

**Economics and Elections: Analysis of Economic Voting in
Central and Eastern European Countries during the Post-
communist Era**

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Abstract

In terms of the economy-polity link, voters punish an incumbent at ballots if the economy is doing poorly but reward it when the economy performs quite well. Thus in democratic elections, there should be a visible correlation between economic conditions and incumbents' vote share. However, the empirical facts do not always match the theory. In democracies like CEE countries, the voting patterns are differentiated from what scholars have previously assumed and this raises a significant question: how and to what extent the economic voting is conditioned by the political context? To solve the question, this study examines the macro economic progress and outcomes of national parliamentary elections in CEE countries over a 25-year time span. The aim of our dissertation is: 1) to examine if a firm economy-polity link could survive in those post-communist countries and 2) propose a refined explanatory model of economic voting patterns with deliberate consideration on their idiosyncratic context.

The results show that economy does have a significant impact upon electoral results of governing parties. Citizens in these countries are also concerned with economic issues and willing to make their voting decisions based on economic change. Yet in another sense, the economic effect upon electoral outcomes is often strengthened or moderated by contextual-specific factors in CEE countries. The dynamic traits of their governments and party systems, e.g., prevalence of coalition government, frequent party replacement and high fragmentation, significantly interfere with voters' thinking and decision making and thus affect the economic voting patterns. The long-term communist experience is also relevant, though its moderating effect appears to diminish over time. Based on the results, we argue that the standard theory of economic voting should be tailored to the idiosyncratic context of CEE countries. A good explanatory

model on their economic voting patterns is the combination between the basic economy-polity link and a precise interpretation of the political context.

Zusammenfassung

Was "Economic voting"-Theorie betrifft, sagt die Theorie, dass die Wähler den Amtsinhaber in der Abstimmung bestrafen, wenn die wirtschaftliche Lage schlecht ist und belohnen ihn, wenn die Wirtschaftslage gut ist. Deshalb sollte es in demokratischen Wahlen eine erkennbare Korrelation zwischen wirtschaftlichen Voraussetzungen und dem Anteil an Stimmen für den Amtsinhaber geben. Dennoch stimmen die Fakten nicht immer mit der Theorie überein. In Demokratien, wie in denen der mittel- und osteuropäischen Länder, weicht das Economic voting von dem ab, was Wissenschaftler früher angenommen haben und wirft somit eine signifikante Frage auf: Wie und in welchem Ausmaß hängt das wirtschaftliche Wählen vom politischen Kontext ab? Um diese Frage zu beantworten, wird diese Studie den makroökonomischen Fortschritt und die Ergebnisse von nationalen Parlamentswahlen in Ländern Mittel- und Osteuropas über eine Zeitspanne von 25 Jahren untersuchen. Das Ziel dieser Arbeit ist: 1) zu testen, ob das Economic voting für die mittel- und osteuropäischen Länder aushalten konnte und 2) ein überarbeitetes Modell des Economic voting mit Rücksichtnahme auf die Eigenarten der jeweiligen Länder vorzuschlagen.

Die Ergebnisse zeigen, dass die Wirtschaftslage einen signifikanten Einfluss auf die Wahlergebnisse von regierenden Parteien hat. Bürger dieser Länder beschäftigen sich auch mit Wirtschaftsthemen und sind bereit, ihre Wahlentscheidung basierend auf wirtschaftlichem Wandel zu tätigen. Aber im gewissen Sinne wird der wirtschaftliche Effekt auf Wahlergebnisse oft verstärkt oder abgemildert durch kontextspezifische Faktoren in Ländern Mittel- und Osteuropas. Die dynamischen Eigenschaften ihrer Regierungen und Parteiensysteme, zum Beispiel die Häufigkeit von Koalitionsregierungen,

von Parteiwechsel und hoher Fragmentierung, beeinflussen das Wahldenken der Wähler und deren Entscheidungen, und daher beeinflussen sie auch das Wahlverhalten nach dem Muster der „Economic voting“-Theorie. Die langjährige kommunistische Erfahrung ist auch relevant, obwohl ihr mildernder Effekt über längere Zeit zu verschwinden scheint. Basierend auf diesen Ergebnissen, argumentiert der Autor, dass die Theorie des Economic voting auf den Kontext der Länder Mittel- und Zentraleuropas angepasst werden sollte. Ein gutes Erklärungsmodell für deren Economic voting Muster ist eine Kombination aus Verlinkung der grundlegenden Wirtschafts- und Politiksysteme und einer genauen Interpretation des politischen Kontexts.

Chapter 1 Introduction

1.1 Defining the Question: Economic Voting in CEE Countries

It has long been an axiom in political science that economy affects politics. Specific to modern democracies, this economy-polity link is particularly embodied in that economic conditions carry significant weight on the electoral results, especially the share of votes won by incumbents in democracies. Voters cast their votes for an incumbent if the economy is good whereas punish it under bad economic conditions. In this regard, elections function as a retrospective sanctioning mechanism, which in that sense offers voters an opportunity to hold the incumbents accountable for their past work¹. It is undeniable that the economy is not the only measure of an incumbent's performance. But economic performance is plausibly the most salient as well as easily measurable issue in modern politics and the electorate is also more concerned with the economy. Thus in an election, economic conditions are expected to play an essential role in affecting voters' choice and shaping the final election results. This is the very principle of economic voting.

With respect to this economy-polity link, one central question is if political reality in modern democracies matches its ideal form. To some extent, this question is driven by both normative and empirical concerns. In a normative sense, the ideal form of economic voting guarantees the accountability required by representative democracies, namely efficient but retrospective control over the incumbent. Specifically, "government by the people must for the most part be indirect in modern democracies and the people participate primarily by choosing policymakers in competitive elections."² Hence, elections function as a significant instrument, through which the people enforce some degree of control over the incumbent. Following an accountability

¹ Shabad and Slomeczynski 2011, 309.

² Powell 2000, 3.

interpretation of election, voters influence the incumbent by rewarding or punishing them when they seek reelection. To avoid punishment and achieve electoral success, the incumbent has to serve the people's interest and improve the national economy. Thus the normative concern about this question is that the influence over the incumbent is a good thing and if the political reality fails to match the ideal of economic voting, it means that the accountability provided by electoral institutions is insufficient and the principle of government by the people is not actually ensured. In this case, we need to reconsider the normative connotation of modern democracy. In an empirical sense, the ideal form of economic voting is based on two fundamental conditions: 1) voters perceive economic performance rationally and correctly recognize the government's responsibility for economic change. 2) the political system is relatively stable and uncomplicated, thereby creating few difficulties for voters in economic evaluation and decision making. If voters fail to approach ideally rational voters and the interference from the political context is significant, then an ideal form of economic voting is only partly available. Thus an empirical concern about this question is whether modern democracy itself is sufficient to meet those background conditions or if it still depends upon other factors that are highly variant between different political systems. Following the former interpretation, we should see a clear correlation between the economic performance and election results at any given democracy. But if the latter is true, the political reality of economic voting should be diverse across countries. We need to take account of critical contextual factors specific to the case we study in each empirical study.

Although there is still no consensus on whether political reality matches the ideal economic voting, a basic argument drawn from most of the empirical research on established democracies is that the political reality actually lies somewhere between the ideal model and a complete failure of the electoral process to ensure accountability³. First, as supported by a substantial volume of literature, voters' rationality is heterogeneous rather than homogenous⁴. There are indeed sophisticated voters who behave more like the ideal economic voters, but other voters often have problems

³ Dorrussen and Taylor 2002, 2.

⁴ See literature review in Kiewiet and Rivers 1984 and Lewis-Beck and Stegmaier 2000.

accurately judging the economic situation and their government's responsibility. Their thinking and behavior are more vulnerable to interferences from other influential factors, especially the national political context that systematically affects voters' propensity and preference. Second, democracy as a general category and comfortable terminology may oversimplify the diversity of political institutions in modern democracies. In fact, there are often huge institutional differences between countries labeled democracies, not to mention their distinctions in terms of political dynamics and developmental trajectory. A simple example is how the definition of incumbency varies from system to system. Aside from the prevalent parliamentary and presidential democracies, there are also countries like France that have a semi-presidential system or other special institutions. In different political systems, the meaning of the incumbent as well as the power it has are totally different, which intensively affect the way voters judge the level of government responsibility. Indeed, a variety of empirical studies have reported that "the evidence for economic effects on government popularity or vote choice is seldom conclusive or straightforward and faces an instability dilemma"⁵, which indirectly demonstrates that the ideal form of economic voting is to a large degree not workable in reality. Yet in another sense, no research has pointed out whether or not the dilemma is just a technical matter or a fundamental defect of economic voting theory.

For students of economic voting, the ongoing democratization of CEE countries provides a good opportunity to explore this question in an idiosyncratic context differing from established democracies. In this region, all the countries started their transition in the 1990s. It is reasonable to assume that democratic institutions are not consolidated and mature in these countries, especially given the unstable party systems, inexperienced voters, and dramatic changes in political economy. Before the transition, all of these countries experienced communist rule for at least 45 years, which not only structured the political system and society to a significant degree, but immensely affected the way citizens think and behave. Such a unique experience is absent in other democracies, not limited to established ones. Thus if we look at elections in CEE countries during the past two decades, the correlation between economy and electoral outcomes is even more puzzling than that of established democracies: 1) some

⁵ Anderson 2007, 275.

governments are punished in the reelection when the economy performs quite well, whereas other governments gain support even under bad economic conditions. For example, the growth rate, inflation and unemployment levels of Bulgaria were 6.4%, 7.4% and 10.1% respectively in 2005, which seemed like a relatively successful story at that time. But in the election, the main governing party NDS experienced a great failure. Its national vote share declined sharply from 42.7% to 20.0%. In a similar vein, Poland posted a 4.5% growth rate, 9.6% unemployment and 4.6% inflation in 2011. Given the follow-up impact of the global financial crisis and the prevalence of downturns across the region, the incumbent in Poland actually did a quite good job in managing the economic recovery. However, the vote share of the two governing party both decreased in election 2011, although not drastically (PO -2.3% and PSL -0.5%). Conversely, Slovenia had a 3.4% growth rate, 9.9% inflation and 7.1% unemployment in 1996, which indicates the economy was not performing well (at least not as good as the cases above). But in the election of 1996, the governing LDS party still gained 3.5% of the vote share and stayed in power. Second, economic voting is apparently asymmetrical in these countries and the punishment seems to be more severe than the reward. Indeed, such asymmetry is often seen even in established democracies like western European countries. According to Nannestad and Paldam's study, governments (ruling a normal election period) in established democracies lose about 2.25% of the vote on average in the reelection⁶. But in CEE countries, the vote loss is surprisingly larger. In terms of Roberts' study, the average vote loss for governments of CEE countries in the next election is 14.8% and if looking at individual governing parties, the mean vote change is still -6.9% —much higher than of the case in western European countries⁷. Third, it is puzzling that even governing parties within one coalition government have different outcomes in the reelection. Some may lose support whereas others gain votes. Take the Slovakian election of 1998 for example. The HZDS, SNS and ZRS were the three governing parties at that time but their electoral fortunes varied extensively. The HZDS and ZRS lost 8.0% and 6.1% of the vote share respectively, whereas the SNS gained 3.7% of the vote share. Similarly, the two governing parties, the SLD and PSL acquired totally different results in Polish parliamentary elections of 1997. The vote share of the

⁶ Nannestad and Paldam 2002. Their study covers elections in 19 established democracies and 14 of them are western European countries.

⁷ Roberts 2008, 538.

SLD increased from 20.4% to 27.1% whereas the support for the PSL decreased from 15.4% to 7.3%. Indeed, such cases are not rare in CEE countries.

Regarding this threefold puzzle, a significant question arises: **can economic voting survive in the CEE context, or putting it differently, how do economic conditions affect the electoral fortune of incumbents in those countries?** This is the main question that I will explore in this research. As Tucker indicated, “the field of CEE studies has found itself at an important juncture since the collapse of communism in this region.”⁸ On the one hand, these countries have all adopted democratic institutions and started their transitions soon after the communist era. The multiparty systems and democratic institutions in these countries are not very different from their western neighbors, in which political systems apply the same rationale as their counterparts in western democracies⁹. This makes it possible apply the conventional theories that originated from established democracies to these new “evolvers”. On the other hand, the political development in CEE countries is based on the intricacies of communist experience and undergoing transition. Thus CEE countries follow idiosyncratic paths and their political reality in some ways challenges classic theories based on established democracies. In terms of economic voting, the reality is not exceptional.

1.2 Outlining the Argument: Explanatory Model of the Economy-polity Link

In this research, it is assumed that the standard economic voting theory should be tailored to the idiosyncratic context of CEE countries. A good explanatory model on their economic voting patterns is the combination between the basic economy-polity link and a precise interpretation of the political context. In a general sense, our explanation is threefold. First, all of these countries are democracies that experienced a relatively successful transition during the past two decades. Except for the first elections after the fall of communism, the majority of their elections have been regarded as fair

⁸ Tucker 2006, 1.

⁹ Müller and Strom 1999, see Grotz and Weber 2012, 701.

and free. So akin to other democratic elections, the reward-punishment mechanism which is directly reflected by the link between the economy and electoral results should be present to ensure accountability. Furthermore, economic concerns are assumed to be more intense in CEE countries than established democracies as people witnessed the economic recession in the communist era and turmoil caused by shock therapies in the early transitional stage. Due to the desire for a better life and sensitivity to economic change, people in CEE countries are more likely to link the economy with the governmental performance and adopt economic voting as their strategy in an election. So plausibly, economic voting could survive in the CEE context and evidence for this economy-polity link should be found in the elections. This is also the general assumption and theoretical basis of our research. Secondly, CEE countries share many institutional similarities with other new democracies. Since the start of the transition, fragmentation and mobility in the party system have been the salient issues in these countries. To participate in the new competitive politics, a large number of parties were formed by political elites and the fact that anti-communist fronts split after the first election and the resultant splinters tested the electoral waters further increased the number of parties. Normally, these parties are characterized by frequent changes and have a loose tie with the corresponding electorates. When a party suffers a setback in its survival and development, the strategy often adopted by its leaders is to change the party either by splitting or merging with other parties. Thus by and large, party systems in CEE countries are often characterized by high levels of fragmentation and fluidity. Hence, voters in CEE countries may still link the economy with governmental responsibility and make voting decisions based on economic conditions. But the critical features of new democracies, e.g., party system fragmentation and fluidity create difficulties for voters in clarifying who is to be held responsible or who should receive votes if the incumbent is doing badly. To some extent, the final vote choice might not be in accordance with the real state of national economy or their subjective perception on the economic change. Thus on a macro level, the electoral result is accordingly deviated from the normal economic voting pattern in established democracies and shows some of the particularities that we discussed above. Last but not least, the reason for an irregular economic voting pattern in CEE countries is not merely that they are new democracies. Because of the communist experience, their economic voting patterns are expected to be differentiated from those of other transitional countries. In fact, it is

natural for people in CEE countries, especially those who experienced communist rule, to compare the current state of economy with the past and the sharp distinction between the two different economic systems. Factors such as the unemployment rate give them significant reference to evaluate the current economic change. In addition to the impact upon voters' economic perception, communist legacies also mediate economic voting in other ways. A good example is that the "position" of a party in the communist past affects how voters judge its responsibility when it stays in power and whether voters clarify it as a desirable alternative when it stays in the opposition. In a sense, the combination of communist history with current status as a new democracy is how we aim to interpret the high particularity of the CEE context. Following this threefold explanation, we divide the whole process of economic voting into three links: perception of the economy, clarity of responsibility, and desirable alternative. In each link, we propose different variables that fit the CEE context but significantly affect voters' thinking and decisions as well. Expectedly, the aggregation of these contextual variables and economic indicators constitutes our explanatory model, which not only accounts for the general economic voting patterns of CEE countries, but also serves to explain the electoral results of any specific election at a specific time.

To this order, we test our explanatory model with the aggregate data on the macro economic progress and outcomes of national parliamentary elections in CEE countries over a 25-year time span. Namely, what we do is mainly a macro-level study of economic voting in those CEE countries. As one enduring themes in political science, the study of economic voting is dominated by two streams of approaches: macro-level and micro-level approaches. By and large, macro-level studies concentrate on the correlation between the macro economy and electoral votes and what factors lead to the systematic bias of voters and thus result in an economic voting pattern deviating from its ideal form. Comparatively, micro-level studies explore individual behavior and thinking, especially how voters perceive the economy individually and whether contextual factors actually affect voters' propensity or change their mind in the process of economic voting. Here, our preference for a macro-level approach does not mean micro-level studies have underperformed. But given that we are mainly interested in the puzzling economic voting patterns at the national level, survey data or micro-level

results are always fraught with problems of extension and applicability. The macro-level approach will better help to depict the general picture of economic voting as well as to understand the overall intricacies of the CEE context.

In terms of the whole research, we hope to make three main contributions to studies on CEE countries as well as the general economic voting theory. Firstly, the process of economic voting is an integrate chain made up of three fundamental links: perception of the economy, clarity of responsibility and clarity of alternative. In the empirical research on CEE countries, all the three links draw scholarly attention but no real effort has been made to combine all the three subfields together, which results in the limited instability and generality of the research findings. For this sake, we combine them to piece together a comprehensive explanatory model of economic voting and discuss all the three links specifically in terms of the idiosyncrasy of the CEE context. In this research, it is assumed that all the voters go through these three links step by step to make a final voting decision, regardless of their level of information and sophistication. Generally, these three links are mutually independent. Voters' propensity for economic evaluation does not determine how they attribute responsibility whereas institutional and contextual factors that voters rely on to attribute the responsibility are also not influential in clarity of alternative. But taking the chain of economic voting as a whole, factors that impede voters from behaving as an ideal economic voter in each link would certainly affect the general economic voting pattern. By this means, we hope to propose a systematic explanation of economic voting in the idiosyncratic CEE context. Secondly, in previous research, scholars often interpreted the political context of CEE countries by a simple addition of contextual variables. Namely, the introduction of variables is not done in a systematic way and no specific rule is given to explain the function of variables in the process of economic voting. In this research, we divide the impact of the political context upon a governing party into three aspects: individual context, governmental context, and external context. Hence, all the contextual factors are classified into one of these categories, which not only makes the interpretation of the political context more systematic, but also describes these variables and their theoretical mechanism within economic voting in a better way. Thirdly, extant literature on economic voting of those countries is generally predominated by micro-level research.

