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Ideological change and the economics of voting behavior in the US, 1920–2008 ☆

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ABSTRACT

This paper tests the proposition that voters advance a more liberal agenda in prosperous times and turn more conservative in dire economic times. A reference-dependent utility model suggests that, with income growth, the relative demand for public goods increases and the median voter is more likely to vote Democrat. With slowing income growth, the median voter derives increased marginal utility from personal income—making taxation more painful—and is more likely to vote Republican. Ordinary and instrumented analyses of a new time series for the US median voter are encouraging of this income growth model. This work links voting behavior to economic business cycles and shows that ideological change is endogenous to income growth rates.

Public-spiritedness is harder to inspire among people who feel they're losing ground.

Robert Reich.

1. Introduction

Do long-term economic business cycles impact ideology and voting behavior? Would a prospering economy push aggregate voter preferences towards more expansionary government and the liberal left; and does a contracting economy lead voters to favor smaller government and the conservative right? In short, is ideological change endogenous to variation in income growth rates?

Surprisingly few scholars have dealt with this important question head-on. That this fundamental dynamic in political economy is understudied may be explained by the following two reasons. First, the pioneering work by Campbell et al. (1960) and Lipset and Rokkan (1967) established models of voter preferences that are determined by partisan affiliation or class and religious cleavages in society. Later work augmented sociological sources with the ways in which electoral systems (Alesina and Glaeser, 2004; Iversen and Soskice, 2006), economic institutions (De Neve, 2009; Iversen and Soskice, 2009), and individual traits (Fowler et al., 2008; De Neve, 2013) shape interests, ideology, and voting behavior. The result of these literature, however, is a rather static vision of ideological change. For voter ideology to change we would need variation in sociological structures, electoral and economic institutions, or personality traits. Because these variables are either hard to quantify or slow-moving, there have been few attempts at better understanding ideological change.

Equally important may be that virtually all attention for the link between economics and voting behavior has been monopolized by short-term analyses of how economic performance affects incumbency. Hence, from the outset, it is important to distinguish the empirical and modeling effort in this paper from the large literature denoted as "economic voting." This paper studies how changing

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Table 1
Comparison with alternative voter ideology measures.

Name	Availability	*N*	Range	Mean	Std dev	Min	Max
US Median Voter (De Neve, 2011)	1920–2008	89	−100/100	8.2	6.6	−7.8	20.9
US Median Voter (Kim and Fording, 2003)	1945–2003	59	0/100	48.9	9.5	35.5	66.1
Party identification (ANES)	1952–2008	28	1/7	3.6	0.2	3.3	4.0
Lib/Cons identification (ANES)	1972–2008	18	1/7	4.3	0.1	4.1	4.5
Lib/Cons identification (Ellis and Stimson, 2009)	1937–2006	70	0/100	39.3	4.2	31.8	46.3

economic realities alter political ideology and voting behavior over multiple elections regardless of incumbency. In doing so, it adds to a developing literature that studies this fundamental dynamic in political economy. Because swings in ideology happen slowly, the importance of having multi-generational time series cannot be overstated.

It is also worthwhile noting from the outset that this is not a theory about how rich or poor Americans vote. This work is preoccupied with how changing economic realities affect aggregate voting behavior; this paper thus hopes to gain understanding into the drivers of ideological change across the US electorate. In his seminal piece "What moves policy sentiment?" Robert Durr (1993) was the first to squarely tackle this deviously simple question. According to Durr, shifts in US domestic policy sentiment on the liberal-conservative spectrum were a response to changing economic expectations. With expectations of a strong economy producing greater support for liberal policies and declining economic conditions shifting the policy mood to the right. Durr's empirical analysis of US policy sentiment revealed the existence of such ideological undercurrents regardless of incumbency effects. In another prominent piece, Stevenson (2001) expanded on Durr's theory and conducted a comparative study of fourteen Western democracies to also find that changes in aggregate voter preferences relate systematically to national economic performance. In similar vein, Kim and Fording (2001), Markussen (2008), Rockey and Pickering (2011), and Kayser (2009) explore the interaction between economic conditions and electoral choice in a comparative setting and also point to international economic sources of these seemingly domestic processes. Durr (1993), however, was both the first and the last to take a close empirical look at whether the ideology of the US public moves in sync with the domestic business cycle. His analysis covered the years 1968–88, a relatively short period of time to record what Durr himself described as a long-memoried, dynamic equilibrium between the economy and policy mood that moves in long waves through time. The dependent variable in Durr's analysis was the notion of "policy sentiment," a measure devised by Stimson (1991) that aggregates hundreds of distinct US public opinion surveys dealing with a multitude of different policy preferences. When pooled

