



## Scope conditions of economic voting: The Danish exception?



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### ABSTRACT

In country after country, economic voting analysts have found that voters react sociotropically rather than egotropically. However, in a series of papers Nannestad and Paldam have found the exact opposite result for Danish voters – a result which challenges the scope conditions of economic voting. Changing only a few minor aspects of Nannestad and Paldam's design, including the introduction of a standard sociotropic item in their models, though, reproduces the standard result: strong sociotropic and weak egotropic effects. The challenging results thus seem to be methodological artefacts; a finding that strengthens confidence in the generalizability of the basic mechanism of economic voting. Voters are not necessarily altruists, however. Sociotropic voting may be driven by both egoistic and altruistic considerations.

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After more than 40 years of research into economic voting, the literature has produced a varying set of results regarding the impact of the economy on the vote (for recent major studies, see [Duch and Stevenson, 2008](#); [Nadeau et al., 2013](#); [van der Brug et al., 2007](#)). Yet, one result replicates 'in the overwhelming majority of studies' ([Lewis-Beck and Stegmaier, 2007](#): 519) across the range of countries and time-periods that have been analyzed: Voters are affected by their evaluations of the economy of their country rather than by their personal economy, or pocketbook. In the jargon of the field, voters react sociotropically rather than egotropically. That is to say, when the national economy prospers voters tend to reward the incumbent government by voting for it, but when the national economy goes awry voters tend to vote against the incumbent in order to 'throw out the rascals'. In contrast, the vote is much less sensitive to developments in the voters' own economies.

For two decades, however, Denmark has provided 'a real outlier' result ([Nannestad and Paldam, 1995](#): 48). Thus, in a string of papers [Nannestad and Paldam \(1993, 1995; 1997a,b\)](#) have presented clear evidence for the existence of a strong egotropic effect among Danish voters. Not only does this result depart from the dominant finding in the literature, it is also at odds with other Danish studies (e.g., [Borre, 1997, 2003](#); [Hansen and Stubager, 2012](#); [Lewis-Beck et al., 2013b](#); [Nadeau et al., 2013](#); [Stubager et al., 2013](#)) that produce results comparable to those found elsewhere. The Danish case therefore constitutes a real 'puzzle' ([Lewis-Beck and Stegmaier, 2000](#): 207).

The puzzle has importance beyond Denmark, however. What is at stake is the scope conditions of the standard economic voting paradigm. Thus, [Nannestad and Paldam \(1993: 201; 1995: 55; 1997: 136\)](#) explain their outlying result with reference to the encompassing Danish welfare state. Arguing along the lines of [Kinder and Kiewiet's \(1979\)](#) 'cultural hypothesis,' they assert that 'in a Nordic welfare state, the economic situation of the individual is heavily dependent on political decisions and actions' ([Nannestad and Paldam, 1995](#): 55). Thus, '[i]n a welfare state the government is responsible for the economy of the individual, so it is only reasonable that he holds it

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responsible in his voting' (Nannestad and Paldam, 1995: 57). Thereby, the result raises two important challenges for the standard economic voting paradigm.

First, the result implies that the standard paradigm is inapplicable in the comprehensive Nordic welfare states. In other words, in these countries the welfare state arrangements and the concomitant government interference in the economy are so extensive that voters' personal economies are directly and extensively influenced by government activities; therefore, it is reasonable that they should base their vote on the development in the size of their pocketbooks. Second, this result implies the existence of an inverse relationship between the size of the welfare state and the strength of the impact of sociotropic versus egotropic evaluations on the vote; i.e. the larger the welfare state, the stronger the egotropic effect should be relative to the sociotropic one. Hence, across the range of democracies with some measure of welfare state arrangements, we should expect sociotropic voting to be more widespread where welfare systems are less developed, whereas egotropic voting should be more widespread in more developed welfare systems – to the point that it dominates in the most extensive systems such as Denmark.<sup>1</sup> Rather than just a 'Danish puzzle', therefore, the Nannestad and Paldam result constitutes an 'economic voting puzzle' and for that reason it deserves more attention.