Macro-level studies account for a smaller proportion and most of them target a single election or multiple elections in a short time span. Thus their conclusions only involve short-term specificities and fail to depict the general picture of economic voting in the full transitional era and explain the critical feature of the political context in the long term. In this research, we extend the research time span to 25 years and cover more than 100 observations in 10 CEE countries. The specific aim here is to give a general but accurate overview of the economic voting patterns across countries and over time, which provides systematic evidence and sets a baseline for future studies. By looking at the variation of economic voting patterns in the past two decades, we can also connect studies of economic voting with the evaluation of the grand transition in these countries. A gradually stronger pattern of economic voting means that for both the voters and the political institutions of CEE countries are approaching those in established democracies, whereas a consistently weak pattern of economic voting shows that the current politics in CEE countries are immensely affected by contextual factors deeply rooted in the political trajectory of this region rather than the conventional issues affecting normal democracies. So to some extent, the time effect upon economic voting could from one side demonstrate whether there is a progressive change within the transition and what drawbacks are lurking behind.

1.3 Outline of the Dissertation

The main purpose of this dissertation is to propose a refined way to explain the economic voting in the idiosyncratic context of CEE countries during the post-communist era. In order to explore this economy-polity link and related issues, the dissertation is laid out as follows:

Chapter 2 presents a general overview of the economic voting theory as well as critiques on pertinent literature, followed by an analysis on the application of economic voting in those post-communist countries. Then in light of the standard economic voting theory and review of empirical studies in the CEE context, we propose a refined explanatory

model of economic voting. Specifically, Section 2.1 reviews the general theory of economic voting. It is composed of three sections. The first part shows the fundamental origin and logic of economic voting as well as the place that economic voting theory has in the divergence within electoral studies. It argues that economic voting is deeply rooted in theories of representative government and rational choice. Voters support the incumbents if the economy performs well and vote them out when the economy is doing poorly. This basic hypothesis of economic voting is built on the understanding of elections' function as a reward-punishment mechanism and the assumption that voters are capable of making rational choice in light of the economic conditions. Furthermore, this part also explains why the economy, not other issues, plays a key role in this reward-punishment process. At the center of this question, the fundamental reason is that economics are most salient to voters among various incumbent performances, especially in modern society. Also, economics can be directly perceived, observed or measured even by an ordinary voter. Therefore, the economy is expected to exert essential effects on electoral outcomes and ensure accountability in the electoral process. The second part involves the main controversy in economic voting studies. The query on economic voting mainly comes from clarity of responsibility and issues about how voters interpret the economy. Examination of economy-polity link in different institutions proves that such query is not without grounds and the firm relationship of economic conditions with electoral results may only occur in given institutions and political contexts. Therefore, the standard theory of economic voting needs to be revised. Namely, a stronger explanation of economic voting should be a constellation of economic issues, party-related attributes and the potential contextual factors. The third part is a short conclusion of this section. It provides a snap shot of what the economic voting theory really is and how it is linked with political reality in different institutions or contexts.

The subjects studied in this dissertation are those CEE countries which have experienced communist rule but are now going through a transition. It is a necessity to elaborate the idiosyncratic context within these countries, especially about how it is constructed following a historical line. Thus Section 2.2 is an analysis of the political context in CEE countries and its effect on economic voting. It is also divided into three

parts. The first part shortly reviews the history of CEE countries during the pre-communist era, communist times, and the transition period. It summarizes the institutional similarities and common characteristics in those countries during the largest-scale social and political experiment of the 20th century. Furthermore, it concludes with the argument that the communist legacy and the less institutionalized political systems are the most significant elements making up the idiosyncratic context of CEE countries. In terms of a literature review on the empirical research, the second part analyzes the impact of CEE's contextual issues upon the economic voting pattern. It demonstrates the irregular model of economic voting in those countries and discusses the question about how the political context models voters' behavior and the institutional work, and thus make the voting pattern in CEE countries different from that of the mature democracies. The third part is remarks and conclusion. On one hand, it shows the drawbacks and shortcomings of the present literature on CEE countries. On the other hand, it elaborates what contribution we hope to make in this research, be it for studies on CEE countries or general theory of economic voting.

Section 2.3 shows the process to refine the explanatory model of the economy-polity link by reconsidering the whole chain of economic voting in the idiosyncratic context of CEE countries. The whole process of economic voting consists of three fundamental links: perception of the economy, clarity of responsibility and clarity of alternatives. In each link, we discuss different contextual factors that influence voters' thinking or decisions. Within perception of the economy, the way that voters in CEE countries evaluate the macro economy is differentiated from people in established democracies because all of these countries are new democracies and post-communist countries. No experience with democracy and long exposure to communist socialization deeply affect voters' economic perceptions. But expectedly, the interference from communist effects and the newness of democracy is not constant but time-bounded. It will recede due to consistent democratization in these countries. For clarity of responsibility, we propose two influential factors in the CEE context: party type and coalition government. Party type indicates the shared commonalities for parties in one type, which provides significant reference for voters to judge the performance of a governing party and its responsibility for economic change. Coalition government is also significant not only

because it is the most prevalent government type in these countries, but also as complicated power distribution and decision making process within a coalition create more difficulties in assigning responsibility. As regards clarity of alternatives, two conventional approaches to singling out desirable alternatives in established democracies—party ideology and continuity might not be workable in the CEE context. The only factor that is supposed to affect clarity of alternatives in these countries is the fragmentation of party systems, which summarizes the relative strength of opposing parties. Finally, all these factors together constitute the refined explanatory model peculiar to the idiosyncratic context of CEE countries.

Based on the analysis of Chapter 2, we explore the economic voting of CEE countries in a quantitative way. Thus the main work of Chapter 3 is to formulate specific hypotheses based on the refined explanatory model in Section 2.3 and test these hypotheses with appropriate data and regression method. Section 3.1 elaborates the process how we develop our hypotheses. Save for the simple economy-polity link, the first hypothesis we consider is concerned with voters' perception of the economy. As the interference from the communist experience and the newness of democracy diminishes over time, we expect that voters' economic perception is gradually approaching that of their counterparts in established democracies. Compared to economic voting at the early stage of the transition, there should be a stronger pattern of economic voting in the following years if all other issues are equal. Hence, time as a homologized variable needs to be included in the economic voting model, especially given the long time span our research covers. Secondly, governing parties are treated differently by voters, and party type and coalition government are supposedly two major issues that create different responsibilities. As regards party type, we introduce two variables that may reflect its effect upon responsibility discernment: one is drawn from studies of established democracies (left-right division) and one is based on the particularity of the CEE context (regime divide). If the left-right division is applicable, voters in CEE countries would clarify responsibility in terms of the ideological stance of governing parties. Then a left party should have a different model of economic voting from that of a right party. If regime divide works better, link with the communist past would be a significant reference for voters to judge the responsibility for changes in the current

transition. Old and new regime parties are expected to have different electoral fortunes. As two approaches are mutually exclusive, testing in the regression analysis will illustrate which variable and hypothesis actually fits the political reality in CEE countries. With respect to coalition government, we propose one potential variable that reflects power distribution and thus affects responsibility discernment within a coalition government. In a general sense, the more power a governing party has, the more likely it is to be held responsible for the economic change and the stronger evidence of economic voting upon it. Regarding a coalition, the power distribution is directly linked to relative strength, specifically parliamentary seats of each party. So in the following regression analysis, we will test this approach and see whether party strength appropriately reflects the impact of coalition government upon clarity of responsibility as well as economic voting. The last but not least issue we need to hypothesize is party system fragmentation. Specific to the CEE context, party system fragmentation is assumed to be the only factor that influences clarity of alternatives. In this research, we use effective party number, which takes account of both the size and shape of a party system, to demonstrate alternative clarification in each election. Translated into the empirical economy-polity link, the impact of economic voting is influenced by fragmentation of the party system. The evidence for economic voting is stronger when the ENP in a party system is low whereas the evidence is less obvious if the party system is highly fragmented. For all the above variables, their theoretical mechanism and function in the economic voting model are described specifically in the process of hypothesis formulating.

Completing this work, Section 3.2 provides the operationalization and data collection. On one hand, this section includes the main ways to measure the variables and the theoretical basis for using these measures. On the other hand, it introduces the main process to collect data and addresses the relevant coding rules. Section 3.3 covers the method and Section 3.4 shows the result of our quantitative analysis. Basically, Section 3.4 can be divided into two parts. The first part is descriptive statistics that provides a snap shot of our sample. The second part includes the results of regression analysis. The final economic voting model and the in-depth mechanism behind the model are discussed in the second part. Although the concentration of this section is quantitative

estimation, we also add qualitative illustrations of individual cases to back up our findings and help understand the implications of the quantitative results.

Chapter 4 is the conclusion of this research. It summarizes the implications of this dissertation for the economic voting theory in general and empirical studies of CEE countries in particular. Furthermore, it indicates issues that need in-depth discussion in future studies.

Chapter 2 Theoretical Background

“The citizens vote for the government if the economy is doing all right, otherwise the vote is against.”¹⁰ The claim is written in Key’s book as the basic principle of economic voting. Although the reality may be different, the idea concerning the inextricable relationship between economics and politics is almost an axiom in political science. In the 1950s, “the empirical effort to examine such claims started with the advent of mass surveys in United States and other developed democracies.”¹¹ After that, economic voting has gradually become a popular lore in political science. To some extent, the popularity of economic voting results from its simplicity and measurability. But a more important reason is that the economy-polity link bears on the very heart of democracy and intertwines with many vital concepts, such as accountability, responsibility, principal-agent and so forth. Fundamentally, economic voting represents a unique understanding of representative democracies in modern times. On one hand, it is based on a assumption that election should serve as a retrospective reward-punishment mechanism, through which voters exert an indirect control over the incumbent. On the other hand, it involves the salience of economy in modern politics and thus connects two major disciplines in social science. Therefore, the takeoff of relevant research is not surprising.

As substantial empirical studies have suggested, the correlation of economy and electoral result does not seem to be a theoretical artifact. But in another sense, economic voting as a standard theory in the electoral arena, is often questioned in terms of its parsimony, robustness and generalizability. First, different understandings of voters’ rationality create extensive debates and discussions, among which the most fundamental divergence is between the macro- and micro-level approaches to explore the economy-polity link. Second, the basic economic voting model often lacks stability across country and over time, which implies that critical features of political context and dynamic traits of political systems should be taken into account in cross-national

¹⁰ Key 1964, 568.

¹¹ Anderson 2007, 273.

research. Thus to study economic voting in CEE countries where voters' rationality and political context apparently differs from that of established democracies, the standard theory needs to be finely tailored.

In the rest of this chapter, we will first review the evolution of economic voting theory including its theoretical foundation and the major debates within it. Then the angle will shift to CEE countries. Their idiosyncratic context will be revealed in connection with the political development of these countries in the 20th century. Against this backdrop, the existing studies of economic voting in CEE countries will be reviewed in more depth. On the basis of their successes and drawbacks, we will reconsider the integrated chain of economic voting in the CEE context and propose a refined explanatory model.

2.1 Overview of Economic Voting and Electoral Accountability

While economic voting has developed into a complex theory from a simple reduced-form link, the reward-punishment logic, as the fundamental assumption of economic voting, seems not to have changed. "To support the Ins when things are going well; to support the Outs when they seem to be going badly."¹² The argument has always played an essential role in shaping economic voting and electoral accountability. But on the other hand, "the reward-punishment idea is seldom spelled out explicitly by students of economics and elections"¹³, although they have repeatedly mentioned it. Actually, the logic of this reward-punishment idea is multifaceted and mixed with many conventional theories. But what endows it with theoretical significance is the representative government theory. Accordingly, economic voting is originally intertwined with representative government theory as well. Different understandings about representative government may affect the manner in which we view economic voting theory and conduct empirical research. And what we debate within economic voting is also plausibly related to divergences in theory of representative government. Thus to begin

¹² Powell 2000, 10

¹³ Anderson 2007, 276.

with, the logical origin of economic voting, which is deeply rooted in representative government theory will be discussed in this section.

2.1.1 Theoretical Foundations of Economic Voting

In political science, what we call representative government today usually refers to a significant form of democratic rule followed by all modern democracies. Generally, “the meaning of representative government is that the whole people, or at least a majority of them, exercise through deputies periodically elected by themselves the ultimate controlling power.”¹⁴ For many scholars, such idea is a more practical way than Greek-style direct democracy to govern a state, given the size, type and complexity of modern states. Sieyès is one of the earliest to contrast representative government with direct democracy. He stresses that representation constitutes a form of institution in accordance with the conditions of modern society because citizens no longer have the leisure to constantly attend public affairs. On the other hand, the government should be made a special profession with officials who are capable of devoting all their time to that work¹⁵. Thus for Sieyès, the evolvement of modern states into complexity makes direct democracy technically impossible and urges the creation of representation. This argument is echoed in Mill’s work. In his book “Considerations on Representative Government”, Mill makes a radical distinction between representative government and direct democracy and argues that “the proper duty of a representative assembly in regard to matters of administration is not to decide them by its own vote, but to take care that the persons who have to decide them shall be the proper persons.”¹⁶

The point accords with Sieyès’s proposition that representative government is a different but superior system than direct democracy in the context of modern states. Thereafter, adherents of representative government theory attempt to defend the

¹⁴ Mill 2010, 148.

¹⁵ Sieyès 1789, quoted in Manin 1997, 3.

¹⁶ Mill 1873, 89-95.

necessity of representative government in a more explicit way. They conduct a variety of empirical studies on political behavior and public opinion, in order to see if citizens could behave as a competent voter required by the Aristotelian ideal of direct democracy. In accordance with their presumptions, much of the empirical research shows that “citizens have neither detailed information about government activities nor the necessary motivation and capacity to make use of such information even when it is available.”¹⁷ To put it differently, citizens in modern democracies are more approximate to the prototype of minimalism — “mass public only displays minimal levels of political attention and information, minimal mastery of political concepts, minimal stability of political preferences, and minimal levels of attitude constraint.”¹⁸ Thus citizens lack sufficient capability to directly and correctly influence the operation of government. The best strategy for them is to act as a principal, and delegate the authority to certain agents, usually the professional politicians with the ambition and expertise to manage the government. Hence, “citizens should refrain from instructing the agent what it is to do but give the government some latitude to govern.”¹⁹ This is the rationale for representative government²⁰.

In the current world, we can easily find the chain of representation and delegation in nearly all modern democracies and many people almost equate representative government with the definition of democracy. “Modern democracy is a system of governance in which rulers are held accountable for their actions in the public realm by citizens, acting indirectly through the competition and cooperation of their representatives”²¹. In the long history of political studies, similar statements have been

¹⁷ Anderson 2007, 277.

¹⁸ Sniderman 1993, 219.

¹⁹ Przeworski 1999, 35.

²⁰ What I discussed above are the mainstream ideas of representative government theory, in which representative government is viewed as an alternative to direct democracy in modern society due to the incapability and unwillingness of citizens in political practice. But in addition, there are still scholars who evaluate representative government in a more positive way. For example, Madison sees representative government as an essentially superior system to direct democracy. For him, “the effect of representation is to refine and enlarge the public views by passing them through the medium of a chosen body of citizens. Under such regulations, it may well happen that the public voices, pronounced by the representatives of people will be more consonant to public good than if pronounced by people themselves, convened for the purpose. For more details about this, see Madison, Federalist 10, available at <http://www.constitution.org/fed/federa10.htm>, last accessed on April, 14,2015.

²¹ Schmitter and Karl 1991, 76.

made over and over again²². However, although representative government is universally regarded as the only sensible and legitimate form to establish a modern democracy, this does not mean that it is unimpeachable. As noted above, representation in modern democracies is an integral chain with multiple links. Within each link, the authority is delegated from principal to agent and finally to officials that ultimately implement public policy. But some risks are hidden in the indirect relationship. When citizens designate a government to rule and make decisions on their behalf, how can they know if the government will best serve their interest? And if the government departs from citizens' will, do citizens still have the chance to throw it out and sanction it? Furthermore, considering the complexity and changeability in the governmental operation, those who govern the state usually retain a degree of independence, which to some extent increases the possibility for governments to act contrary to citizen's preferences or shirk their responsibility. Therefore, corresponding to the chain of delegation, a mirrored chain of accountability should run in an opposite direction. Here, "an agent is accountable to the principal if (1) it is obliged to act on the latter's behalf, and (2) the latter is empowered to reward or punish it for its performance."²³

For students of democracy, elections, more than any other instruments, provide the essential accountability and thus connect people with the government. If an election is freely organized, fairly conducted and honestly counted, then 1) citizens are presumed to single out the political agent who could best suits their interest in the future legislative term and 2) they are capable of holding the incumbent responsible for the past. According to this argument, the most appropriate way to guarantee the accountability is to "ensure the openness of the electoral process through effective and representative electoral institutions"²⁴. Nevertheless, it is doubtful that the two functions of elections are not mutually exclusive. To many scholars, voters have to sacrifice one goal to attain the other because these two goals are sometimes hard to conciliate, especially given that the perception on government performance is retrospective whereas the selection of agents appear to be prospective. And in terms of Strøm's

²² See Dahl 1971, Bartels 1996 as well as Powell 2000.

²³ Fearon 1999, quoted in Strøm 2000, 7-8.