Table 2
Alternative voter ideology measures correlations table.

Name	(1)	(2)	(3)	(4)	(5)
(1) *US Median Voter* (De Neve, 2011)	1.00				
(2) *US Median Voter* (Kim and Fording, 2003)	0.60	1.00			
(3) *Party identification* (ANES)	0.77	0.66	1.00		
(4) *Lib/Cons identification* (ANES)	0.08	0.40	0.49	1.00	
(5) *Lib/Cons ID* (Ellis and Stimson, 2009)	0.51	0.74	0.56	0.61	1.00

Note: To facilitate interpretation, the Kim and Fording (2003) and Ellis and Stimson (2009) measures were inversed to obtain data that would also increase when indicating a rise in conservatism.

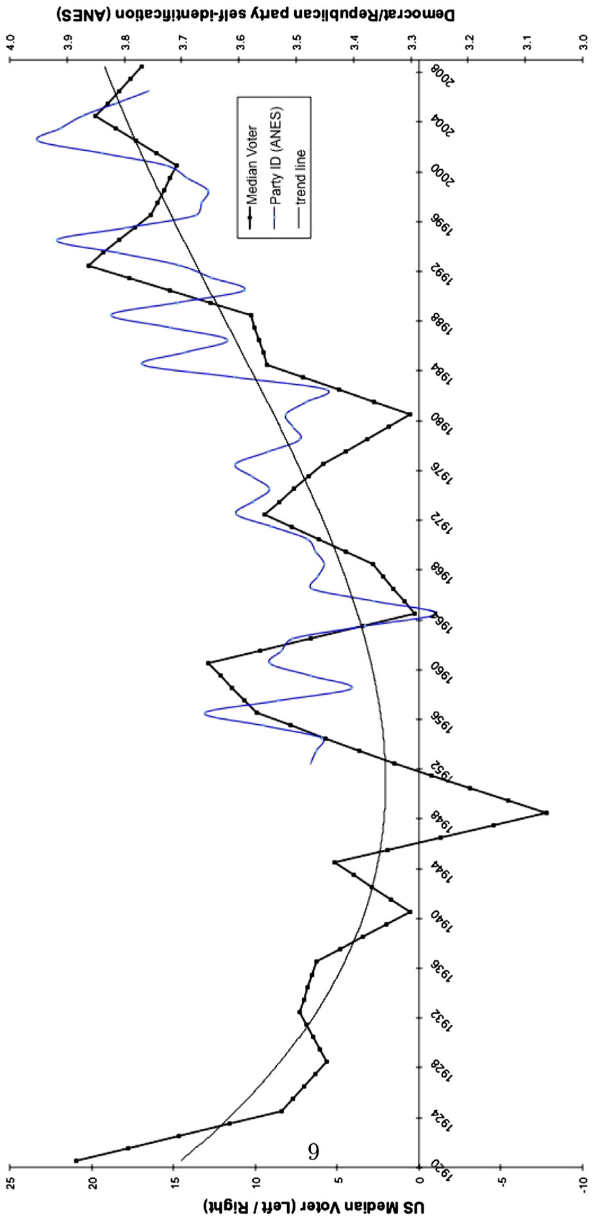

Fig. 1. The US median voter, 1920–2008.