



The Kramer problem: Micro-macro resolution with a Danish pool

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ABSTRACT

In a seminal paper, [Kramer \(1983\)](#) posed his “problem” for the study of economic voting with election surveys: the items administered can measure neither individual nor national economic wellbeing accurately. Instead these items of economic perception are laden with erroneous judgment and partisan bias. Thus, the investigation of economics and elections should not be a survey research enterprise. Here we show, through varied analyses in an extensive, well-gathered Danish election pool, that these fears are unfounded. The presence of strong sociotropic voting effects from surveys can be established, and reconciled with the observed effects of national fluctuations in the macro economy. Indeed, the micro- and macro- processes mirror each other, so resolving the Kramer problem.

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[Kramer's \(1971\)](#) investigation of economic conditions and election outcomes sparked research that continues to this day. In rigorous time series analyses, he demonstrated quantitatively the strong impact of the macroeconomy on elections. However, because these findings are aggregate, at the level of the nation, the individual mechanism of the reward-punishment pattern remains unclear. Are economic voters egotropic, i.e., motivated by their own pocketbooks? Or are they sociotropic, i.e., motivated by their perception of the economic well-being of the entire nation? Or, is the aggregate-level result really just an example of an ecological fallacy, with individual voters not actually engaging in economic voting of any sort? To answer these questions, elections researchers soon turned to survey data. (Among these early studies, see [Kiewiet, 1983](#)). Significant economic voting was found, mostly sociotropic, and fairly strong.

A consensus on the presence and form of economic voting was emerging, when [Kramer \(1983\)](#) posed his

“problem”. He charged that an election survey provides too crude an instrument to answer the question of how the economy moves the individual voter. The typical pocketbook and sociotropic items poorly measure the individual's, and the nation's, economic well-being. The pocketbook items do not separate out the government component, the only part any reasonable voter should address. The sociotropic items are riddled with error, as is obvious from respondent disagreement over the state of the economy at the time. At the moment of the survey there can, for example, be only one GDP to be observed, yet voters will differ widely in their assessment of it. Part of this observational error, he continues, comes from partisan bias, e.g., backers of the incumbent party will paint too rosy a picture of economic performance.

The Kramer problem with survey methodology was – and is – serious, according to critics. [Anderson \(2007, 280\)](#) agrees that individual voter perception of the economy is distorted: “citizens are likely to systematically misjudge the state of the economy even when it is presented to them on a silver platter.” The charge that sociotropic evaluations are loaded with partisan bias also resounds: [Evans and Andersen \(2006,](#)

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194) contend that “one’s political orientation influences how one responds to questions about the performance of the economy. In other words, the causal arrow between the economy and politics is reversed.” Because of such difficulties, these critics judge economic effects as unstable and small: “the economic voting effect ...is intermittent, highly contingent, and substantively small.” (Anderson, 2007, 286). A withering methodological conclusion comes from van der Brug et al. (2007, 26), who say that economic perception measures should never be used: “an adequate research design... avoids using subjective indicators of economic conditions, since these are strongly contaminated and subject to severe endogeneity problems.”

Thus, the Kramer problem, and its recent permutations, poses a major threat to the validity of hundreds of economic voting studies conducted via survey data (Lewis-Beck and Stegmaier, 2007). The threat is major because

reported that egotropic evaluations surpassed sociotropic ones. This finding, virtually unique in the literature, has been challenged. Other election survey researchers have not been able to unearth the Danish “pocketbook voter.” Hibbs (1993, 21) argued on theoretical and measurement grounds against this pocketbook finding for Denmark. Borre (1997) countered with his own research, utilizing the Danish National Election surveys of 1987, 1990, and 1994. His estimates conformed to the classic result from elsewhere, namely insignificant pocketbook effects and a large and significant sociotropic effects (Borre, 1997, 357, 359).

2. Baseline results: a micro-model

As a first-cut, we would like to see if Borre’s classical finding can be replicated. To begin, we posit a straightforward model:

$$\text{Vote} = f(\text{Socio} - \text{Demography}, \text{Values}, \text{Egotropic and Sociotropic Evaluations}), \quad (1)$$

they are almost all single cross-section studies of the type first criticized as invalid by Kramer (1983). Even the heralded recent study by Duch and Stevenson (2008), which examines economic voting in 18 nations, uses as its database 163 separate survey cross-sections. (A current multinational exception is Nadeau et al., 2013). What we hope to do here is resolve the Kramer problem by focusing on an ideal case – Denmark. First, it offers well-constructed and measurement-comparable national probability surveys for eight elections (1987–2011). Second, an extensive battery of well-crafted aggregate economic indicators (objective and subjective) are available across the series.

Below, we begin with an explication of the Danish economic voting puzzle. Then, a baseline voting model is estimated over the election survey pool. Next, these pooled results receive methodological challenges, in the form of election specific effects, clustering, and possible interactions. Further, the individual attitudinal economic measures are replaced in three ways: with exogenous instruments, aggregated objective economic indicators, and aggregated subjective economic indicators. By way of conclusion, we demonstrate how the micro-processes of individual economic thinking, as recorded in the economic perception measures, predict the observed macro-level economic and electoral shifts, thus offering a resolution of the Kramer problem.

1. Economic voting in Denmark

Economic voting in Denmark has received a good deal of study. In the beginning were aggregate time series studies extensively examining the connection between macroeconomic conditions and government support (Paldam and Schneider, 1980). These efforts were followed by single cross-section survey research. Nannestad and Paldam (1995, 1997) in different vote intention surveys from 1990 to 1993 and a pool of 28 surveys from 1986 to 1992,

where Vote = Vote for the incumbent government (including supporting parties) scored 1 (e.g. in 2011 the Liberals, the Conservatives, the Danish People’s Party, and Liberal Alliance), otherwise = 0 (e.g. in 2011 the Social Democrats, the Social Liberals, the Socialist People’s Party, and the Red-Green Alliance); Socio-Demography = gender, age, social class, household income, education (all coded 0–1, except age coded in years); Values refers to two additive scales, one on Cultural Values (immigration, environment, crime) and another on Economic Values (taxation, government control of business, social equality), each scored 0–1 (cf. Stubager, 2010); Egotropic Economic Evaluation (scored 0–1), from the question “How is your and your family’s economic situation today compared to 3–4 years ago?”; Sociotropic Economic Evaluation (scored 0–1), from the question “How do you think Denmark’s economic situation is today compared to 3–4 years ago?”¹

Before estimating the model, we pool the last eight Danish National Election Surveys, beginning with the three examined by Borre – 1987, 1990, 1994 – and continuing through 2011 (i.e. 1998, 2001, 2005, 2007 and 2011). In addition to providing a large sample size, each survey (with the exception of 1987) was collected as face-to-face interviews and conducted by strict probability sampling methods, as applied to Denmark’s unique lists of its national citizenry. Moreover, this pooled design overcomes a part of the Kramer problem, in that there is real variation in macroeconomic indicators, e.g., GDP growth, over these eight election years.

In Table 1 (column 1) the baseline model of Eq. (1) is estimated (with logistic regression). A number of expected effects are observed. First, increases in income and class status lead to a greater probability of voting for a right-

¹ The exact question wording varies somewhat over the years, mostly regarding the time frame of the question (it ranges from 1 to 3–4 years). These differences are all minor, however, and cannot be expected to exert any influence on the analyses.

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