²⁴ McAllister 2005, 372.

argument, “collective principals or agents complicate the issues of delegation and accountability and large-scale societies, voters are not able to deliberate over the selection and supervision of their agents.”²⁵ Indeed, the proposition that the function of selecting agents and holding them accountable are conflicting within one election, leads to an important divergence in representative government – **Mandate View versus Accountability View**. In a normative sense, the divergence is about which function of elections is more significant to democracy. “The idea of modern democracy is dependent to a certain extent on voters using elections to enforce some degree of control over the elected representatives.”²⁶ Certainly, selecting an agent to take power and to vote for or against an agent that already holds power is totally different in terms of the magnitude of control. In an empirical sense, the divergence is about which sides depict the real picture of democratic systems, specifically what function an election in a modern democracy is likely to fulfill, what voters think about and try to do, and then how the electoral contenders react.

In a mandate view, elections serve to select good agents, namely implementers of policy on behalf of voters prospectively. In light of this idea, electoral contenders should make proposals during the campaign, elaborating what they will do if elected and how their future performance would affect voters’ welfare. Thus for voters, their task is to distinguish which proposal best suits their interest and select the contender with the ability and honesty to implement it. Here, “the elections emulate a direct assembly and the winning platform becomes the mandate that the government pursues.”²⁷ To some degree, this mandate concept of representation is widely accepted by political scientists. Sniderman, Glaser and Griffin (1990) claim that if voters are rational, they will look forward. For Keeler (1993), mandate representation is well applied to countries under economic crisis, where citizens strongly express their desire for change at the polls and

²⁵ Strøm 2000, 8.

²⁶ Tucker 2006, 38. Along with the development of research on democracy, the idea of democracy has been modified a lot. To many scholars in modern democracy, the intension of democracy is limited to the minimal level. According to Schumpeter’s definition, democracy is just a system in which rulers are selected by competitive elections (Schumpeter 1942, quoted in Przeworski 1999, p23). And Popper(1962 ,124) takes democracy as merely a system in which citizens can get rid of governments without bloodshed (Popper, 1962, p124). In terms of these definitions, the extent on voters influencing governments via election is a key factor to the intense of democracy.

²⁷ Manin et al. 1999, 1.

the government implements the mandate. And in post-communist countries, Tucker (2006) observes that voters are able to behave in a prospective way, although these countries are usually regarded as difficult cases for the mandate explanation (voters often limited knowledge on parties and the whole political system; they might be angrier and thus retrospective given the enormous economic turmoil under the transition). However, the mandate approach is not a panacea to explain elections and representation. It is in tune with the reality only if two basic conditions are satisfied. First, there must be a consensus, or at least for a majority of voters on the contender who will best serve their interest. Second, if elected, the contender should fulfill their promise and their policies must conform to voters' interest. With respect to the first condition, there is always the problem of multiple majorities on multiple issues of public choice. A party might be superior on one issue but less favorable on the other. Thus when the multiple preferences can only be translated into one vote and the aggregation of the votes turns into the electoral result, it is hard to say that the winner of the election is the agent that best serves voters' interest. Voters who back the wrong horse may feel that their vote had no connection with the formation of the new government and the next time they are reluctant to adopt the mandate approach. So probably, the mandate representation is not a steady and long-term strategy for voters. As to the second condition, "we have to acknowledge that the incumbent as an agent of the citizens, is a constrained and frequently common agent, whose responsibility and accountability might thus be manifold."²⁸ To be fair, a government should be responsible for the whole nation, rather than the people that vote for it²⁹. What is more, the situation of national development is constantly changing with many unpredictable fluctuations. The proposal made during the campaign might be outdated and the new government has to depart from the promise that they made to voters. Therefore, the government attains some degree of "freedom" to make decisions, as well as a good excuse to shirk responsibility and respond to voters' criticism. This certainly contradicts with the presumption of the mandate representation and subject it to harsh criticism.

²⁸ Strøm 2000, 9.

²⁹ In modern democracies, such principle is often included in the constitution.

A substitute for mandate representation would be the accountability conception of representation. In terms of the accountability view, voters use elections to hold the incumbent accountable rather than to select the future government. If voters discern that the past performance of the incumbent is good, they vote to retain the incumbent, otherwise, they will vote to throw the incumbent out of office. Thus for the incumbents, if they aim to win the reelection (almost all the incumbents strive for this goal), they must have shown their competence in governing the state during in the past legislative term. In this regard, the election functions as a retrospective mechanism to ensure accountability. Such a conception of representation is appealing to scholars due to the simplicity and limited knowledge that is required of the electorate. It is a long running debate in representative government theory whether voters are, if not fully, at least fairly well informed. As Bartels summarized, “plenty of scholars seem to take the political ignorance of voters as a natural and unavoidable feature of democratic politics; other scholars seem to insist that a well-informed electorate is a necessity for a democracy to function well.”³⁰ Indeed, voters in the mandate model need to have reliable information on the incumbent as well as on the other electoral contenders to select a desirable agent. Furthermore, they should evaluate the competence and the capability of the contenders to implement their mandate. From within, many scholars see too many constraints on voters. But in the accountability view, voters only need to review the governmental performance in the near past to make vote decision. Only if the governmental performance is bad might they consider an alternative. Therefore, the incumbent’s performance provides a shortcut for poorly informed voters. They can still rely on low information rationality and “gut” reasoning to reward or punish the incumbent. This viewpoint is supported by a lot of experimental studies. Under an experimental environment in which other interfering factors are strictly controlled, subjects are not simply trapped in the delegation dilemma. Instead, they can rely on the retrospective evaluation to make their decisions.³¹ What is more important, even if voters employ this strategy, the quasi incentive mechanism (threat of punishment and promise of reward) is still a rational way to induce the office-motivated politicians to act

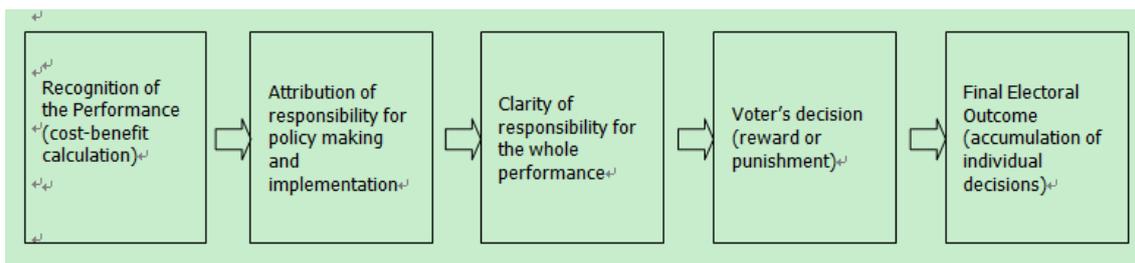
³⁰ Bartels 1996, 194.

³¹ Woon 2012, 927.

well in the future. To put it differently, the reward-punishment model is equally capable of efficiently connecting voters and governments³².

The above discussion may give a hint about where the adherents of economic voting place themselves in the complex of representative government. Basically, the main theme of economic voting theory stands with the reward-punishment accountability, in which elections are viewed retrospectively. If the past governmental performance is good, voters tend to retain the incumbent and reversely, the incumbent will be punished by the ballots when they perform poorly. In terms of this decision rule, the electoral result of the incumbent is positively associated with governmental performance. Table 1 depicts the complete chain of accountability in a democratic election. Voters first recognize governmental performance based on a simple cost-benefit calculation. Then whether the performance is regarded as good or not, voters clarify the responsibility for it by discerning responsibility in policy making and implementation. Based on governmental performance and responsibility, they make their decisions to vote for or against the incumbent and the accumulation of their individual decisions is the final outcome in an election.

Table 1: The Complete Chain of Electoral Accountability



*The table was compiled by the author.

³² Similar to the mandate model, accountability representation is not in itself unproblematic. But as the normative postulates of economic voting are typically equated with the accountability model, the query on economic voting is partially overlapped with that of accountability representation. In analysis to come, I will illustrate the main debates and questions that economic voting study faces. So in this part, I do not discuss the faultiness of accountability representation.

But theorists of economic voting might be faced with one more question. In modern society, the performance of a government consists of policies in various aspects, to name a few, economic growth, social welfare, foreign policy and national defense. The economy is not the only measure of an incumbent's performance and there are a multitude of important issues in a specific election, no matter at the regional or national level. Indeed, scholars like Fisher and Hobolt have criticized that "the issue of electoral accountability has been examined almost exclusively on economic voting"³³ and they turn to probe the interrelation between electoral results and other aspects of government performance³⁴. Therefore, theorists of economic voting have to answer an essential question: why do economic conditions play an essential role in shaping electoral accountability?

Generally, the reason for the significance of the economy is threefold. Firstly, the economy is a big concern for a government as well as the voters. According to Wlezien's (2005) study, voting behavior scholars usually use the term "salience", which is measured by the MIP (most important problem) in poll surveys, to analyze the significance of different issues in voters' consideration. In terms of the MIP response, the economy, rather than education, taxes, foreign policy, etc., is always the top issue for voters. Only if the economic situation is good do voters turn to look more at other issues. This argument is supported by Alvarez et al.'s (1999) research on Canadian elections. The research results suggest that "voters may be giving elected officials undue leeway in their non-economic policy-making functions"³⁵, but on the other hand economic conditions do have a strong impact upon voters' evaluation and even outweigh any other issues. Indeed, one does not have to be an expert on economics to recognize the importance of the economy in modern society. Consumption, saving, and investment is part of our daily life. The hard data like GDP, inflation and unemployment seem detached, but as a matter of fact, is closely related to voters' lives. Secondly, "judging economic performance is more straightforward for average citizens

³³ Fisher and Hobolt 2010, 358.

³⁴ See Dimock and Jacobson 1995, Fackler and Lin, 1995 and Davis et al.,2004.

³⁵ Alvarez et al. 1999, 1.

than judging other issues in government performance.”³⁶ In modern society, the media plays an integral role in transmitting information and shaping political evaluation. Both during and outside of election campaigns, the national economy is probably the most reported topic in the media. Media reports typically include the overall state, unexpected changes in macroeconomic outcomes, and even references to how the economy has changed³⁷. All this information could help voters assess macroeconomic conditions and the economic competence of the government. Even to voters that care little about macroeconomic conditions, the economy is still easily measurable as they are able to make judgment based on changes in their own economic status. For voters with low sophistication, using economic condition to assess the incumbent’s performance is much more appropriate than relying on evaluation of issues that are hard to measure, like biotechnology or air traffic control. Thirdly, one significant characteristic of democracy is that citizens can get rid of the government via elections. The possibility of changing government provides the necessary uncertainty to keep the opposition in the political game. This normative claim is consistent with empirical evidence of modern democracies. In the past several decades, almost all the democracies experienced, if not frequent, at least some degree of government change³⁸ achieved through elections. To explain the government change, namely the change of vote choices in two consecutive elections, the economy is the most appropriate tool as no other issue is more consistently present in the voters’ agenda or have a greater effect on the issue consideration. Many factors, for example party loyalty, are assumed to have a strong effect upon the voting decision, regardless of the party’s performance in office. But these factors are usually long-term factors that alter little from one election to the next. Conversely, economic conditions, especially macroeconomic indices are highly volatile and we can observe dramatic changes in economy within one year, not to mention its variance between two consecutive elections. Thus in any particular election, the economy has stronger explanatory power. The vote change for an incumbent is more likely to result from the dynamic change of national economy than from an

³⁶ Anderson 2007, 277.

³⁷ Duch and Stevenson 2010, 111.

³⁸ The exceptional cases might be Japan and Sweden during the the post-World War II era. Both countries were dominated by one party after the 1950s and thus saw very little alternation in government. Even so, the possibility to throw the party out of office does exist in both countries, which is one of the main criteria for recognizing them as true democracies.

inconspicuous alteration on party identifications. In short, economic voting is a parsimonious but plausible explanation for voting behavior and overall electoral accountability. “A vast literature has shown that this reward-punishment model seems to work well in the area of the economy.”³⁹

2.1.2 Main Debates on Economic Voting

It is a quite long process since the early efforts were made to explore the correlation between the economy and election outcome. However, the evolvement of economic voting studies is not always a bed of roses, but often fraught with disputes and frustrations. According to Nannestad and Paldam’s summary, this process can be divided into three distinctive waves:

*“In the wave of the pioneer, almost all studies have found highly significant correlation and a clear pattern of economic voting. But in the second wave around 1980s, economic voting has shown a disappointing lack of stability both over time and across countries. Thus in the third wave, scholars start to rethink the ideal model of economic voting and explore the contextual impact upon such model”.*⁴⁰

Indeed, as one of the appealing themes in the electoral arena, the evolution of economic voting study is often accompanied by controversy. One of the appealing issues is that empirically, “the data do not always give up the standard, reward–punishment of the incumbent result”⁴¹ and an impressive explanatory model based on examination of single or multiple elections often collapses in studies on the subsequent elections. To some extent, this instability problem creates plenty of queries and demonstrates that there is still much work left to do in economic voting research. But on the flip side, the

³⁹ Hobolt et al. 2010, 3.

⁴⁰ Nannestad and Paldam 1994, 213-214.

⁴¹ Lewis-Beck and Paldam 2000, 119.

controversy actually contributes to the popularity of economic voting as more in-depth research is conducted to resolve the debates and explore the “black box” of economic voting. In analysis to come, the author will elaborate the main controversy and debates within economic voting study. Here, the primary aim is not to defend economic voting as an ideal model or criticize it to be complete failure, but rather to review the theoretical framework and the empirical progress of economic voting in a neutral and comprehensive way.

From economic conditions to electoral results, the whole process of economic voting could be separated into two links: 1) from economic conditions to voters’ economic evaluation; 2) from voters’ economic evaluation to the final vote choice. With regard to the first link, the main focus is how to explain voters’ rationality. Although there is a vast body of literature in this field, much remains unresolved regarding how voters perceive the economic conditions. How is the current economy? The answer may vary extensively from person to person. For students of economic voting, the first debate is about what approach (macro-level index or micro-level survey) is reasonable to reflect voters’ perception of the economy.

In the wave of the pioneer, scholars often adopted macro-economic data, for example inflation indices, unemployment, and GNP, to examine the correlation between the economy and government popularity as well as political support⁴². Methodologically, this is because macro-economic data is usually well known, carefully collected and quantitative whereas other measures are time consuming and costly. Theoretically, this suggests that earlier scholars of economic voting virtually approve of the function of macroeconomic data as a vital signal of the national economy and the competence of the incumbent. As noted above, the reward-punishment model, in essence, presumes that voters are rationally ignorant. As Adit stated, “voting is a consumption decision rather than an investment decision.”⁴³ Voters, or at least a majority of them, are ignorant about the detailed information in an election as the cost of acquiring and analyzing

⁴² e.g., Kenski 1977 and Hibbs 1987.

⁴³ Adit 2000, 350.

information is often unaffordable. However, the average ignorance does not prevent voters from making rational choice. The economy offers an important information shortcut for voters as it summarizes lots of information in a simple way. Thus voters may not be fully informed, but in light of the economy, they still know enough to make decisions in light of the economy. Now back to voters' perception of the economy, it is costly for rationally ignorant voters to comprehensively evaluate the economic conditions. Then in this process, is there any information shortcut that could provide clues to voters? For earlier scholars, the answer was economic indices. In the field of macroeconomics, economic conditions are usually interpreted as a variety of separate indices like GDP, inflation, and unemployment. For voters of low sophistication, these indices provide signals regarding current economic situations and the extent to which the government is competent to handle the economy as well as national development. This argument was supported by many empirical research on the correlation between macroeconomic indices and voters' perception of the economy. Nannestad and Paldam (1994) declare that the changes of unemployment and inflation rate usually dominate voters' perception on the economy as well as the governmental performance. Quinn and Woolley (2001) prove that economic growth and the volatility⁴⁴ of that growth are the top issues that voters care about and both indices significantly affect voters' preferences and opinions. Duch and Stevenson (2010) conducted a cross-national study⁴⁵ and the results suggest that the perception of macroeconomic variability is directly correlated with the magnitudes of actual variations in the economic growth. But to some scholars, "people do not similarly react to economic indicators and actually not all people are vulnerable to unemployment, sensitive to price increases, or likely to benefit from an economic upswing."⁴⁶ There is no doubt that some voters are relatively sophisticated and conform to the rational expectation of a well-informed banker-type voter. Those voters might think about more than macroeconomic conditions. Surveys of opinion are a better measure of their perception of the economy and also the government. Thus in a number of related works, many scholars aim to find a new way to measure voters' perception of economy and "their new models usually include aggregate perceptual

⁴⁴ In their research, volatility is entered as the standard deviation of economic growth over the past four years (one legislative term).

⁴⁵ Countries included in the research are Italy, Spain, Denmark, UK, France and Germany.

⁴⁶ Dorussen and Palmer 2002, 7.

evaluation of general economic performance rather than hard data on unemployment, inflation, income or growth⁴⁷. In a sense, the scholarly inclination to survey opinions cannot deny the macro-level correlation among economic indices, voters' perception and electoral results. But admittedly, the micro-perceptual studies help to understand voters' rationality on a deeper level, which leads to the second important debate – voters' heterogeneity.

Actually, the above discussion has yet suggested that voters' homogeneity may be a false presumption for economic voting because some voters react more to macroeconomic indices whereas others do not. Survey research and micro-level study of voters' perception further confirm that voters always have their own propensity and their recognitions differ from each other. In the current electoral arena, no one would expect voters to evaluate the economy in a unified way. But regarding voters' heterogeneity, scholars often give different explanations. In terms of these studies, three dimensions may dominate voters' heterogeneity: 1) time; 2) target; 3) context⁴⁸. With regard to the time dimension, voters are often divided as retrospective or prospective⁴⁹. Retrospective voters behave as peasants who simply judge the government based on the state of economy in the near past. Prospective voters are more like bankers who have rational expectations of economic policies. Those voters are not constrained by short-time horizons, but consider the potential effects of the policy in the long-term. So if a government made a good economic policy but suffered a setback in the first year, and an election was held at the very moment, retrospective voters would judge the policy as unsuccessful as it appeared to be ineffective during the past one year. But prospective

⁴⁷ Lewis-Beck and Stegmaier 2000, 186.

