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Forecasting Austrian national elections: The Grand Coalition model



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ABSTRACT

Forecasting the outcomes of national elections has become established practice in several democracies. In the present paper, we develop an economic voting model for forecasting the future success of the Austrian 'grand coalition', i.e., the joint electoral success of the two mainstream parties SPOE and OEVP, at the 2013 Austrian Parliamentary Elections. Our main argument is that the success of both parties is strongly tied to the accomplishments of the Austrian system of corporatism, that is, the Social Partnership (*Sozialpartnerschaft*), in providing economic prosperity. Using data from Austrian national elections between 1953 and 2008 ($n = 18$), we rely on the following predictors in our forecasting model: (1) unemployment rates, (2) previous incumbency of the two parties, and (3) dealignment over time. We conclude that, in general, the two mainstream parties benefit considerably from low unemployment rates, and are weakened whenever they have previously formed a coalition government. Further, we show that they have gradually been losing a good share of their voter basis over recent decades.

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1. Introduction

Forecasts of Austrian national elections have traditionally relied upon classical opinion polls, conducted several days or weeks ahead of an election, or on political stockmarkets (Filzmaier, Beyrl, Hauser, & Huber, 2003; Hofinger & Ogris, 2002). In this paper, we forecast the outcome of the 2013 Austrian parliamentary elections by means of a macroeconomic voting model. While this is established practice in other countries like the US (e.g. Lewis-Beck & Tien, 2008; Norpoth, 2004), France (e.g. Foucault & Nadeau, 2012), and Great Britain (e.g. Lebo & Norpoth, 2011; Lewis-Beck, Nadeau, & Bélanger, 2004; Sanders, 2005), this kind of forecasting is a novelty to the Austrian case. However, there has been one cross-country comparative forecasting model for radical right parties in Europe, by Evans and

Ivaldi (2010), which included Austria as a case. Relying on incumbency, unemployment and the number of asylum seekers, they accurately predicted the vote share of the Austrian Freedom Party (FPÖ) in 2008. Another study, by Neck and Karbus (1997), estimated a popularity function for Austrian parties by drawing upon macroeconomic data (unemployment, inflation, income growth). However, no efforts have been undertaken to model a vote function or to forecast the vote shares of the mainstream Austrian parties based on political and economic indicators.

Thus, our contribution is fourfold. First, we will close this research gap and develop a politico-economic voting model for forecasting the joint success of the two mainstream parties, SPOE (Social Democrats) and OEVP (People's Party), the so-called 'grand coalition', at the 2013 national election. In particular, we ask whether they will manage to keep the absolute majority of votes beyond 2013. Second, we will add new input to the challenges of developing electoral vote forecasts for multiparty systems. The majority of the forecasting models which have been

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developed have been for two-party or majoritarian systems like the US or Great Britain, where it is common for one single party to form the government, and where it can be determined unambiguously as to who should be held accountable for economic success or failure. Austria, on the other hand, is a multiparty system where various different party coalitions tend to form the government, and where economic accountability is difficult to attribute. Bellucci (2010), Hooghe and Dassonneville (2012), Norpoth and Gschwend (2010), Magalhães and Aguiar-Conraria (2009) and Stegmaier and Lewis-Beck (2009) have already set forth models for various multiparty systems, and have developed individual solutions by drawing upon the respective country-specific circumstances. We will enrich this branch of thinking by developing yet another way of coping with multiparty forecasting. Instead of modeling the vote shares of the individual governing parties, we model the vote share of the grand coalition. In doing this, we are drawing upon the Austrian-specific circumstance of corporatism, arguing that the joint success and economic accountability of the grand coalition parties SPOE and OEVP can be traced back to the way in which they intertwine in their Social Partnership arrangements. Third, we will postulate a parsimonious, politico-economic voting model that gets along without the frequently-used party popularity measure, which is drawn from opinion polls. Thus, we do not rely on opinion polls, but use a model that is created from objective political and macroeconomic data. Fourth, we develop a forecasting model with a comparatively long lead time of up to one year.