Below we take a new look at the analyses of Nannestad and Paldam, subjecting them to a series of robustness checks based on the same data and methods applied in the original work. We mainly focus on the 1995 paper, which contains the most elaborate analyses at the individual level, and is where we have been able to bring new measures and new data to the fore. However, the issues that we shall raise could with small variations also be discussed for the 1993 and 1997 papers. Changing only three seemingly minor details in the design yields widely different results. And if we subject the two competing effects – the egotropic and the sociotropic – to what we shall describe as a fairer, balanced test, we end up reproducing, also in a much more extensive data pool, the standard result that the sociotropic effect overshadows the egotropic, thereby dissolving 'the Danish puzzle' and the challenges it poses to the standard economic voting paradigm.

We proceed in seven steps. First, we replicate Nannestad and Paldam's results as carefully as possible. Second, we include a standard sociotropic evaluations measure in the model. Third, we subsequently adjust this measure by using an alternative measure of (structural) party 'identification.' Fourth, we include additional respondents in the analysis. Fifth, we estimate what we believe to be an even-handed model, testing the competing hypotheses on a level playing field. As the last step in the analyses we re-estimate that model on a vastly larger data set spanning the years 1987–2011. The conclusion, finally, draws out the implications of the findings.

## 1. Replicating the egotropes

Nannestad and Paldam take their point of departure in Kinder and Kiewiet's (1979, cf. also 1981) famous finding of a strong sociotropic and a weak egotropic effect in the US. In their 1995 paper they primarily rely on the design employed in the Kinder and Kiewiet study trying to replicate – as far as possible given the data – the original results (Paldam, personal communication). As is clear, not only did they fail to replicate the seminal results, they found the almost exact opposite pattern; hence the 'Danish puzzle'. As we shall see, their design departs from that of not only Kinder and Kiewiet, but also the standard that has developed since the seminal study, in one crucial respect to which we return below. Our first objective, though, is to see if we can replicate the puzzling Danish results.

The analyses of Nannestad and Paldam rely on data collected by the Danish polling company IFKA, which has conducted quarterly telephone surveys of Danes since the mid-1980s. In their 1995 paper the authors present data from the first and third quarters of 1990 and the first quarter of 1991 (pooled) and from the second and fourth quarters of 1993 (also pooled). While the first three quarters are used for the main analyses, the last two are used as a robustness check to see if the change of government that took place in January 1993 has any effect on the results (Nannestad and Paldam, 1995: 38, 61). For reasons that we shall describe below we initially rely only on the latter two quarters. Although this might be counted as a weakness of our design we regard it as a strength since Nannestad and Paldam (compare Tables 4 and 5 with 8 and 9) actually found the weakest sociotropic effect exactly for this period. The choice of data thereby means that we have loaded the dice against the sociotropic effect, so strengthening confidence in any such effect found.

Nannestad and Paldam relied on 10 items to measure egotropic and sociotropic influences on the vote. The items were the following (with numbering similar to the original):

### *Egotropic evaluations*

Q 1. Has the economic development in the country during the last couple of years made that your personal economic situation has become worse, has stayed unchanged, or has become better, or has the economic development in the country left your personal economy unaffected?

Q 2. Do you expect the economic development in the country during the next couple of years to make your personal economic situation worse, to leave it unchanged, or to make it better, or do you think that the economic development in the country will leave your personal economy unaffected?

\*Q 3. How has the economic situation of your household developed during the last three months?

\*Q 4. How do you expect the economic situation of your household to develop during the next three months?

\*Q 5. Within the last three months, have you yourself or has anybody else in your household been unemployed and received unemployment benefits for at least a fortnight?

<sup>1</sup> For the exact opposite argument, see Pacek and Radcliff, 1995.

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