⁴⁸ Indeed, there are also other methods to classify voters' propensity. For instance, Kiewiet and Rivers (1984) distinguish voters in terms of at least four dimensions: personal versus collective; retrospective versus prospective; simple versus mediated; cognitive versus affective. But what the different categories refer to is usually the same summary of scholarly debates on voters' heterogeneity.

⁴⁹ One should bear mind that although I use the same terminology, what the retrospective and prospective propensity means here is different from a retrospective or prospective voter within the above discussion on mandate and accountability representation. In mandate versus accountability divergence, the term "retrospective" and "prospective" refer to voters' different intentions and behavior. In a retrospective way, voters aim to reward or punish the incumbent in light of their performance in the past legislative term. If voters conform to the prospective model, they intend to select the future government from all the electoral contenders. But in this part, a retrospective or prospective propensity illustrates the different ways to look at economic policy. With regard to an economic policy, a retrospective voter only focuses on its effects in the past whereas a prospective voter would consider its potential effects that may not be observed in short term. Here no matter whether the voter is prospective or retrospective, his (her) aim is still to reward or punish the incumbent.

voters may not only look at the frustration of the policy, but think about whether the policy would benefit them in the future. Thus they are more likely to recognize the policy as potentially good. In terms of empirical studies, scholars express diverse views on retrospective versus prospective propensity. Alesina and Londregan (1993) reject the rational expectation model for voters. They confirm that in a fully simultaneous framework, the naïve retrospective voting seems to have strong effect on the US' presidential voting⁵⁰. Lewis-Beck and Paldam also conclude that “the retrospective models are normally as good as or better than the prospective ones and surely they are easier to work with.”⁵¹ But on the other hand, there is lots of research indicating that prospective propensity works better in economic voting, if only marginally so⁵². Furthermore, Clarke and Stewart (1994) even present an idea that the retrospective and prospective propensity could coexist in an ordinary voter as well as the aggregate level that shapes the general voting pattern of a state and thus the retrospective and prospective model have equal weight to explain economic voting. As a consequence, this middle-grounded viewpoint further increases the complexity of the issue.

The second dimension is target which means the object of voters' perception. Specifically, some voters prefer to perceive the incumbent's performance from their own economic position (egocentric voting) whereas others prefer to make judgments based on the status of national development (sociotropic voting). Normally, the egocentric propensity is synonymous to pocketbook effect. Egocentric voters care more about how their own household is doing, e.g. financial surplus/debt, loss of employment/opportunity to find jobs, or consumer price/daily life quality. Fiorina (1978) conducted a micro-level analysis of economic voting in US national elections and he concluded from the survey data that a citizen's personal economic conditions affects his presidential vote. However, Gomez and Wilson (2001) prove that egocentric voting is more likely to be adopted by voters of high sophistication, while sociotropic evaluations based on national economic conditions matters more to less sophisticated voters. And to

⁵⁰ Indeed, Alesina also finds that congressional vote shares are less sensitive to economic conditions. But considering that the US is a typically presidential democracy. The president, not the congress is usually recognized as the incumbent. It is reasonable to see a stronger economic voting pattern in presidential elections.

⁵¹ Lewis-Beck and Paldam 2000, 118.

⁵² See e.g., Lockerbie 1992, Suzuki and Chappell 1996.

many scholars, the personal finance terms are not statistically significant. Kinder and Kiewiet propose that:

*“Citizens in the U.S. would be reluctant to blame the government for personal economic misfortunes. Rather, they will blame themselves or just unfortunate circumstances, although the incumbent is still held accountable for the national economy.”*⁵³

The sociotropic model is advocated by Duch et al. (2000) but they also indicate that voters economic perception would be interference by micro-level factors, such as political attitude, ideological value, political involvement and individual finance. Thus voters always fail to capture real state of the national economy, although they are voting sociotropically. Aside from sociotropic and egocentric voters, Rogers and Tyszler (2011) even introduce a third type of voters – communitropic voters. A typical communitropic voter is likely to observe the state of economy in his own community rather than looking at his own finance or the general picture of the national economy. They argue that some voters may prefer policies that provide the greatest net benefit to members of their community, even if they personally do not receive the greatest possible benefits. Such an idea is consistent with Tucker’s statement: “Economy can affect voters indirectly. Even if a voter still has a job, higher unemployment rates mean that more people he knows are unemployed. he may also see more unemployed people loitering on the streets, and he may be more afraid of becoming unemployed. This would encourage him to make the same conclusion as those unemployed: the economy is not performing well”.⁵⁴ Thus he would evaluate the economy from a communitropic perspective.

Thirdly, external context is another factor that interferes with people’s perception. Within the chain of economic voting, voters cannot directly observe the competence of the government directly. Reversely, they merely see the effect of governmental policies

⁵³ Kinder and Kiewiet 1979, 522-524.

⁵⁴ Tucker 2006, 6-7.

over the economic development. As the economic development is not solely determined by governmental performance, voters might think the good or bad performance is less due to its policies but more to the context, e.g. the prosperity or crisis of the global economy. Namely, voters might be faced with a signal extraction problem—to what extent are economic changes the result of incumbent competency as opposed to exogenous shocks to the economy. Such problems are particularly evident in the world today, as the economic situation of a state is closely linked with counterparts in other states and the global economy. Optimistic scholars like Duch and Stevenson (2010) believe that voters are able to acquire sufficient information on the variation in macro economy and thus resolve the signal extraction problem⁵⁵. But according to Alesina's study (1993), the economic progress is often determined by issues that goes beyond the control of governments, e.g., renovation of technique, political upheaval and price of strategic resource. So normally, it is hard to distinguish good luck from good government. As a consequence, he rejects the idea that voters can determine whether the economic variation is the result of incumbent competency as opposed to context⁵⁶.

In a nutshell, students of economic voting are often faced with a vast body of enlightening, but contradictory research with respect to voters' perception of the economy. Why is academic thought so diverse and conflicting? The reason might be what Lewis-Beck and Paldam said: "the economic voting logic is inherent and we are missing or doing wrongly — if we could just find the trick, everything would be well."⁵⁷ Fortunately, through the collision and combination of related research, scholars within economic voting study reach a certain degree of consensus (maybe it is better to call it a compromise. 1) There is indeed a distinct correlation between macroeconomic conditions and voters' opinion, of which the mainly salient variables are economic growth, unemployment and inflation. 2) Voters always have different understandings of the economy. Regarding voters' heterogeneity, the retrospective presumption works

⁵⁵ In their studies, Duch and Stevenson (2010) also indicate that open economies, which are more subject to exogenous economic shocks, have a smaller economic vote than countries with economies less dependent on global trade, which implicitly take the context issue as the obstacle of economic voting.

⁵⁶ In addition, different propensities regarding time, target and context may be intertwined. For example, egotropic voting and sociotropic voting each can occur in either a retrospective or prospective manner.

⁵⁷ Lewis-Beck and Paldam 2000, 114.

better than the prospective one; evidences for the sociotropic effect are stronger than that of the pocketbook effect, although there are still also exceptional cases. 3) With regard to the context, only limited results are given on how voters acquire the contextual information but a majority of scholars come to the similar conclusion about the information level of voters⁵⁸. So even admitting that in one specific election, the same economic conditions are evaluated in a different way among voters, we could still expect some general pattern of economic voting in that election. But to correctly explain the pattern, more in-depth work needs to be done on voters' perception of the economy.

Now we may go further into the second link of economic voting – from voters' perception of the economy to vote choice. To many scholars, “the primary threat to economic voting and democratic accountability comes from institutional barriers within this link instead of barriers rooted in how voters collect and interpret information.”⁵⁹ In fact, the institutional barriers or contextual factors have often been overlooked by earlier analysts because the US with a two-party system, single government, and unified executive is normally the most studied nation⁶⁰. But when economic voting studies spread into other democracies, problems arise. The economic voting model lacks stability at the cross-country level, namely it appears to be more pronounced in some countries than in others. For instance, the French constitution has a semi-presidential system with a power split between the president and the government. When Lewis-Beck and Nadeau (2000) explored the economy-polity link in this country, they found that the dual executive responsibility (the president and the government) weakens the correlation between economy and election results. So in a sense, the impact of the economy-polity link is diluted because of the cohabitation. In France, the government led by the prime minister is still recognized as the primary responsibility holder. But

⁵⁸ The consensus is summarized from Table 2 of Lewis-Beck and Paldam (2000) which indicate the main styled facts on voters' perception based on a vast literature. Moreover, the content of the table is also cited by Dorussen and Palmer (2002). As both papers are significant literature surveys on economic voting studies, their summaries to some extent represents certain consensus in this field.

⁵⁹ Anderson 2007, 272.

⁶⁰ In later studies, scholars also find that institutional barriers do exist in economic voting in the US, e.g., divided government where opposing political parties control the executive and the legislative branches, and federalism with complicated power distribution in different levels of governments. But due to the highly unified executive, voters in the US do overcome institutional divisions of power (divided government and federalism) by attributing responsibility to the president. They believe that responsibility is lined with the president (Norpoth, 2001: 433).

punishment appears to be less under bad economic conditions because voters know that part of the ruling power is delegated to the president. Hence, economic voting is not strong in France, but in other countries, it is not even statistically significant. In countries like Sweden and Japan, there has been little change of government in the past several decades whereas there is no reason to suppose no change of economy over such a long period. Thus it is hard to explain electoral results in these countries solely based on economic conditions. Indeed, along with development in cross-country research, an increasing number of scholars have realized the economy-polity link is highly dependent on the political context in which voters make judgments.

The first notable research to explore the instability paradox across countries is Powell and Whitten (1993). In their research, they suggest that how voters attribute the responsibility for economic performance is a key linkage to unveil the black box from voters' economic evaluation to their final vote choice. "That linkage is not merely an individual-level idiosyncrasy or rationalization, but factors that reflects the nature of policymaking and the level of coherence and control the government can exert over that policy."⁶¹ So the critical feature of political context is worth of serious consideration when exploring the economy-polity link in a specific political system. More importantly, they posit the index of clarity of responsibility, which includes the institutional setup, nature of party system as well as the formal and informal rule in daily politics, to measure the impact of political context. And through multivariate analysis, they show that democracies vary extensively with respect to clarity of responsibility.

Admittedly, Powell and Whitten's study is ground breaking and sheds light on later research. However, their analysis on political context is relatively static. They may deal with the differing assignment of responsibility between political institutions and distinguish clearer responsibility countries from less clear responsibility countries. But regarding the instability of economic voting over time within one country, they do not give specific explanation. Thus the followers aim to introduce a dynamic index of clarity of responsibility that not merely distinguishes countries, but indicates the

⁶¹ Powell and Whitten 1993, 398.

variation of responsibility attribution over time as well. To this end, Hobolt et al. (2010) divide the clarity of responsibility to two different dimensions: institutional and governmental dimensions. “The first dimension captures the formal dispersion of government power, both horizontally and vertically where as the second reflects the cohesion of the government.”⁶² In terms of institutional clarity, they consider four issues – weak/strong committees, uni/bicameralism, unitary state/split power and parliamentary system to be relevant to the assignment of responsibility. With respect to government clarity, they offer another four explanatory variables – single party government, presence of cohabitation, power distribution and ideological distance within the government to ensure a clear responsibility that voters are able to perceive. Compared to Powell and Whitten’s index, Hobolt et al.’s measures are not only more specific, but also involve the variation of clarity of responsibility over time. As to one specific country, the institutional clarity seems to have little alteration over a long period. But the government clarity may vary from one election to another. In this regard, Hobolt et al. refine the model of clarity of responsibility in a more dynamic way.

Other scholars also contribute to research on clarity of responsibility by positing their specific model and adding new contextual variables. Nannestad and Paldam (1994) indicate that the majority control over the parliament is of crucial importance to explain the clarity of responsibility in parliamentary democracies. “Minority governments are, by its definition, not able to rule alone, so some of the credit/blame should go to the other parties in the parliament as they normally manage to extract some price for supporting that government.”⁶³ Under such circumstances, voters have difficulty solely rewarding and punishing the government and to make it worse, the incumbent may try to shirk blame and claim credit intentionally. Thus minority government is a key factor influencing clarity of responsibility. Fisher and Hobolt (2010) concentrate on the probable difficulties to clarity of responsibility created by coalition government. They argue that coalition government represent a hindrance to clarity of responsibility and cannot be taken as a unitary actor. The evidence for economic voting is often obscure as the responsibility for economic performance may be attributed to different parties.

⁶² Hobolt 2010, 2.

⁶³ Nannestad and Paldam 1994, 233.

Within the coalition, “the head-of-government’s party is more likely to be held accountable but it is still less likely to be subject to retrospective voting than a single-party government.”⁶⁴ Another issue often ignored by scholars is the length of government⁶⁵. Actually, a government needs to be exposed to voters for enough time because the familiarity of voters with governments is likely to grow as the government continues in power. Compared to governments with long durations, a short-lived government may give voters a fuzzy impression and it has insufficient time to accurately shape its image in voters’ minds. Now imagine a country with high government instability. One government takes office after the previous election but collapses shortly thereafter. Then another government is formed but steps down as well. Until the next election, there are several short-lived governments like this. One significant question: which government should be held responsible for this legislation term? Given the variation of their durations, continuity of their policies, differentiation on ideological positions, it is cogent that voters’ ability to discern the responsibility is obscured by the blurred lines of responsibility.

In various studies, an increasing number of analysts contends that the impact of economic conditions needs to take account of additional critical features of the political context. Moreover, “clarity of responsibility is commonly employed as a generic concept to reflect the political context that encompasses both formal institutional structures and dynamic traits of the government.”⁶⁶ However, clarity of responsibility is not without queries and the related research is often questioned in terms of accuracy, scope and parsimony. In many studies, their explanatory model on clarity of responsibility is not robust and little changes of the variables or data selection cause the research results to collapse. Indeed, the explanatory variables in the previous studies are designed peculiar to one country, or even one specific election. It may be in itself

⁶⁴ Fisher and Hobolt 2010, 367.

⁶⁵ Length of government is only used to measure clarity of responsibility in a few studies like Nadeau et al. 2002 and Bengtsson 2004. Indeed, one important reason for the common overlook is that governments in developed democracies are normally stable and seldom step down before the scheduled reelection. In real politics, the average length of government is approximate to the term limit of a government. Thus length of government merely illustrates the country difference (four years or five years as one full legislative term) and fails to explain the variation over time within countries with respect to clarity of responsibility. Basically, length of government is supposed to have stronger explanatory power in new democracies usually with high government instability.

⁶⁶ Hobolt et al. 2010, 5.

problematic to be applied across country and over time. To the opposite extreme, many scholars try to propose a general model of clarity of responsibility among democracies but what they do is merely to add explanatory variables into the model. Actually, the simple addition of institutional and contextual factors fails to systematically interpret the political context and explore its role in the economy-polity link. In political reality, some variables appear to be more significant than the other and thus their functions the economic voting model should be carefully distinguished. For example, if there is an election with a long-lived (clarifies the responsibility) coalition government (blurs the responsibility), and also a highly unified executive (clarifies the responsibility), then which issue is the key factor in determining clarity of responsibility in such an environment and are voters able to correctly assign the responsibility to certain parties? An index that is too general cannot answer the questions above. Thus the potential direction of future research may concentrate on an area in which countries share institutional similarities and contextual features but vary on political dynamic from election to election, e.g., the government type, power distribution and ideological cohesion.

2.1.3 Conclusion

In a nutshell, the idea that voters reward or punish the government based on economic changes represents one of the appealing, but controversial themes in political science. During the past several decades, there have been considerable arguments that economic voting plays a vital, if not paramount role in democratic elections. Theoretically, economic voting is a unique understanding of representative government based on the perspective of rational choice. On one hand, its reward-punishment idea is deeply rooted in the soil of accountability representation which interprets the representative government and democratic election in a retrospective and accountability view. On the other hand, it implies a vital presumption that voters are rationally ignorant with limited willingness and capability to understand governmental performance. Then the economy, the most salient and easily observed issue in modern politics, offers a significant reference to voters when they assess governmental performance. Based on this logic,

voters tend to retain the government if the economy is good and throw it out when the economy is bad. Therefore, there must be a clear correlation between the economy and the election outcomes. However, it is always a hard task to develop a simple hypothesis into a real theory. The correct course does not guarantee a good voyage for a ship, which also requires knowledge of the wind, tides and the sea on which the ship sails. Likewise, empirical evidence for simple correlation cannot ensure the accuracy or robustness of economic voting. We need to better interpret the chain of economic voting by exploring relevant causal mechanisms from voters' evaluation and approval to voting intentions. With respect to economic voting research, this has indeed been the mainstream track during the past half century. Nowadays, scholars in economic voting could easily find that what they are doing is different from the endeavors of their predecessors: more explanatory variables are added; research designs and models tend to be more complicated; the originally simple hypothesis changes into a grand project with various research. In this regard, the progress is astonishing.