The paper proceeds as follows. In Section 2 we will discuss the theoretical underpinnings of our economic voting model and address the peculiarities of the Austrian Social Partnership which help us to overcome the problems in relation to multiparty forecasts. In Section 3, we will specify the details and expectations of our model. Section 4 will elaborate on the data sources used in Section 5, where the voting model is fitted to the past elections. Finally, in Section 6, we will forecast the combined vote share of the SPOE and the OEVP for the 2013 elections. We conclude by summarizing our findings.

2. Theory: economic voting and social partnership

When asked about the most important problem facing their country today, many survey respondents indicate that the economy and/or concerns about unemployment are the most important issues to them. A considerable branch of the voting literature, i.e., the economic voting literature (Duch & Stevenson, 2008; Fiorina, 1981; Key, 1966), builds on this pronouncement. This finding has also been confirmed for Austria. More than half of the respondents in the 2009 Austrian National Election Study (56%) indicated that either unemployment or the economy mattered most to them (see AUTNES, 2009). Beyond the topicality of the economic crisis at this time, these findings are also supported by the findings of other past surveys (see Müller, 2000, p. 42).

Thus, the state of the economy matters to citizens, and they are comfortable when prosperity is enhanced,

economic growth is advanced, and unemployment is decreased. The responsibility hypothesis of economic voting theory assumes that voters reward or punish parties for the state of the economy, that is, economic prosperity or recession, at the poll. It is assumed that they can identify who is responsible for the recent economic ups and downs, and accordingly either support this party at the poll or let it down. This last point poses a problem for the forecasting of vote shares in multi-party systems (Anderson, 2010). In two-party or majoritarian systems, where the government generally consists of only one party, the government's accountability for the state of the economy can easily be assigned to a single party. However, in multiparty systems where party coalitions frequently form the government, it is still questionable as to which party the voters will hold accountable at the ballot box.

We are by no means the first to recognize that multiparty systems pose a challenge for election forecasting. For instance, Hooghe and Dassonneville (2012) and Norpoth and Gschwend (2010) have already forecasted election outcomes in proportional representative systems. Hooghe and Dassonneville (2012) overcame the multi-party problem by forecasting the vote-share for incumbent parties in general, treating all parties that participated in a coalition as an incumbent party on an equal footing, and assuming that they are all held equally responsible by the voters on election day. This approach requires some sort of repeatedly collected party approval rate measure for leveling out differences in party sizes, which we do not have available for Austria beyond the 1990s. In contrast, Norpoth and Gschwend (2010) met the multiparty challenge using only party-specific variables, no contextual data such as economic well-being. That is, they regress the vote share of every governing coalition only on the characteristics of this very coalition, not on context-specific variables. This, however, is incompatible with our economic vote idea, which assumes that voters blame the incumbent government for economic failure or success.

Thus, in order to solve the multiparty challenge of economic voting in Austria, one has to figure out who is seen as responsible for the state of the economy. In other words, who are the voters most likely to hold responsible for economic developments? As Lewis-Beck and Paldam (2000, p.119) put it, "In a multi-party system, the economic voter may target a whole coalition, a party within the coalition, or even assign a particular economic policy to a particular party. Once 'responsibility' is properly understood, it can be properly modeled [...]". We argue that, in order to properly understand the responsibility for economic developments in Austria, it is important to consider the actual power over the economy. To a large extent, this power is held within the discretion of the Austrian system of corporatism, that is, the Social Partnership (*Sozialpartnerschaft*).¹ The Social Partnership, more than any government, has a strong influence on a wide range of economic (and social)

¹ This institutionalized cooperation consists of representatives from the Trade Union Federation (ÖGB), the Federal Economic Chamber (WKÖ), the Federal Chamber of Labour (BAK), and the Chamber of Agriculture (LK). See http://www.sozialpartner.at/sozialpartner/Sozialpartnerschaft_mission_en.pdf.

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