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The dynamics of political party support and egocentric economic evaluations: The Scottish case

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ABSTRACT

We explore the dynamics of the Scottish National Party (SNP) support using the British Household Panel Survey (BHPS) during 1999–06. We study the relative importance of political sentiments and egocentric economic evaluations by disentangling the effects of state dependence and unobserved heterogeneity by gender. Egocentric economic evaluations constitute an important determinant of SNP support over the entire period, being this effect stronger among the male electorate. The results are consistent with the electors holding the incumbent Labour Party accountable for their personal financial situation, though financial security augments the nationalist propensity among partisan voters. Furthermore, retrospective economic evaluations form a significant determinant of incumbent Labour Party support in both the 1999–02 and 2003–06 intervening electoral cycles.

1. Introduction

How important are economic evaluations in political party support? Do egocentric economic perceptions indicate distinct political behaviour by gender or partisanship? We analyse these questions by exploring the dynamics of political party support and egocentric economic evaluations in Scotland during 1999–2006. Our investigation has a double aim: on one hand, to analyse the relative importance of political sentiments in the evolution of SNP support and, on the other, to test the egocentric (“pocketbook”) economic voting hypothesis.

Utilising the Scottish extension sample from the BHPS, we find that the impact of egocentric economic evaluations varies by partisan attachment and gender, and that failure to study separately the partisan electorate can lead to erroneous conclusions about the role of economic evaluations. In particular, regarding the whole electorate, egocentric economic evaluations exert a stronger influence on male SNP support, while initial party affiliation constitutes the most important party support determinant among the partisan subsamples (regardless of gender). Moreover, financial stability and optimism augment partisan voters' support for the (opposition) SNP instead of the (incumbent) Labour Party thus, reversing the prediction of economic voting theories among the partisan electorates. Finally, concerning the entire electorate, the electors hold the incumbent government (Labour) party accountable for their personal financial situation.

To ensure that our analysis is not merely capturing determinants of nationalist propensity and to account for outflows from the Labour party to parties other than the SNP, we additionally estimate models of incumbent Labour Party support. Employing the Labour support indicator produces the mirror image of the initial estimates for SNP support: the economic evaluations increasing SNP support reduce the incumbent Labour party support and *vice-versa*.

As an additional validation test of the economic voting hypothesis, accounting for the dynamics triggered in different phases of the intervening electoral cycles, we estimate (incumbent) Labour support models for the 1999–2002 and 2003–2006 electoral

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cycles. The estimates clearly indicate that retrospective economic evaluations constitute an important determinant of the incumbent party support during both electoral cycles.

Studies such as [Evans and Pickup \(2010\)](#), [Johnston et al. \(2005\)](#) provide evidence against economic voting theories and in favour of the endogeneity argument, i.e., that individual economic evaluations are conditioned by political preferences rather than *vice-versa*. [Evans and Pickup \(2010\)](#) conclude that the incumbent presidential approval and party identification affect egocentric evaluations while the reverse does not hold. [Johnston et al. \(2005\)](#) find that upon controlling for prior elections' vote, egocentric evaluations have no effect. None of these studies disaggregates by either gender or party proximity.

Our results extend the findings and conclusions of [Sanders and Brynin \(1999\)](#), [Evans and Andersen \(2006\)](#), [Nadeau et al. \(2012\)](#), [Pickup and Evans \(2013\)](#) in two important respects. On one side, [Sanders and Brynin \(1999\)](#) find that economic perceptions exert important indirect effects on voters' preferences although ideological change variables, when included in the same model, outperform changes in economic evaluations. Similarly, [Evans and Andersen \(2006\)](#) conclude that the impact of lagged party support on (sociotropic) economic evaluations is consistently stronger than the effects of concurrent and retrospective economic evaluations on party support. In an international comparative study, using instrumentation [Nadeau et al. \(2012\)](#) conclude that (sociotropic) economic evaluations are significant, although ideology, past vote recall and partisanship exert more powerful influences.¹ These findings are in agreement with our result that for the partisan fraction of the electorate the impact of egocentric evaluations is reduced and, therefore, that failure to study separately the partisan electorate can lead to erroneous conclusions about the impact of egocentric economic evaluations.

On the other side, [Pickup and Evans \(2013\)](#) conclude that long-term differences in economic evaluations across individuals do influence party support, while short-term economic evaluations do not, underlining the need to employ panel data for a longer time period. Indeed, we find that the most important party support determinant for the male electorate, other than initial support, is consistently expecting uncertain/worse finances. Further, among the partisan electorate consistent positive financial expectations and satisfactory current finances are the principal egocentric determinants of SNP support for males and females, respectively.