But yet, in another sense, can we say that current students of economic voting know much more than the past? In previous research, economic voting has often been presented as a black box with clear input and output. If so, now do we really know what happens in the black box? Admittedly, the wide consensus that economic conditions exert effects on electoral results may conceal the deep disagreements on how economic voting works and to what extent it could work. The contradictory results of empirical studies further aggravate this divergence. But no matter how scholars depict their own models of economic voting, two fundamental questions are unavoidable. The first question is how rational voters are in economic voting. Standard economic voting theory usually presumes that voters are capable of rationally recognizing the economy and make voting choices, which implies a homogeneity of voters' rationality. But in present research, scholars deal with voters' rationality in a more complicated way. They believe that voters should be distinguished in terms of different propensities: personal versus collective; retrospective versus prospective; simple versus mediated and so forth. A personal voter may have a different view of the economy from a collective voter's. A retrospective voter and a prospective voter could support different parties while having similar opinions on the economic situation. Such differentiation implies that voters'

rationality may be limited and heterogeneous. Plausibly, only in certain fields and under particular circumstances could voters behave rationally as the standard theory expects. This argument leads to the second significant question: is political context vital to economic voting? More specifically, if the democratic election itself is sufficient to create accountability and economy-polity link, then the political context may matter little and we could see identical patterns of economic voting in different democracies. Conversely, economic voting has to rely on certain background conditions of the institutions, voters, incumbents and other electoral contenders. If so, the political context which significantly structures the political system and political actors would be vital to economic voting. Thus economic voting may vary significantly across democracies. Indeed, all students of economic voting have to consider the issue of applicability and generalization. On one hand, they need to prove that the standard or tailored economic voting could be well applied to the democracy that they studied. On the other hand, they ought to make clear whether their research results are built on a particular election at particular time or run-of-the-mill rules concerning economic voting.

Do we have a consensus on the issues outlined above? Of course economic voting study does not come to the end, yet continues to flourish. But to date, what we have now may be better than nothing, but a healthy attitude towards economic voting study — no set of voters, elections and other institutional arrangement can satisfy conditions for ideal economic voting. The political reality is actually somewhere between the ideal model and a complete failure of the electoral process to ensure accountability. Therefore, scholars should not be satisfied with the simple correlation between economy and electoral results. Instead, they need to go further into voters' rationality and political context under which voters think and behave. Actually, more and more scholars are aware that "rationality provides only a baseline model for economic voting and the application of this baseline model requires an understanding of the real psychological environment in which thinking about the economy and using these thoughts to make vote choices takes place".⁶⁷ Therefore, political context is important for us to understand the whole process of economic voting. To study economic voting in a new land, we

⁶⁷ Dorussen and Taylor 2002, 1.

should combine the basic principle of economic voting with good interpretation of its specific context. This is also the initial and insistent point of this dissertation. Based on this major rationale, we will review the application of economic voting in an idiosyncratic context — CEE countries.

2.2 Theory Meets Context: Application of Economic Voting in CEE Countries

In a sense, “area is a generic concept that refers to a convenient summary of a constellation of characteristics that are shared by countries clustered together in a place”⁶⁸ In a general sense, Central and Eastern Europe (CEE) conforms well to this description. It is more of a political concept rather than a geographic term. The clear evidence is that Austria, a geographic eastern (or central) European country, is always excluded from the study of CEE. Indeed, Milan Kundera suggested in the 1980s that a more neutral terminology – central Europe, should be used to refer to the current Visegrad group, which have belonged to the part of Europe rooted in Roman Christianity for a thousand years⁶⁹. However, although it has been many years since the iron curtain fell, scholars of political science still categorize these countries into the camp of CEE as no one would ignore the impact of communism and transition upon these countries. Within the camp of CEE, two large-scale political experiments that lasted for most of the 20th century – communist rule and democratic transition, create a relatively unified context that is shared by all countries in the region but differs significantly from that of outside democracies.

Concerning this idiosyncratic context, one significant question for students of economic voting is whether the standard theories, which have been designed for established democracies, are applicable in these countries, especially considering the unique communist experience. Usually, empirical studies of established democracies suggest

⁶⁸ Grotz and Weber 2012, 715.

⁶⁹ See Milan Kundera 1984: *The Tragedy of Central Europe* (translated from the French by Edmund White). New York Review of Books, Vol.31, No.7. available at http://www.uni-oldenburg.de/fileadmin/user_upload/materiellekultur/ag/migrationgender/download/zu_Annex_3_1_Kundera.pdf.

that a firm economy-polity link cannot be produced merely by democratic institutions, but relies on certain background conditions, e.g. a mature civil society and stable party system. Thus in CEE countries, where democratic systems were often started from scratch, it is doubtful that economic voting is pronounced or identical to the patterns of established democracies.

To resolve the question, much ink has been spilled on economic voting of CEE countries. Now, scholars in this field have reached a broad consensus that economic voting works well in these countries but shows a different pattern from that of established countries. But concerning how to modify the conventional theory of economic voting to accord with the CEE context, scholars have disagreements. In analysis to come, I will review the present research on the economy-polity link of CEE countries to see what scholars argue on this issue and how they defend their arguments. But prior to that, I will first look back upon the political development of CEE in the 20th century and summarize the institutional and contextual similarities shared by these countries, from which we can find what makes each of these countries a real “CEE” country.

2.2.1 Political Context in CEE Countries

With respect to CEE countries, the history of the 20th century can be divided into three periods. The first one is the interwar years. Many countries gained independence in the surge of nationalism⁷⁰ and for the first time had the opportunity to build a modern nation-state. Then all of these countries entered into an uninterrupted communist rule for at least 45 years. After the fall of communism, CEE countries started the democratic transition, which is continuing in the new century. Indeed, if looking back upon the pre-communist era, we may find that there is a wide range of political, economic, ethnic and religious variation within the region and CEE countries entered into communist rule from totally different vantage points. Throughout the history, CEE has always been

⁷⁰ There are also countries that gained independence before the first world war, e.g. Romania and Bulgaria.

contested by great powers, initially between the Byzantine Empire and Western European empires based on the schism within Christianity, and then the Ottoman Empire and Byzantine Empire grounded in Christian-Muslim conflict. In the 19th century, the fortune of CEE was dominated by several mighty empires, including the Ottoman Empire, Habsburg Empire and also the Tsarist Russian. Thus CEE countries were often affiliated with different camps, which exerted significant impact upon their political and economic development. For instance, Czechoslovakia, previously part of Habsburg Empire and neighbor to the Western Europe, was greatly influenced by the industrial revolution. “Its industrialization and urbanization levels were on par with much of Western Europe and superior to most of the rest of the world”.⁷¹ But countries like Romania and Bulgaria, which were formerly under the rule of Ottoman Empire, mostly relied on subsistence agriculture and were heavily rural, with little industry and only a few urban centers at that time. Aside from socio-economic development, CEE countries also traveled very different political path during the interwar period. Many countries like Poland, Romania, and Czechoslovakia established democracy after World War I. Bulgaria witnessed a royal authoritarian dictatorship and its fascistization during the interwar years. Hungary even experienced a short period of communist rule, before the regime was ousted. Although democracy seems to prevail in the region, autocratic tendencies gradually returned in the 1930s as a result of Nazi influence and the Great Depression. Until the war broke out, only Czechoslovakia preserved a democratic government.

So without World War II and the subsequent communist era, we may have seen a more heterogeneous CEE. But the Soviet shadow swept these countries soon after the war and thus created a CEE with marked commonalities. By and large, the establishment of the communist rule in this region was not the consequence of prior political and socio-economic basis or the choice of native elites and citizens, but closely tied with the impact of the Soviet Union. In the second world war, the Soviet troops helped to set these countries free from Nazi rule⁷². So after the war, the Soviet Union actually

⁷¹ Pop-Eleches and Tucker in progress, 53.

⁷² The anti-fascist front within CEE countries also contributed to the liberation of these countries. In countries like Yugoslavia, the role of Soviet troops was actually secondary. Even so, the fight of Soviet Soldiers against fascism in

controlled the region and CEE countries were unable to get rid of its influence, politically, economically or militarily. Thus since the Soviet Union considered a unified and communist CEE important for the defense of the communist bloc in an increasingly severe international situation, all the CEE countries started the transformation to communism. In fact, many CEE countries even had a multi-party system and competitive elections after the war. The communist parties often took power via election. But at the behest of the Soviet Union, the communist parties turned to attack other parties and gradually obtained monopoly power. Subsequently, the restraint and oppression of other parties became even more serious and until 1950, almost all CEE countries established de facto single-party rule.

The exogenous rise of communism may partly explain the remarkable similarities in CEE countries. Due to their status as satellite states, the political trajectory of CEE countries was often determined by the Soviet Union, which was likely to make generalized decisions and overlook the respective characteristics of CEE countries. But in another sense, the communist system naturally requires discipline and uniformity. Politically, the most prominent feature is that all the regimes were consistently ruled by one party, specifically a Marxist-Leninist political party. As opposed to a competitive party, this ruling party usually owned a large organization and complete institutional setup, from the state level to every local area. With strike management, the party kept a high degree of internal cohesion, at least nominally. Most importantly, its organization was closely intertwined with the state apparatus in order to ensure its leadership in all aspects of the state and society. Within the one-party system, there were other parties that existed as well. But they had to accept the leadership and surveillance of the communist parties. Their activities and organizational development were also strictly delimited. Economically, all the CEE countries followed the planned economy of the Soviet Union, which attached importance to macro-control efforts, but ignored the effects of the market. In line with the central planning, state-owned enterprises played a dominant role in the urban economy while collective farms prevailed in rural areas. The private sectors were to some degree suppressed. Another feature of these communist

other battle field was still a tremendous help to the liberation of these countries. This is one important reason why the Soviet Union could exert control upon this region during post-war period.

regimes in the economy was an idiosyncratic path of industrialization. In the pre-communist era, many CEE countries were still highly reliant on agrarian sectors. So during the communist period, they started state-oriented industrialization. However, these countries placed unequal emphasis on different economic sectors and thus produced an unbalanced industrial structure. The secondary sectors, especially energy-intensive heavy industry and military industry were highly promoted and acquired impressive achievements. But the agriculture and service sectors were relatively neglected. As a consequence, the supply of foods and daily necessities was often insufficient, especially in poor economic situations. The rapid but biased industrialization might have brought along another problem – the industrial towns. As Pop-Eleches and Tucker argued, “ many of these towns were one-factory and thus highly vulnerable. When the communist system of price controls and subsidies was dismantled and the employment drastically dropped after the fall of communism, problems occurred in these towns and residents turned to migrate ”.⁷³ Indeed, even now, how to handle this issue is still a tough task for CEE countries. Within society, civil society did not firmly take root in these countries. The state exerted strict control on social organizations, from the formation and nomination of leaders to community activities. Of course, a variety of social organizations did exist and even obtained the support of the state. But their claims were required to align with the ideology of the communist party. The most salient example was churches, which suffered a setback mainly due to their ideals being contradictory to communism. Indeed, independent civic interaction and political participation were often rare in these countries. On the other hand, the communist regimes created a more equal society. Although CEE countries failed to continuously bolster economic growth, they still created the miracle of full employment. In terms of gender and ethnic issues, women and ethnic minorities usually enjoyed equal rights, which were explicitly stipulated by laws and obeyed to a large extent in reality. Generally, the society in CEE countries was more equal and simultaneously unified with little variation across countries⁷⁴.

⁷³ Pop-Eleches and Tucker in progress, 53.

⁷⁴ Here I do not mean to claim that the CEE countries shared all the above characteristic at any given time during the communist era. Indeed, these regimes experienced some subtle changes over the long period. According to Pop-Eleches and Tucker’s research (2013, p52), the communist era in each country can be broken down into five categories: the transition to communism, Stalinist, post-Stalinist hard line; post-totalitarian; and reformist. Not all the countries experienced all five period and the time-span under one category varied across countries. Thus for example, Yugoslavia in 1964 was probably different from the contemporary Poland and might not fit within the communist

What legacy does the shared communist experience leave to these post-communist countries? In fact, the legacy may range from politics to economy and many other aspects. But concerning economic voting, two communist legacies are presumed to be highly relevant. First and perhaps most clearly, voters in CEE countries approach political issue differently than citizens elsewhere. As noted earlier, the control of communist regimes upon public sphere was severe. Thus “citizens in this region usually opted for adaptive mechanisms of behavior, centered on private networks that augmented the sharp distinction between the private and public spheres.”⁷⁵ In a new democratic environment where political participation is often voluntary, involving individual initiatives and self motivation, citizens are less willing to participate in the public politics. Persuading others vote, for instance, is often used to measure the level of political engagement in democratic theories. According to McAllister’s study, around 30% of people in old democracies like Germany and France report such activity⁷⁶. By contrast, only 6% of Bulgarians and 4% of Poles said that they did this. In terms of McAllister’s explanation, this remarkable variation is mainly due to the past communist period, when the political discussion and rally were risky and under tight control. Hence, the communist experience undermines the willingness of citizens to participate in public politics in new democratic systems. Furthermore, under the uninterrupted, long-term socialization under communism, voters in CEE countries have different views on a wide range of issues, especially on core political and economic subjects. As Pop-Eleches and Tucker illustrated in their research, “post-communist citizens are less likely to support democracy, less likely to believe business should be run by private owners, more likely to believe businesses should be run by the state and more likely to think government is responsible for individual level welfare.”⁷⁷ Apparently, these propensities related to political and economic issues suggest a different voting behavior pattern in CEE countries.

system depicted above. But in a general sense, the above summary is still useful to present the real picture of these regimes for most of the communist period.

⁷⁵ Howard 2002, 10.

⁷⁶ McAllister 2005, 375.

⁷⁷ Pop-Eleches and Tucker in progress, 7.

Another factor that was created by the communist rule that still has significant impact upon the transitional era is communist successor parties (CSPs). Basically, the CSPs in post-communist countries can be divided into two categories. “The first is the legal successor party to the former ruling party and the second category involves all splinter parties that split from the communist party or its successor but still maintain a close ideology to the former ruling party.”⁷⁸ Initially, scholars presumed that the CSPs could not get rid of the historical burden and survive in the new era. However, those parties have not only survived, but successfully transformed themselves into competitive parties in the new democratic system. In the mid 1990s, many CSPs even quickly returned to power and became a solid and active force in the party system. In essence, the CSPs are different from other parties. Although they might be eager to strike off the shackles of the past and transform themselves to some degree, the visible link with the previous regimes cannot be easily cut, e.g., partisan members, ideological proximity and policy emphasis. As a consequence, voters and other parties react to the CSPs differently. According to Druckman and Roberts’ study, “the CSPs are less likely to be included in a governing coalition; coalitions that include the CSPs are more likely to be oversized and the CSPs in a government are often penalized, which means they receive less than their fair share of government portfolios.”⁷⁹ In addition, lots of citizens are still skeptical to those CSPs and they tend to punish the CSPs’ coalition partners at the ballot. As a consequence, the other parties would barely take the risk of forming a coalition with the CSPs⁸⁰. Regarding this “discrimination”, the CSPs are forced to adopt some special strategy in the dynamics of party system, which may conflict with the conventional understanding of a democratic party. The case of the MSZP in Hungary is quite typical. It alone had a majority control on the parliament and thus could form a single-party government. But to deal with skepticism both domestically and externally, the party built a governing coalition with the SZDSZ, a liberal party with strong opposition to communist past and the CSPs⁸¹. To some extent, such a move challenges the standard coalition formation theory based on minimal winning and ideological similarity and implies the specificity of the CSPs. Thus the CSPs are central to

⁷⁸ Tucker 2006, 12.

⁷⁹ See Druckman and Roberts 2007.

⁸⁰ Tzelgov 2011, 531.

⁸¹ See more detail in Andor 1996.

understanding the CEE context, and their existence also presumably affects economic voting in this region.

Since the collapse of the communism, all the CEE countries ushered in a new era. Politically, these countries have adopted similar political systems as their western neighbors, including a multiparty system, competitive elections and parliamentary-centric institutions. Besides, CEE countries showed a positive attitude in returning to Europe and quickly started membership negotiations with the European Union. Economically, these countries developed market-based institutions. They promoted economic liberalization and also privatization and the role of central planning was replaced by market forces. In essence, these grand processes should have benefited CEE countries. But as Bandelj and Radu argued, “the transition in this region is not a natural process catalyzed by successful development of economy and civil society. Rather, it is political commitment of the elites to the creation of democratic institutions and market economy, and learning by citizenry how these institutions operate – both structured also by the external pressures integral to the European Union accession process.”⁸² In this regard, the simultaneity of democratization, privatization and Europeanization presents this region with huge challenges and creates an idiosyncratic trajectory in both political and economic development.

In terms of economy, it is natural for CEE countries to transform from centralized, planning economy to market-oriented, capitalist economy after the fall of communist regimes. But at the outset, all these countries promoted a relatively radical economic reform. Price and currency controls were released; supply and demand of goods were set by market forces; the former state-owned assets were no longer subsidized but rapidly privatized. Admittedly, these “shock therapies” did change the lethargic economy, especially regarding hyperinflation, food shortages and supply of daily goods. The high annual inflation in Poland, Slovenia and Bulgaria (586%, 549% and 333% respectively) descended to double digits within a few months⁸³. But during the

⁸² Bandelj and Radu 2006, 2.

⁸³ Nuti 2007, 249.

following several years, the negative effects of shock therapy gradually loomed. From 1990 to 1994, most CEE countries witnessed another economic recession. The industrial and agricultural output decreased by 20% to 50% and the inflation soared to more than 100%⁸⁴. In some countries, the economic downturn was longer lasting and the recovery was sluggish as well. For instance, the growth, inflation and unemployment rate of Bulgaria in 1997 were still 9.4%, 123% inflation and 13% respectively, which certainly disappointed the voters⁸⁵. People in these countries were also dissatisfied with the radical reforms, in which social welfare, unemployment and the wealth gap were neglected. In line with public opinion, many CSPs returned to power which led to the reconsideration of economic reform in CEE countries. Afterwards, whether led by socialism or liberalism, economic reform in this region became gradualist and moderate. Politicians of CEE countries realized that market forces should not be set against, but combined with government macro-regulation. Furthermore, they began to attach more or less equal emphasis on economic development and social welfare and clarify the responsibility of the government for public welfare. Within economic development the employment issue, neglected during the shock therapy period, came back into focus. Indeed, most CEE countries have maintained economic growth since the middle of the 1990s except for two periods of global economic crisis.

