), was used to calculate the simulations.

APPENDIX. C. Derivations of Chapter 6.

Table C.1. Reduced-form probit model. Economic expectations results, 1979-1996

Dependent variable is 1 (optimistic) and 0 (not optimistic: either pessimistic or neutral)

Independent Variables	1979#	1982	1986	1989	1993	1996#
Constant	.80** (.17)	-.48 (.33)	-.76** (.23)	.48* (.20)	-.24 (.30)	-.43** (.13)
Incumbent's vote intention	.23** (.06)	.45** (.15)	.61** (.09)	.58** (.08)	.42** (.09)	.01 (.05)
Economic retr assess (equal)	-.66** (.09)	-.84** (.18)	-1.1** (.12)	-1.3** (.09)	-.65** (.20)	-.63** (.12)
Economic retr assess (worse)	-1.06** (.09)	-1.24** (.21)	-.49** (.09)	-1.7** (.12)	-.57** (.20)	.03 (.07)
Unemployed °	-.05 (.15)	-.20 (.25)	-.22 (.14)	-.13 (.15)	-.03 (.13)	.11 (.09)
Retired °	.06 (.11)	.44 (.24)	-.05 (.17)	-.24 (.16)	-.04 (.14)	-.11 (.09)
Student °	-.16 (.13)	.73 (.24)	.10 (.19)	.21 (.17)	.04 (.16)	.07 (.09)
Housewife °	.14 (.08)	.18 (.21)	-.18 (.14)	.09 (.13)	-.13 (.14)	.12 (.08)
Education	.18 (.13)	.68** (.26)	.24 (.20)	.01 (.17)	.35 (.24)	.27* (.12)
Gender (male)	.19* (.07)	.18 (.17)	-.13 (.11)	.06 (.10)	-.06 (.09)	.17** (.05)
Age	.002 (.002)	.001 (.004)	.001 (.003)	.001 (.003)	.003 (.003)	.005* (.002)
Income	-.16 (.16)	—	-.005 (.25)	—	.30 (.21)	—
Number of cases	2259	570	1073	1285	1049	3011
Chi 2	203.4**	77.58**	265.5**	488.08	41.80**	55.1**
Pseudo R2	0.07	0.12	0.19	0.27	0.03	0.02
% Correct	61%	76%	75%	78%	64%	66%

Note: Entries are probit maximum-likelihood estimates and their associated standard errors in parentheses.

** Significant at the level of 99%.

* Significant at the level of 95%.

+ significant at the level of 90%.

As this is a weighted survey, I present SVY probit coefficients.

° These coefficients have been calculated taking the employed as the category of reference.

Table C.2. Reduced-form probit voting models, 1979-1996

Dependent variable is 1 (voting for the UCD, or PSOE) and 0 (voting for any other party)