Our estimates account for initial political preferences, gender, and partisanship strength heterogeneity. Moreover, we incorporate dynamics, employ compact unbalanced and balanced panel sample selection mechanisms and account for unequal sample selection probabilities. To the best of our knowledge, the present study is unique in investigating the egocentric economic voting hypothesis and analysing longitudinal party support by both partisan proximity and gender.²

The paper is organised as follows. [Section 2](#) presents and discusses data issues. [Section 3](#) outlines the estimation method, discusses sample selection and attrition issues, and the treatment of initial conditions. [Section 4](#) is devoted to the analysis of the estimation results, first discussing the key determinants of SNP support and the importance of egocentric economic evaluations. Second, it analyses the incumbent Labour Party support and the validity of the economic voting hypothesis over the two intervening electoral cycles in the period under study. [Section 5](#) concludes.

2. The Data

We use waves 9 to 16 of the BHPS, including the Scotland extension sample, spanning the period 1999–2006. This dataset contains information from a very rich questionnaire addressed to about 1500 Scottish households on a yearly basis. In addition, we have access to local authority district codes at the household level via the special conditional access, medium-level geographical identifiers, component of the BHPS, which allows us to control for intra-Scottish regional variation in political party preferences.^{3,4} Since our main interest is the longitudinal evolution of political party preferences and voting intentions, accounting for initial conditions, we consider respondents that are aged 16 or more and that participate in the survey over at least 3 consecutive periods (permitting inclusion of both dynamics and initial period political affiliation). The choice of age is motivated by the Age of Legal Capacity (Scotland) Act 1991 and by the fact that voting age was reduced to 16 for the 2014 Scottish independence referendum (yet the number of individuals aged below 18 is very small). In addition, the main samples analysed consider only respondents present in 1999 (to facilitate initial conditions estimation) that have no missing values (to allow for lagged party support) in any of the covariates used in the estimations. These compact unbalanced panels consist of 5059 male and 5580 female observations, respectively. A discussion of alternative estimation samples and attrition issues is relegated to [Section 3](#).

¹ In another international comparative study [Lewis-Beck and Stegmaier \(2000\)](#) review a voluminous body of research concluding that sociotropic and egocentric economic evaluations do influence government support. [Lewis-Beck and Stegmaier \(2013\)](#) review of micro-studies concludes that retrospective evaluations have a greater impact than prospective ones.

² Voting studies using the BHPS, other than [Johnston et al. \(2005\)](#), are not abundant and do not focus on the Scotland. [Oswald and Powdthavee \(2010\)](#) show that having daughters makes people more likely to vote for left-wing parties. [Powdthavee and Oswald \(2014\)](#) find that lottery winners, particularly males, tend to switch to more right-wing parties. [Liberini et al. \(2017\)](#), controlling for financial and economic circumstances, find that individuals that are more satisfied with life tend to vote for the governing party.

³ University of Essex. Institute for Social and Economic Research. (2010). British Household Panel Survey: Waves 1-18, 1991-2009. [data collection]. 7th Ed. UK Data Service. SN: 5151, <http://dx.doi.org/10.5255/UKDA-SN-5151-1>; Conditional Access, Local Authority District Codes. [data collection]. 3rd Ed. UK Data Service. SN: 6028, <http://dx.doi.org/10.5255/UKDA-SN-6028-1>.

⁴ Regional controls are formed according to the official Scottish Parliament electoral regions and constituencies as follows. Glasgow City, Lothians (East and Midlothian, Borders, Edinburgh City, West Lothians, Lothian n.o.s), Highlands and Islands (NW Highlands, Western Isles, S & E Highlands, Orkney, Shetlands, Highlands & Islands n.o.s), Central Scotland (Farlik, Cumbernauld & Kilsyth, Monklands, East Kilbride, Hamilton, Motherwell), West Scotland (Argyll & Bute, Dumfries, Dumfries and Galloway, Dumfries and Galloway n.o.s), South Scotland (Annadale, Nithsdale, Stewarty, Wigtown: Dumfries and Galloway, Dumfries and Galloway n.o.s), Mid Scotland and Fife (Clackmannan, Stirling, Dunfermline, Kirkcaldy, NE Fife, Angus, Perth & Kinross, Fife n.o.s.), North East Scotland (Aberdeen City, Bannfshire & Buchan, Moray, Gordon, Kincardine & Deeside, Dundee City).

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