Contrary to economic reform on the basis of industrialization and urbanization in the communist era, the political transition in CEE countries started from scratch. Within these countries, democracy had been either non-existent or far too distant in history. As a consequence, citizens did not have experience participating in democratic elections and previous party affiliation except with the communist parties. They needed to get acquainted with the rule of new games and distinguish parties that emerged in large numbers. Regarding political parties, they were not prepared either. It is a long-standing conviction that a vital and stable party system is a prerequisite for successful transition. But in CEE countries, the majority of political parties either grew out of social movement in the 1980s or emerged after the fall of communism. Thus initially, their organizations were not fully developed but relied on the leadership of charismatic

⁸⁴ Guo 2010, 136-137.

⁸⁵ Roberts 2008, 539.

politicians. The fortune of these parties was highly associated with the political futures of the charismatic leaders. It was hard for these parties to achieve stability, not to mention navigating the state and transition. So it is not difficult to understand the chaos of the political system in the early transitional stage. In CEE countries, there were more or less 100 parties on average around the first elections. In Poland, the maximum number was surprisingly 362; in Hungary, more than 80 parties participated in the 1990 election; in Czechoslovakia, the number of parties that were registered as legal exceeded 100 until 1992⁸⁶. Moreover, a large number of parties disappeared, split and merged immediately, which further increased the instability within political systems. A party that won the first election might be split into several ideologically differentiated parties before the second election. The party that entered into the government or parliament would also probably vanish from citizens' sight. Such chaos has been alleviated since the second elections of CEE countries. On one hand, citizens, politicians, and political parties gradually learned to participate in democratic contests. The loyalty to parties and trust in the democratic system have been preliminarily cultivated, though not much. On the other hand, CEE countries adopted measures, e.g. national thresholds for parties to enter the parliament and regulations on parties' finances and activities, to stabilize and consolidate the political systems in transition. Accordingly, a stable party system format with two major parties and several smaller parties can be found only in some countries. In other countries without such format, there are also several large parties that dominate party systems. Thus the political systems of these countries appear relatively stable in the later period, even though the level of institutionalization remains lower than in established democracies.

Generally, the transition in CEE countries represents duality ever since the start. On one hand, all these countries have adopted similar political systems as their western neighbors. Their political systems are undergoing gradual, but more or less obvious consolidation and market-orientation has been basically established. To the contrary, the unique characteristics and context, usually illustrated by the occasionally haphazard dynamics, often leads to contradictory conclusions and challenges the conventional theory based on established democracies. As Roberts said, "we may thus tentatively say

⁸⁶ Fang and Sun 2006, 150.

that the CEE countries represent a new type of governing pattern, at least for the time being and the conventional explanatory variables capturing the type and functioning of political institutions in established democracies cannot be well applied in these countries.”⁸⁷ Indeed, this transition, in particular the merits, drawbacks, and manifestation remains inconclusive. But to many scholars, the progress of the transition is not sufficient to meet expectations and prove that political systems of CEE countries are approaching those of western democracies. Tzelgov argues that “post-communist governments are still unstable relative to western governments and this fact points to the ongoing under-institutionalization of party systems during the transition.”⁸⁸ Akin to Tzelgov’s argument, Stojarová et al. (2007) summarize four main defects with respect to consolidation of party system in CEE countries, including poor trust in party politics, instability of party system, loose cooperation within coalitions and insufficient electoral experience. Saarts (2011) evaluates the political transition of CEE countries in a broader perspective but draws a similar conclusion. He argues the political systems in CEE countries now are less institutionalized and consolidated compared to their counterparts in western Europe and summarizes the level of institutionalization for those party systems in seven main aspects:

*“1) Party systems are more fragmented than in Western Europe. 2) The linkage between the voters and parties is quite weak. 3) Ideological stances of the parties are not so well-defined. 4) Cleavages are absent or very weakly manifested. 5) Party organizations are less institutionalized and more dependent on the state. 6) Party membership is lower than in Western Europe. 7) Trust in parties is lower compared with Western Europe.”*⁸⁹

Therefore, there is still a long way for CEE countries to catch up with established democracies. Though the above content is brief, it might well demonstrate the unique trajectory of CEE countries in the 20th century. Admittedly, the political context in this

⁸⁷ Roberts 2006, 59-60.

⁸⁸ Tzelgov 2011, 552.

⁸⁹ Saarts 2011, 84-85.

region is idiosyncratic. The chaos and unrest of the transition set these countries apart from established democracies like western European countries and the unique communist experience further differentiates them from other new democracies. As two giant political experiments, communism and the subsequent transition to democracy have significantly molded the people and society in the region. Then given such different background conditions, can economic voting survive? If it can, then what unusual patterns does economic voting show in these countries? Normally, this question would be the logical origination of vast economic voting research on CEE countries. In the next section, the author will review the efforts and merits, as well as research rubs and disputes of these studies to see how economic voting really works in this region.

2.2.2 Economic Voting in CEE Countries

Compared to the popularity of economic voting study in developed democracies, research on CEE countries is relatively scarce. Apparently, this is mainly due to data availability. Only a limited number of elections were held in those CEE countries. Furthermore, the political and economic fluctuations of CEE countries increase the difficulty of relevant research and make the research results more implicit than explicit. In fact, the target of analysis also convincingly illustrates the difficulty in studying these countries. Concerning existing literature, few choose to compare countries or elections. Rather, the primary concern of scholars is to explain the results of one specific election regarding economic issues. Although fraught with difficulties, these studies are ground breaking. Basically, studies related to economic voting in CEE countries deal with three main issues. First and foremost, is economic voting able to survive in the idiosyncratic context of CEE countries? To date, almost all the relevant studies prove that economic voting does exist in these countries. The second concern is that if economic voting patterns in this region are similar to those of established democracies. With respect to this question, a lot of scholars present their individual conclusions. Although they may have disagreements on the real economic voting patterns in this region, to a minimal level they all accept that economic voting of CEE countries is totally differentiated. Based on the second question, the last question would be why economic voting is

differentiated in these countries. The least scholarly attention has been paid to this sphere. Firstly, the conventional explanatory variables may not fit the CEE context. Secondly, the adoption of new variables is hampered by data reliability and continuity. Although several studies propose useful explanations and shed light on future research, they are still not sufficient to unveil the mystery that lurks behind. Following the mainline of the three issues above, I will review the existing literature in the analysis to come, in order to see what we have studied on the economy-polity link in CEE countries.

As noted earlier, whether the economy-polity link is present in CEE countries is worth questioning because of inexperience with democracy, unprepared citizens and parties, and immature civil society. Indeed, the scholars' preliminary concern is not that negative economic situation would lead to voters' disliking the incumbent, but rather that dissatisfaction with economic performance entails social opposition to democracy and capitalism. The prevailing phenomenon of CSPs returning to power in the mid-1990s further heightens these concerns. However, such suspicion has proved to be unwarranted. After taking power, the CSPs transformed into competitive parties within the democratic system and showed no sign of leading CEE countries back to communist rule. What is more, the CSPs even displayed a more positive attitude towards economic reform than right liberal camp. More importantly, citizens in CEE countries are able to distinguish the incumbency from the general institutions. Duch shows that "people in post-communist countries are not likely to abandon democracy and capitalism because of economic chaos, no matter how much information, education, or status the citizen has."⁹⁰ Rather, they are likely to punish the governing parties for a sluggish economy. Negative economic conditions lead to negative electoral results for the incumbent. The findings of Duch's research demonstrate the presence of the economy-polity link in CEE countries even at the early stage of the transition⁹¹. Meanwhile, similar evidence has been found in other countries or elections. Pacek examine the national elections of three CEE democracies from 1990 to 1992. He verifies that "citizens undergoing

⁹⁰ Duch 1995, 122.

⁹¹ The countries that he studied are Poland, Hungary, Czechoslovakia and also Russia (not a CEE country) around 1990-1991 period.

economic hardship have a marked propensity to turn away from incumbent reformist administrations and to turn toward conventional and extremist opposition challengers.”⁹² Bell explores the voting behavior in transitional Poland from 1990 to 1995. He argues that the economy really matters for elections and an important evidence is the clear correlation between the unemployment and the electoral results, which in his perspective led to the rise of support for the CSPs⁹³. Anderson et al. concentrate on the 1994 Hungarian parliamentary election and they find that the disappointment about the past economic conditions encouraged voters to support the opposing parties⁹⁴. In a general sense, early researchers came to a consensus that economic voting is able to work in CEE countries⁹⁵.

Once the political and economic development in CEE countries were back on track, economic voting studies on these countries entered a new stage as well. Due to the economic chaos in the early transitional stage, what scholars examine is usually the correlation between economic deterioration and the rejection of governments. Only since the economy showed resilience and growth after the mid-1990s, have scholars acquired the opportunity to learn how voters evaluate the incumbent and make voting decisions under good economic conditions. This certainly helps to depict a comprehensive picture of economic voting in CEE countries. Furthermore, analysts are not content with a simple judgment on the survival or failure of the economy-polity link. They also started to reveal the unique feature of economic voting patterns in these democracies. Accordingly, studies involving multiple countries or multiple elections are increasing. Research by Tucker (2006) and Roberts (2008), for instance, includes 5 countries, 20 elections and 10 countries, 34 elections respectively. By examining these elections in chronological order, scholars indeed find something unique in the economic

⁹² Pacek 1994, 739.

⁹³ Bell 1997, 1263.

⁹⁴ Anderson et al. 2003, 476.

⁹⁵ Under the simple consensus, scholars might have debates on how much of an impact economic conditions have on electoral results. For instance, Harper (2000) believes that economic factors have at best a modest effect on vote choice in these countries. Equally, Powell and Cox (1997) suspect that non-economic issues are of paramount importance and thus the electoral result is not so easily explained by economic dissatisfaction and punishment of incumbency. Basically, their arguments are different from the mainstream viewpoint that the economy is most significant to electoral results.

voting patterns of CEE countries. In light of Roberts' study, there is a prevailing hyper-accountability in these new democracies. The term "hyper-accountability" here consists of twofold meanings. First, there is a high correlation between economic conditions and electoral results; whereas in the second place, "the incumbents are not distinguished by electoral reward or punishment, but rather by large and small vote loss – namely, virtually all governments are punished, no matter how well they performed economically"⁹⁶. In fact, the asymmetrical reward and punishment can also be observed in other democracies. Students of economic voting usually interpret it in terms of the asymmetrical grievance hypothesis. However, the asymmetry of reward and punishment is small in developed democracies. In Paldam's (1991) research, governments on average lose 2-3 percent of the national votes relative to their previous vote share. McDonald and Budge (2005) come to a similar conclusion. They believe the average loss is approximately 2.3% independent of the governmental performances. But in CEE countries, "the average vote loss of all governments is 14.8 percentage points, much larger than its counterpart in established democracies. If looking at individual parties, the mean loss is still 6.9%, and only 29% of the parties gain votes."⁹⁷ Therefore, the hyper-accountability and high cost of governing can still be recognized as a unique feature of CEE countries. Duch (2001) examines asymmetric reward and punishment at the micro-level. In terms of his study, voters who believe the national economy is a lot worse and somewhat worse generally have the same attitude towards the incumbent. "Support for the incumbent only responds aggressively to a movement of economic perception from the remained the same to somewhat/a lot better, which illustrates a certain asymmetry in how economic perceptions shape vote decision."⁹⁸ Tucker interprets the idiosyncrasy of economic voting within this region in a different way. In the continuous studies (Tucker 1999, 2001, 2004 and 2006), he argues that a transitional model associated with the communist past is more appropriate for CEE countries. Parties in these countries are naturally divided into two groups: new regime and old regime parties⁹⁹. As citizens would compare the current economic conditions and their

⁹⁶ Roberts 2008, 533-534.

⁹⁷ Roberts 2008, 538.

⁹⁸ Duch 2001, 902.

⁹⁹ As noted above, old regime parties are defined as those most closely associated with the prior ruling communist party whereas new regime parties are highly associated with the transition away from communism.

individual situation with the communist period, the relationship of the party vis a vis the communist past could affect electoral support. New regime parties are held responsible for the changes involved in the transition and thus deserve punishment when the economy is bad. This is in accordance with the logic of standard economic voting. But on the other hand, old regime parties should be approached in a different way. The more dissatisfying the economic performance is, the more voters would think of the communist past. Then the old regime parties obtain more support. Bad economy leads to good electoral fortune and good economy means bad results. This reverse link for old regime parties illustrates the irregular patterns of economic voting in CEE countries. Such a transitional model is supported by Owen and Tucker's research. Their analysis in the Polish context reveals that the standard theory of economic voting is only workable for a short-term (one legislative term) economy polity link whereas the transitional model is vindicated by a strong correlation between the long-term (after the fall of the communism) economic perceptions and election results for a wide range of parties¹⁰⁰. Generally, lots of research demonstrates the idiosyncrasy of economic voting in CEE countries and suggests that standard economic voting theory may not work well in this region and thus needs to be refined.

Save for the basic patterns, scholars also aim to explore economic voting in CEE countries on a deep level, e.g. voters' propensity and the impact of political context. Actually, the above transitional model in itself implies a significant presumption of voters' propensity. As Owen and Tucker indicated, "citizens may reasonably compare current situations with a host of different alternatives including the state of the economy when the incumbent took office, conditions in neighboring countries, actual economic conditions over some elapsed period, etc."¹⁰¹ In terms of the transitional model, the communist era is the most significant elapsed time in CEE countries. Economic status of the communist past provides the crucial long-term comparison for voters and this long-term evaluation even outweighed the short-term evaluation with respect to voters' final perception of the current economy and their voting decisions. Thus we can clearly see the inclination of the transitional model – voters are apparently retrospective, but not

¹⁰⁰ Owen and Tucker 2010, 25.

¹⁰¹ Owen and Tucker 2010, 28.

necessarily myopic. Fidrmuc (1999) rejects the idea that much ink should be spilled on the past. He believes that “economic payoffs at stake in elections during fundamental economic transition are arguably larger in these countries and thus retrospective voting might not be a good strategy for voters.”¹⁰² Voting behavior in these countries is more prone to a looking forward pattern and voters tend to support parties that could serve their interest and deliver good policies in the future. With no attractive new policies, a government with good performances could lose reelection. Apart from a variety of voters’ propensity drawn from studies of established democracies, there is also voting behavior specific to transitional democracies. Pacek finds that “deteriorating economic conditions are likely to decrease voter turnout. For instance, the rising unemployment and declining real incomes combined with disappointing social welfare nets lead citizens to withdrawal from the political process at the aggregate level.”¹⁰³ This finding is confirmed by subsequent studies. For instance, Mason equally posits that “citizens in those post-communist countries remain discontented with the economy, cynical about politics, and become increasingly away from the polls on election days.”¹⁰⁴

Furthermore, many scholars focus on the interference that come from political institutions and context in CEE countries. In a related study, Birch (2001) associates the electoral volatility in these countries with the turbulence of their party systems. She argues that in these multi-party systems with low parliamentary thresholds, there are always a large number of parties on offer at election time. “Fewer parties in the system mean fewer alternatives that might attract voters at given ideological points, whereas a greater number of parties mean more parties that are proximal to voters in ideological space, so more options that voters might be appealed to.”¹⁰⁵ Furthermore, frequent party mergers and splits, entries and exits also disturb people’s perception on the incumbents and result in voters disorientation. Thus in the context of CEE countries, economic voting is certain to be diluted by the unstable but large party systems. In fact, what Birch discusses is a complicated issue in the electoral arena. The linkage between

¹⁰² Fidrmuc 1999, 2.

¹⁰³ Pacek 1994, 739.

¹⁰⁴ Mason 2003/2004, 48.

¹⁰⁵ Birch 2001, 6.

electoral results and instability of the party system is a classic chicken and egg problem. The change of electoral results can be argued to be either a precursor or a production of unstable party systems. But according to Tavits' analysis, "electoral volatility in CEE countries actually reacts to the turbulence of party systems rather than triggering the change in the supply of parties and the unstable party systems."¹⁰⁶ Thus concerning economic voting study, unstable party systems represent a reasonably appropriate factor to explain the irregular patterns in this region. Shabad and Slomczynski conduct research in the context of Polish party system and draw similar conclusions. They claim that two contextual features undermine the magnitude of accountability and electoral control in Poland and both features, in their perspective, are not peculiar to Poland but commonly shared by other political systems in this region¹⁰⁷. One feature is identical to the findings of Birch's studies – the fluidity of party system. The other is the polarization of party system. According to their research, "the polarization of Poland's party system impedes electoral control by deterring dissatisfied voters from punishing governing parties because of the lack of attractive alternatives."¹⁰⁸ Other than party politics, Fidrmuc (1999) also examines the influence of social cleavage on economic voting. In terms of his classification, "the transition creates winners and losers within the economic reform. The winners, also as the pro-reform camp, are usually private entrepreneurs, urban residents, white-collar workers and highly educated voters; in the meanwhile, the anti-reform camp often includes the unemployed, retirees, blue-collar workers and rural residents."¹⁰⁹ Two camps have different opinions on the economy within the transitional era, support different types of parties and thus make different voting choices. Indeed, the rotational ruling between left and right parties in the transition illustrates well the dominant effect of winner-loser division upon voting behavior and electoral results.

¹⁰⁶ Tavits 2008b, 549.

¹⁰⁷ Shabad and Slomczynski 2011, 317.

¹⁰⁸ Shabad and Slomczynski, 310.

¹⁰⁹ Fidrmuc 1999, 199-200.