Independent Variables	1979# (UCD)	1982 (UCD)	1986 (PSOE)	1989 (PSOE)	1993 (PSOE)	1996 # (PSOE)
Constant	-6.2** (.53)	-1.65** (.45)	.46 (.36)	-.04 (.34)	.97* (.38)	-.44* (.19)
Optimistic economic expectations	.33** (.10)	.57** (.18)	.32* (.13)	.73** (.12)	.30** (.11)	.32** (.09)
Ideology	.21** (1.7)	1.35** (.46)	2.6* (1.1)	4.58** (1.2)	-1.56** (.29)	-1.3** (.23)
(Ideology) ²	-.17** (1.6)	—	-4.9** (1.1)	-10.1** (1.8)	—	—
Age	-.005 (.003)	-.006 (.007)	-.01* (.004)	-.007 (.005)	-.005 (.005)	.006+ (.003)
Education	-.65** (.23)	-.10 (.38)	-.66* (.26)	-.74** (.25)	-.20** (.05)	-1.2** (.21)
Income	-.14 (.29)	—	-.79* (.35)	—	-.46 (.31)	—
Unemployed °	.09 (.35)	.24 (.37)	.23 (.18)	.22 (.20)	-.08 (.17)	.27 (.21)
Retired °	.18 (.20)	.19 (.34)	.34 (.24)	.54* (.25)	.27 (.21)	.21 (.17)
Student °	.18 (.26)	.46 (.36)	.42+ (.24)	—	-.15 (.24)	-.27+ (.16)
Housewife °	.09 (.12)	.36+ (.21)	.15 (.16)	.30+ (.16)	.17 (.16)	.41** (.12)
ECPOLEVA	.34** (.16)	.82** (.27)	1.26** (.12)	.66** (.17)	1.28** (.14)	.88** (.13)
SOCPOLEVA	—	—	—	.70** (.15)	.59** (.16)	.56** (.13)
OPPOSITION	-.88** (.11)	-.59** (.20)	-.65** (.24)	—	-.38** (.15)	-1.76** (.16)
Event	—	—	-.53* (.25)	-.93** (.13)	-.55** (.13)	-.32* (.12)
Number of cases	1318	386	694	802	792	1692
Chi 2	559.2**	50.6**	353.3**	509.6**	361.22**	703.6**
Pseudo R2	0.40	0.16	0.36	0.46	0.35	0.35
% Correct	86%	85%	82%	84%	81%	80%

Note: Entries are probit maximum-likelihood estimates and their associated standard errors in parentheses.

** Significant at the level of 99%.

* Significant at the level of 95%.

+ Significant at the level of 90%.

As this is a weighted survey, therefore I present SVY probit coefficients.

°These coefficients have been calculated taking the employed as the category of reference.

Table C.3. Differences in the probability of voting for the incumbent (UCD/PSOE), 1979-1996. The typical voter compared with a pessimistic elector, a voter negatively judging both economic and social policies, a highly educated voter, a rich voter, a housewife, and a centrist elector

Type of voters	Probability of voting for the incumbent (UCD and PSOE) in:					
	1979	1982	1986	1989	1993	1996
A voter with pessimistic expectations	.02 (.01-.03)	.01 (.00-.01)	.16 (.10-.23)	.21 (.14-.29)	.32 (.32-.43)	.04 (.01-.05)
Difference	-.11	-.11	-.46	-.41	-.13	-.16
A voter with negative views about economic policies						
Difference	Not significant	.09 (.04-.16) -.03	.45 (.35-.55) -.17	.58 (.50-.65) -.04	.38 (.28-.49) -.07	.16 (.13-.19) -.04
A voter with negative views about social policies	No variable in this model.	No variable in this model.	No variable in this model.	.52 (.42-.62)	.32 (.19-.51)	.12 (.08-.17)
Difference				-.10	-.13	-.08
A highly educated voter	.07 (.04-.12)	.01 (.00-.03)	.35 (.22-.50)	.41 (.29-.53)	.04 (.00-.11)	.01 (.00-.02)
Difference	-.06	-.11	-.27	-.21	-.41	-.19
A Rich Voter (Maximum income level)	Not significant	No variable in this model	.42 (.23-.61)	No variable in this model	.01 (.00-.01)	No variable in this model
Difference			-.20		-.44	
A housewife	Not significant	Not significant	.71 (.61-.80)	.71 (.60-.78)	.80 (.65-.92)	.30 (.23-.37)
Difference			+.09	+.09	+.35	+.10
A Centrist Voter	.60 (.10-.16)	.18 (.11-.28)	.69 (.62-.76)	.48 (.42-.55)	.43 (.32-.55)	.19 (.16-.23)
Difference	+.47	+.06	+.07	-.14	-.02	-.01
The Typical Voter	.13 (.08-.17)	.12 (.06-.19)	.62 (.56-.69)	.62 (.56-.68)	.45 (.34-.46)	.20 (.17-.23)

Estimated probabilities were calculated with the other variables set to their mean value or mode value (when they are very different). Numbers in parenthesis correspond to 95% confidence interval for each simulation.

To calculate the simulations I have used the program CLARIFY by Michael Tomz, *et al.*, 1999.

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