2.2.3 Conclusion

In a nutshell, scholars have found plenty of evidences to refute the idea that economic voting could not survive as a coherent and prevailing pattern in the elections of CEE countries. To some extent, the complete failure of economic voting in the CEE context might be a theoretical artificial, rather than an empirical fact. In addition, a number of related research illustrate the idiosyncrasy of the economy-polity link in this region and several even go further to explain why economic voting of CEE countries appears to be differentiated. Admittedly, all this research provides useful explanatory variables and sheds light on future study. Yet in another sense, economic voting in CEE countries is still a fresh research topic and fraught with research gaps. Firstly, the process of economic voting is an integrated chain constituting three links: perception of economy, clarity of responsibility and clarity of alternative. In a general sense, perception of economy means how voters view the real economy and translate it into their own evaluations; clarity of responsibility represents how voters discern and attribute the responsibility for managing the economy; clarity of alternative reflects how voters single out the potential alternative for the incumbent, or to put it in the reverse, under what conditions a party system could provide desirable alternatives. In economic voting studies, all the three links are of theoretical significance as well as empirical relevance. Concerning the extent of research on CEE countries, a sheer bulk of literature examines the impact of economic voting by only exploring one or two links¹¹⁰. No real effort has been made to combine all the three links. Although there are studies like Fidrmuc 1999 and Roberts 2008 that analyze the economic voting pattern more comprehensively, the explanation on clarity of alternative, also known as “incumbent alternatives for dissent”¹¹¹, is always missing. Hence, their explanatory models fail to capture some of critical changes taking place in the political systems and lack stability. For instance, Wade et al examined the voting pattern in the Polish 1991 election and revealed that unemployment was one of the most significant issues to explain the vote change of governing parties and the rising unemployment rate encourage voters to support the opposition. Yet, in a following research examining the Polish election in 1993, the same

¹¹⁰ See Anderson 2003, Tucker 2006, Owen and Tucker 2010 and so forth.

¹¹¹ See Lewis-Beck 1986 and 1988.

authors find that “unemployment was no longer a statistically significant predictor of the election result and only one economic indicator (prices) had a significant impact upon vote shares.”¹¹² As to the contradictory conclusions, a potential reason is that they overlook the dramatic changes within the political system, especially given the high political instability of Poland at the early stage of the transition. In view of this instability dilemma, one major contribution that we hope to make in this research is to combine all the three links together and propose a more comprehensive but robust explanation model on the economic voting patterns in CEE countries. In this research, it is assumed that an economic voter would go through the three links step by step to make the final voting decision. In each link, there are different contextual factors that affect voters’ thinking and behavior. Although these contextual factors are mutually independent, the chain of economic voting as a whole is only as firm as its weakest link. Factors that impede voters from behaving as an ideal economic voter in each link would certainly affect the general economic voting pattern. Hence, all the contextual factors are combined together to make up an explanatory model of the whole process from economic conditions to the real vote. Expectedly, this explanatory model could not only avoid the instability dilemma, but also serve as an analytically useful tool, with which we could explain economic voting of CEE countries in a comparative work and further make predictions about any transitional countries with communist experience.

Pertaining to economic voting, another contribution that we hope to make is to systematize the interpretation of idiosyncrasy within the CEE context. During the past two decades, scholars have proposed useful explanatory variables to interpret the political context in CEE countries and analyzed their impact upon economic voting. Yet to date, no index has been designed to summarize the major contextual factors in these countries. More importantly, scholars often interpret the political context by a simple addition of variables. There is no systematic rule on which variables should be included rather than excluded and how variables are categorized in terms of their functions in economic voting. For this sake, we assume that political context is not a static concept determined by the general institutional setup, but the dynamic trait of a political system. For a governing party, the impact of political context upon it can be divided into three

¹¹² Harper 2000, 1194.

aspects: 1) individual context; 2) governmental context; 3) external context. Specifically, the individual context is related to the party-specific attributes, such as its ideology, reputation and association with the past. The governmental context means the position of a party within the government. It mainly describes the power distribution and interactions within a government. The external context summarizes the potential factors that influence the creation of available alternatives in a party system, namely the pressure of competition outside the government. Translated into economic voting theory, the individual and governmental context determine how voters assign the responsibility for managing the economy to a governing party whereas the external is equated with clarity of available alternatives. To some extent, all the contextual factors can be categorized into one of the three aspects, which make it easier to understand the logic of adding them as well as their functions in economic voting.

Last but not least, most of the economic voting studies on CEE countries target a single election or several elections in a single country. Though the limited number of democracies and elections mean that it is tough to conduct a cross-national or multi-electoral study, the prevalence of single-election and single-country studies is still astonishing¹¹³. Moreover, the related studies are not evenly distributed across countries. According to Tucker's observation, "Poland is the most studied of CEE countries with respect to elections and voting behavior, followed by other Visegrad countries."¹¹⁴ Elections in Bulgaria and Romania are seldom examined except in cross-national research. Indeed, "one should bear in mind that the similarities shared by CEE countries may have outnumbered those in any other group of countries in the 20th century."¹¹⁵ In terms of political study, it is still more appropriate to take these countries as a research object clustered together. Neglect of certain countries may cause us to miss some of the collective features and common explanatory factors within economic voting in CEE countries. Therefore, we go beyond the research on single elections or countries and extend our research sample to 10 CEE countries during the full transitional era, which contributes to reducing — if not eliminating — the uncertainty and instability of results.

¹¹³ See summary in Tucker 2002.

¹¹⁴ Tucker 2002, 278-279.

¹¹⁵ Tucker, 280.

Cases that underlie our analysis cover a long time period from 1990, approximately the start of the transition, to the end of 2014, when the transition was about complete. At the very least, we hope the precision and accuracy of the research results would not be undermined by a particular set of circumstances based on single-country or single-election specificities. The final explanatory model could depict a clear but comprehensive picture of economic voting in this region during the past 25 years, which could provide systematic evidence and set a baseline for future studies. But more optimistically, we expect our economic voting pattern to clearly show the variation of economic voting within the time dimension, which is a significant indicator to assess the political transition in CEE countries. If we observe a gradually stronger economic voting during the transition, it either demonstrates that voters in CEE countries become more familiar with electoral contests and the level of economic voters increases, or bears out that democratic systems in these countries are more efficient at ensuring accountability. Otherwise, we could conclude that insufficient evidence of economic voting is found to support a “progressive” change in this region, which would also raise new and interesting questions on the grand transition. In a nutshell, we hope we could connect the empirical study of economic voting with the evaluation of the general transition by examining the time effect upon the economic voting patterns in these countries.

2.3 Refined Explanatory Model of Economic Voting in CEE Countries

In section 2.1, we mainly elaborate the general theory of economic voting, which develops from a simple hypothesis into a complex project. Fundamentally, the economy does matter for elections. But in another sense, electoral results are not solely determined by economic conditions. Interpreting elections simply by economic conditions is wrong and short-sighted. Specific to economic voting, the intensive debates show that the theory is less than perfect. At the micro level, voters have different propensities and do not homogeneously react to the economy. At the macro level, there is indeed a correlation between macroeconomic conditions and electoral results but the general economic voting patterns are not unified across different political

institutions. Thus to study economic voting, it is a necessity to account for the political context, which is often used as a loose definition to capture both factors that structure voters' thoughts and behavior at the aggregate level and as an explanatory variable that indicates the institutional features and dynamic traits of a political system. In more and more empirical studies, the standard model of economic voting is refined in this way. As to CEE countries, the rapid transition together with the past communist experience distinguish them from any other democracies in the world. Hence, it is reasonable to argue that economic voting is significantly influenced by the idiosyncratic political context and thus appears to be an irregular pattern. In fact, existing studies have already found the unique features of economic voting in these countries. But concerning how the unique features are linked with the political context, much remains ambiguous. Namely, no comprehensive explanatory model with the interpretation of the political context has been designated for these countries. Thus in this research, I aim to refine the conventional economic voting theory by reconsidering the whole chain of economic voting in their political context. The chain from economic conditions to the final vote will be divided into three links: voters' perception of economy, clarity of responsibility and clarity of alternative. In each link, I will propose several context-sensitive factors that are influential to the link as well as the whole chain. In this way, the economic voting model of this research is formulated by aggregation of these explanatory factors, which is not made by simple addition, but follows a systematic logic.

In this research, the primary question we seek to explore is how economic conditions affected electoral results in the idiosyncratic context of CEE countries during the past two decades. To this order, we conduct a macro-level analysis, which mainly concentrates on the correlation between macroeconomic indicators and electoral outcomes. As discussed above, macro-level and micro-level analysis represent two major approaches to conducting economic voting research¹¹⁶. The divergence between

¹¹⁶ In recent years, scholars have started to adopt multi-level modeling in economic voting studies. In terms of Jones et al.'s explanation, they identify four spatial scales that are relevant to the study of voting behavior: individual, place, region, and country. Since multi-level modeling could connect all these scales and deal simultaneously with both individual and ecological data (Jones et al. 1992, 347-348), statistically, scholars are more and more interested in analyzing data by multi-level modeling procedure. Unfortunately, the number of multi-level analyses within economic voting is still not matchable against that of macro-level and micro-level research. And to some extent, multi-level modeling is only a variant of the micro-level approach because scholars often employ it to cope with diverse individual-level surveys. So in the analysis to come, we only discuss the theoretical foundations and

them is not only a methodological issue or preference of data type (aggregate vs. individual). It also reflects different theoretical understandings of voters' rationality and economic voting. In terms of macro-level analysis, voters perceive the incumbent's performance in terms of the economic conditions and reward or punish it at the ballot. Hence, there should be a strong correlation between objective economic indices and electoral results of incumbents as macroeconomic indices are relatively salient and easily measurable for ordinary voters. Thus in both theoretical and empirical assessment, the main focus is to clarify if such a correlation does exist, or more deeply what relevant factor impedes or facilitates the correlation and thus leads to the differentiation of economic voting patterns. Though seldom discussed by scholars, there are also implicit assumptions of voters' rationality and propensity in macro-level analysis. First, voters are rationally ignorant. Limited to capability or willingness, they are not able to clearly understand the government's performance in all the domains and give comprehensive and systematic perception of the incumbent. Therefore, they are more likely to evaluate the government performance by economic condition which is not only vital and salient, but easily known as well. To some extent, this is also the logical basis of economic voting theory shared by all the related research. Second, voters are homogeneously sociotropic. They tend to judge the government performance by the national economy rather than the personal finance as the responsibility of the incumbent is to ensure the good of all the people, not a specific class or group only. So at the aggregate level, electoral fortune of the incumbent can be reflected by macroeconomic indices, which only illustrates a general picture of the economy at the national level. As regards the studies on CEE countries mentioned-above, several of them, e.g. Bell 1997, Mikhailov et al. 2002 and Roberts 2008 belong to this camp. Though they may differ in their research interest, hypothesis formulation and case selection, they all aim to explore economic voting by building a correlation of electoral results with macroeconomic indices and other variables reflecting the overall context in this region.

However, for scholars who opt for micro-level analysis, economic voting as a concept linked to individual behavior cannot be examined by analyzing aggregate data only.

methodological advantages of macro-level and micro-level approaches and elaborate the reason we prefer the macro-level approach in this research.

Probably, voters' evaluation of the economy is not equated with national economic conditions and that evaluation would not directly lead to the final voting choice. In fact, we need to acquire real knowledge about how voters think about the economy and how they make voting decision based on economic evaluation. Thus instead of macroeconomic indices and real votes, scholars often use survey data to analyze voters' rationality and psychological sophistication in the whole process of economic voting. Based on a variety of micro-level studies, scholars demonstrate that voters' rationality is heterogeneous rather than homogenous. In political reality, there are certainly voters of low sophistication who know little about political dynamics and only look at the economy in a retrospective and myopic way. But on the other hand, voters with more expertise regarding political and economic information do exist. So within the economic evaluation and voting decision making, voters may present diverse propensities: they may look at the economic condition in a retrospective or prospective way; they may evaluate the economy based on the national level, personal context or even the situation of their own community; they may attribute all the economic changes to the incumbent's performance or they may consider the external factors that affect economic development. In addition to perception of the economy, there are also systematic biases within the process from voters' economic evaluation to voting decision. Namely, the way that voters clarify the responsibility of the incumbent and potential alternatives for the incumbent could be quite different as well. In terms of empirical studies on CEE countries, in a majority of the literature, such as Przeworski 1996, Powell and Cox 1997, Duch 2001 and Anderson 2003, the research models are mostly estimated and interpreted from opinion polls, which provide more details about voters' thinking than the vote. Sometimes, scholars even group people by their preference or social class to see more nuanced propensity in voting behavior.

Apparently, there is a sharp distinction between macro and micro-level approaches, especially on the understanding of economic voting and the way to conduct research. But on the other hand, micro-level studies do not fundamentally overthrow macro-level analysis although they refute the idea of voters' homogeneity. To some extent, they even contribute to verify the presumption as well as the findings of macro-level studies. For instance, a variety of survey studies have demonstrated that voters are in a general

level risk averse and limitedly rational. Thus we can only have modest expectations of the realistic level of voters' sophistication. Voters of low sophistication are normally the rule rather than exception. Besides, more evidence is found in survey responses to support that voters tend to assess an incumbent's performance based on the national economy. As mentioned in Section 2.1.2, the sociotropic effect are stronger than the pocketbook voting in empirical assessment. Hence, the fundamental logic of economic voting at the macro-level is still workable. More importantly, micro-level research has shown that in both economic evaluation and decision making, voters' thinking and propensity are not random or only considerable in personal context¹¹⁷. Rather, they are to a large extent a systematic and unified bias, which is caused by contextual and institutional factors at the aggregate level. Concerning a group, the common characteristic of that group could indicate the subjective variation of its members and group difference in the applied reasoning creates differentiated thinking or propensity. At the national level, the politically engaged segments of the population may reflect the systematic differences among voters' propensities. In cross-national studies, "political dynamics and institutional features provide possible explanations for cross-national variations in the magnitude of these biases."¹¹⁸ This theoretical implication, indeed has changed macro-level studies significantly. Namely, even in macro-level research, we can still examine or explain the subjective variation of voters' perceptions on a systematic and aggregate level by introducing appropriate variables into the explanatory model. For instance, party loyalty could rationalize voters' economic perception and discernment of responsibility. So it is qualified as a useful variable to reflect the divergent voters' perception in macro studies on established democracies. Whereas in new democracies, party identification has not been fully developed and new parties are particularly attractive in electoral contests. Thus entry of new parties could represent a systematic bias of voters' intention in those countries. With respect to current macro-level research, selection of explanatory variables is not due to creative ideas of scholars or statistical evidence in previous empirical studies. To the contrary, they are often variables, of which the systematic effect upon voters has been verified in micro-level analysis. As regards the research results, the significance and large effect of variables demonstrate that certain systematic bias, whether in voters' economic evaluation, clarity

¹¹⁷ See Duch et al. 2000 as well as Anderson 2007.

¹¹⁸ Dorussen and Taylor 2002, 11.

of responsibility or alternative, does exist at the aggregate level. Specific to our dissertation, we do not claim that voters in CEE countries are homogenous and thus think and behave similarly within the electoral arena. Yet, there should be some common characteristics shared by a large number of voters in terms of their thinking and propensity, which we can observe at the macro level. Whether contextual factors actually create such common characteristics is the issue we are particularly interested in. So theoretically, even if we only concentrate on aggregate data, we do not assume that the understanding of economic voting in macro-level analysis is superior to that in micro-level. Rather, the aggregation of micro-level models and estimations is often fraught with noise and errors, which impedes us from understanding the irregular economic voting patterns as well as the contextual factors at the aggregate level.

Second, two streams of approaches measure the dependent variable, namely support for the incumbent in different ways: one is the actual electoral results; another is voters' choice in a simulated election, namely survey data. To a large degree "the economic factor weighs differently, when the outcome variable is the actual vote, rather than an opinion in a poll."¹¹⁹ Normally, scholars tend to choose the appropriate measure in terms of how they treat economic voting and what questions they are addressing. In this dissertation, I assume the election outcome might be the better choice as survey data cannot demonstrate the actual correlation between economic conditions and election results, especially given the idiosyncratic context of CEE countries. 1) "A vote is the real thing that may topple the government, while a poll is a riskless simulated election."¹²⁰ Punishing the incumbent in a questionnaire is totally different from kicking out the rascals in a real election. Although the designs of questionnaires are diverse, public opinion polls mainly involves two core questions: one is about the popularity of the incumbent or the interviewees' choice in a simulated election; another is about economic evaluations. Thus the impact of economic voting is probably larger in polls than in real elections as the only issue interviewees consider in a questionnaire is the economy itself. But in a real election, voters need to think about the attribution of governmental responsibility and clarity of available alternatives. Blurred responsibility

¹¹⁹ Lewis-Beck and Paldam 2000, 115.

¹²⁰ Nannestad and Paldam 1994, 229.

distribution between governing parties or changes of party supply may change what they think about in polls and lead them to a different choice, which is rarely reflected in survey responses. Thus as opposed to polls, the actual voting choice is more appropriate to explore the mediation of political context on economic voting. 2) A vote normally takes place after a campaign, which offers voters sufficient information about the general political and economic climate as well as other things they should know before an election. Simultaneously, voters also need to acquire relevant information and prepare for the election. As mentioned above, voters' economic knowledge is not constant, but increases before the election and goes downward after that. However, opinion polls are conducted at times other than around the election and interviewees do not have to prepare for a questionnaire without advance notice. Compared to voters' decisions at election time, opinions in a poll appear to be more simple and myopic, which may not well illustrate voters' rationality and deliberation in the complexity of CEE political systems. 3) Specific to CEE countries, we are wary of the attitude that voters have towards surveys or questionnaires. Due to the communist experiences, citizens in these countries are probably less willing to express their opinions publicly or expose their preference in a survey. To some extent, only the votes present their real decisions. Such a tendency was especially true in the early stage of transition when voters were still largely affected by the communist legacy. So in a nutshell, we believe the real vote is more appropriate to explore economic voting as well as the mediate effect of political context in CEE countries.

The third reason we conduct a macro-level analysis is based on the present state of research on economic voting in CEE countries. As to general economic voting study, macro-level research and micro-level survey analysis draw more or less equal attention. But with respect to economic voting studies in CEE countries, macro-level research generally accounts for a smaller proportion than micro-level research with high reliance on survey analysis¹²¹. Furthermore, scholars often examine the economy-polity link at

¹²¹ As mentioned above, one probable cause for the uneven proportion is data availability. Assuming that a scholar aims to examine the economic voting patterns over time, if he conducts macro-level research, he needs to compare electoral turnouts and economic conditions at different election times. Then the research requires that two consecutive elections have already been held and accordingly the minimal time interval is at least four years. However, conducting surveys is not limited to the election time or the election year. With survey data, one can even observe a per-month change in people's perception of the economy and the government. Thus in CEE countries with

the regional level instead of at the national level¹²². Partially, this is due to the underlying issues that scholars care about. But a bigger reason is the data availability as a limited number of elections are held in this region. Consequently, disaggregation of vote and economic data by region or replacement of real votes by survey responses are adopted to examine the impact of economic voting. However, such an alternative may be in itself fraught with pitfalls. As regards regional-level studies, scholars like Tucker have pointed out that “several economic indices like inflation are not in accordance with a cross-regional research, as a substantial variation of them is usually over time rather than cross-regional in a single time period and moreover, it is hard to find economic figures disaggregated to the regional level.”¹²³ And for micro-level analysis, the varying size, scope and methodology of surveys are always a significant problem when generalizing or validating the research results. To some extent, the results still need to be examined in the real electoral circumstances of CEE countries. More importantly, almost 25 years have passed since the start of the transition, and a sufficient number of elections have been held in CEE countries¹²⁴. Now data availability is not a problem. But on the other hand, cross-national studies at the national level are far from prevalent and no clear picture of economic voting in CEE countries over the full transitional era has been given in related studies. To fill the gap, we intend to systemize the electoral results. This is the last but not the least important reason for conducting the research at the macro level. In the content to come, all the discussion concerning economic voting refers to the correlation between the national economy and real electoral votes, instead of a regional or micro level explanatory model.

a limited number of elections and several of them not qualified as democratic, it is more feasible to conduct micro-level research with survey data, especially for the first-decade studies of economic voting.

¹²² Here, the term “region” refers to the administrative districts within a country. Studies of regional level include Páček 1994; Fidrmuc 1999; Bell 1997; Tucker 2006; Jackson et al. 2005. See a relevant literature review in Roberts 2008.

¹²³ Tucker 2006, 20.

¹²⁴ Due to early elections or other special reasons, the number of democratic elections varies across country. Up to 2009, there were 7 free elections held in Hungary since the fall of the communism whereas only 5 elections took place in Slovenia in the same period. For countries that received their independence after the communist era, the number of elections is even more limited. Czech Republic and Slovakia both held their fifth elections in 2010 if we count from their independence. But in a general sense, at least 5 free elections were held in each country before 2013, which provides a sufficient number of cases to study.

To date, it is a gradually accepted idea in economic voting that cross-national studies should take account of critical features of political context that affect economic voting. Thus a refined explanation should be a combination between fundamental logic of economic voting and good interpretation of the political context. With respect to CEE countries, such an explanatory model has yet not been fully developed. What might an economic voter look like in CEE countries? And how would he or she transform the economic conditions into a real vote? In terms of these two significant questions, I restructure the standard economic voting theory in terms of the idiosyncratic context of CEE countries. In another sense, this is also a process to interpret the political context and systemize various contextual factors with the principles of economic voting. In this exploratory research, it is assumed that three essential links – **perception of economy, clarity of responsibility and clarity of alternative** constitute an integral chain of economic voting¹²⁵. All voters go through these three links step by step to make a final voting decision, regardless of their level of information and sophistication. For an economic voter, these links are mutually independent. His propensity for economic evaluation does not affect the way that he attributes responsibility. Equally, whether there is a clarified alternative for the incumbent would not change his opinion about the current state of the economy. Furthermore, the chain of economic voting is a continuous process and the whole chain is only as firm as the most fragile linkage. A disturbance in one link certainly affects the impact of the economy upon electoral results. Accordingly, the explanatory variables for each link could also account for the general economic voting patterns. In the content to come, I will probe into the three links more specifically and analyze how a typical economic voter in CEE countries perceives the economy, clarifies the responsibility of the incumbent and searches for available alternatives within the party system.

Such an explanatory model is based on two general assumptions. Firstly, citizens' concerns about economic issues are more intense in CEE countries than in developed democracies. With respect to economic voting, earlier scholars usually assert that economic conditions not merely affect the electoral results, but rather determine the

¹²⁵ In the complete chain of economic voting from real economy to voters' perception and from voters' perception to the vote choice, these three links are commonly used terminology in relevant studies. About discussions on these three links, see more details in Anderson 2000.

electoral results. “When you think economics, think elections; when you think elections, think economics.”¹²⁶ This statement may well reveal the cognition of earlier scholars – the dominance of economic concern in elections is an empirical fact. But as research moves along, scholars have found that they may have been too confident in economic voting. Economic conditions cannot solely determine the electoral results. Apart from economics, there are also other major issues that influence voting decisions, such as social cleavages and partisan identification. As Lewis-Beck asserted, “all three research traditions are valid and bear fruit whereas the problem with these different perspectives on comparative electoral behavior - economic voting, social cleavages, and partisan identification - is that they are not integrated.”¹²⁷ In this regard, not all variance in the vote share can be explained by economic variables and part of the election outcome is highly dependent upon other issues. For this sake, students of economic voting normally use a term “E (economic)-fraction to measure the extent to which the electoral result can be predicted by economic issues. And based on an overview of previous research, Lewis-Beck and Paldam present an exact E-fraction in established democracies: “economic changes explain about one-third of the change in the vote”¹²⁸. But in CEE countries, the E-fraction is probably much larger. On one hand, people in these countries have experienced economic recession, hyperinflation and food shortage in the 1980s. They anticipate that the new democratic system could bring them better economic conditions. The unsuccessful story of the shock therapy period further increases the anticipation. Thus during the transition, citizens in CEE countries were strongly concerned with economic reform and they were more sensitive to economic changes than people in developed democracies who normally enjoy relatively high-level living standards and social welfare. On the other hand, frustration about the lethargic economy and urge for changes was one of the motivating factors that lead to the fall of communism. So ever since the start of the transition, one significant question of economic development has been hotly debated. That is, “what kind of economic system – forms of property, allocation mechanisms and development strategies are most appropriate to generate growth with a humane distribution of welfare.”¹²⁹ Contrary to

¹²⁶ Tufte 1978, 65.

¹²⁷ Lewis-Beck 1986, 326-327.

¹²⁸ Lewis-Beck and Paldam 2000, 114.

¹²⁹ Przeworski 1991, 5.

the exogeneity of the communist economy, it is the political elites of CEE countries that determine the path of economic development and orientation of the reforms this time. Consequently, the economic changes are more likely to be linked with the politicians and the incumbent. They are certainly held accountable for the past economic performance, whether good or bad. The impact of economic voting, in this regard, is theoretically justified to be evident in CEE countries. Undoubtedly, “as democracy develops, it is expected to see that the impact of economics diminish, with the overall political economy models alone able to explain less and less of the vote, from one election to the next.”¹³⁰ But if we only focus on the political reality of CEE countries in the past two decades, the impact of the economy upon elections is plausibly pronounced and the E-fraction is even larger than that of developed democracies.

Secondly, we assume that citizens in CEE countries mainly look at the incumbent, although the attraction of opposing parties could affect their voting decisions as well. In existing studies, the economic voting function is often claimed to be a mechanism of accountability that connects citizens with the government. Citizens vote for incumbents if the economic conditions are satisfactory and vote against them under bad times. In fact, this simple hypothesis includes an implicit presumption that few scholars have clearly spelled out: voters’ first and foremost consideration is to reward/punish the incumbent. If economic conditions are desirable, voters will retain the incumbent with no consideration of alternative options. Only when the incumbent dissatisfies them, then will they single out the potential alternatives. To some extent, this presumption is worth questioning. In established democracies, lots of parties have played an important role for decades. A firm party affiliation or loyalty has been cultivated between the party and voters that support it. As Lewis-Beck argued, “voters of stable representative democracies in normal times pay most attention to their long-term standing commitments to their party or ideology.”¹³¹ Thus voters’ preferences will probably follow an alternative logic. Due to party identification, voters would first prefer the party that they approve of. When the proposal of the party cannot satisfy them or the party has little chance of winning an election, then voters would turn to other parties,

¹³⁰ Anderson et al 2003, 483.

¹³¹ Lewis-Beck 1986, 330.

which either better suit their demands or have more chance of winning. As to voters with stronger party loyalty, they will always support their own parties, regardless of the economic performance of the incumbent. This, to some extent, refutes the idea that the incumbent is always the first and foremost consideration for voters. But in CEE countries, all the parties except the CSPs that participate in electoral competition were formed after the fall of the communism. There is no historical relationship between these parties and ordinary people. Even the CSPs have also changed significantly and their prior ruling experience is not a benefit, but rather a heavy burden for them. Thus no party has yet built up their own reputation in the new transitional period, nor has there been sufficient time for them to cultivate partisan loyalty. The New Democracies Barometer illustrates that in the Czech Republic, 60% of the interviewees had no party identification¹³². Thus for most people, party identification or loyalty is not the determinant that affects their voting decisions. Furthermore, there are often a large number of parties in these countries and the information level of voters is relatively low. Facing so many parties, it is costly to acquire sufficient information on all parties. Then the incumbent, of whom much is known in light of the past ruling performance, certainly becomes voters' first consideration. As Tucker argued, "the idea that voters first making up their minds about whether to vote for governing parties still makes sense in these countries as it highlights the only concrete information voters have: the knowledge of which parties are the current incumbents."¹³³

Based on the above two assumptions, I reconsider the framework of economic voting in the CEE context. Admittedly, voters in these countries do care about the economic situation and want to hold the incumbent responsible for economic progress or decline. But as much literature indicated, economic voting patterns in this region are relatively irregular and ambiguous. What factors might hinder voters from adopting economic voting as an electoral strategy and dilute the correlation between economic conditions and election outcome? In the content to come, we will probe into the three links of economic voting more specifically and analyze how a typical economic voter in the

¹³² Doyle 2010, 7.

¹³³ Tucker 2006, 9. Here we do not claim that voters in CEE countries only look at the incumbent. Contextual factors from the opposition and the whole party system certainly would also affect voters' choice, which will be discussed in the following content.

CEE context perceives the economy, clarifies the responsibility of the incumbent and searches for alternatives within the party system.

2.3.1 Perception of Economy

To begin with, it is a gradually accepted argument that citizens in any kind of democracy play close attention to the state of national economy. However, intense concern for the economy does not necessarily mean that voters in different countries apply a similar rationality. Specific to CEE countries, given the communist experience, voters of these countries evaluate economic conditions in a differentiated way in contrast to their counterparts in established democracies. Now consider a highly stylized example: a voter with experience from the communist period. For him, it is natural to take the state of the economy in the communist era as a comparison when evaluating the current economic conditions. Obviously, the current economic system in these transitional countries has changed a lot as opposed to that of the communist period. But if we simplify the state of the economy to several major economic indices, it is certainly unemployment that offers the strongest contrast between now and the past. Such contrast may result from his own life experience. Full employment is one of the critical features of the communist economy. Thus under communist rule, he would certainly obtain a job. He felt no fear that he would be out of work. But in the new era, the situation is different. Even if he is not unemployed, the national unemployment rate would remind him that there is a certain risk of becoming jobless. The higher the unemployment rate, the more risk of him becoming unemployed, and simultaneously the more difficulties for him to find new work upon losing his job. Thus as opposed to the communist age, he may be more sensitive and overreact to the variation of the unemployment rate in the transitional times. In fact, the overreaction could be interpreted in another way. As to a voter, the experience of living through the communist period was also a process of communist socialization, in which the regime positively inculcated a distinctive set of political economic views as well as cultivated identification to the communist system. The longer he experienced communism, the more would he approve of the communist economy, then the more he would recognize a

system with high unemployment as unjust and fallacious. Thus if there is a high unemployment rate, he is likely to over punish the incumbent. This is not only because the incumbent does not handle the economic issues well, but also as the economic system created by current politicians is conflicting with his economic thoughts that were indoctrinated under communist rule. No matter for what reason, voters' undue emphasis on unemployment reflects the significant impact of communist experience upon voters' perception in CEE countries.

Another issue that affects voters' perception of the economy is not peculiar to CEE or post-communist countries, but common to the new democracies. For citizens in those countries, democracy is strange to them. A typical example is that "they are unwilling to take a clear, unequivocal standing of trust or distrust towards the institutions in political surveys."¹³⁴ Specific to economic evaluation, the advent of democracy changes the former way that they acquire information and participate in politics. "Faced with the novel information channels and opportunities, they are exposed to increasingly numerous, heterogeneous, and conflicting messages."¹³⁵ For inexperienced voters, the flux of information only increases their confusion. They still need a process for learning about various kinds of new institutions and how to employ various messages in their economic evaluations. Hence, the information level of voters in new democracies is relatively low, especially in the early stage of the transition. Their economic evaluations often deviate from the real economic situations, or even deceived by political manipulation. The final economic voting patterns appear to be irregular accordingly. In a general sense, a high share of inexperienced and less well-informed voters is a critical feature of new democracies. Due to the newness of the democracy, voters' economic perception is often disturbed, and deviated from the real economic picture.

Regarding the shadow of the communism and newness of the democracy, one significant question is whether their impacts are constant, or time-bound and will recede as the post-communist countries gradually approach the established democracies. Firstly,

¹³⁴ Stojarová et al. 2007, 4.

¹³⁵ Duch 2001, 897.

with regard to the communist shadow, we anticipate that its influence will decrease over time in the new political systems. Usually, scholars postulate two ways in which the communist experience or socialization affect the value and attitudes of citizens towards economic issues. One is the early socialization perspective which means that citizens pick up their values and thoughts at a relatively young age and subsequently, they are likely to adhere to those values and thoughts in their whole life. Hence, the experience and education in the formative years is vital to shaping the economic perceptions of citizens. The other explanation is the cumulative fashion. In this perspective, “citizens’ values and thoughts are not fixed in the early years, but instead should strengthen the more time one spends living under communism.”¹³⁶ Though the above two explanations interpret the communist effect in different ways, they come to a similar conclusion that the intensity of communist effect varies for different people and the younger generations are accordingly less affected by the communist effect than the older generation¹³⁷. But at the macro level, it is very hard to measure such an intensity and specify its differences among individual voters as well as the aggregate variation between elections. So as an alternative, we discuss the intensity of communist effect at the aggregate level by considering the demographics. When ushering in the democratic transition, there is certainly a demographic tendency in the electoral turnout – the electorate increasingly becomes a population composed of more new generation voters and fewer from the older generation. Such a tendency is not distinctive in the short term but hard to ignore in the span of 20 years. Thus considering that more and more voters in CEE countries have gradually decreased communist experience, we can expect at the aggregate level

¹³⁶ Pop-Eleches and Tucker 2013, 48.

¹³⁷ An example may better help to understand how two perspectives get the same conclusion. Now consider two generations of people in CEE countries, one were born in the 1940s and another born in the 1970s. If we follow the early socialization explanation, the experiences in their formative years is significant to understanding their views and ideas on economic issues. Roughly, people born in the 1940s would enter their formative years in the late 1950s or early 1960s. At that time, communist regimes in CEE countries were still able to demonstrates their vigor and keep the economy going. Also, the society was strictly controlled and communism was the only ideology that ordinary people were exposed to. Thus the generation born in the 1940s appears to be more vulnerable to the communist effect during the process to shape their economic evaluations. Comparatively, the communist economy to some extent had lost its magic by the 1980s, when someone born in the 1970s entered his formative age. Stagnant economy, rising prices and food shortage were increasingly common in these countries. Against the backdrop of Gorbachev’s reforms, social control was loosened and citizens had access to a flux of new ideological value and ideas. So the impact of the communist experience was less intense for the new generation because the memory of communism before they entered adulthood is not so sweet and they had the opportunity to come into contact with new ideologies besides communism. Alternatively, if we follow the cumulative explanation, the conclusion is similar. According to the cumulative perspective, the strength of the communist effect is enhanced with the increase of time one lived through communism. Certainly, the impact of communist experience is certainly stronger for the older generation as they spent more time under the communist rule. Thus for both explanations, the communist effect on the older and the younger generations is different.

the communist effect over economic evaluation to diminish over time. Akin to the communist effect, the newness of the democracy is time-bound as well. As noted above, voters in CEE countries may lack experience in acquiring and selecting useful information during the early transitional period. But as time goes, they will gradually learn to be an economic voter. On one hand, voters are gradually better informed as they get more familiar with the new institutions in which the supply of information and messages appears to increase. On the other hand, voters would have more knowledge about the political and economic development, especially the ambiguities about which they know little at the beginning of the transition. Alike to voters in established democracies, citizens in CEE countries are able to discern political manipulation from real economic conditions. As Duch (2001, p897) argued, their level of economic voting certainly rises in the successive elections. Thus in a nutshell, voters' perception of the economy is somewhat different in CEE countries because of the former communist experience and newness of the transition. However, both influencing factors are not constant. As the transition goes, voters in CEE countries are increasingly approximate to their counterparts in established democracies with respect to economic evaluations.

2.3.2 Clarity of responsibility

After having a perception of the economy, a voter will enter the next step – clarity of responsibility. Whether the evaluation is good or bad, he needs to clarify the incumbent's responsibility for managing the economy, or more specifically, to what extent the incumbent should be held responsible and which part of the government has responsibility. A political system with clear responsibility would help voters to find the actual actors that should be rewarded or punished. Accordingly, economic voting appears to be strong under such circumstances. Meanwhile, complex institutional and governmental structures disturb the attribution of responsibility. Probably, the incumbent that boosts the economy could not reap more voter support whereas governing parties with bad economic performance escape punishment. Therefore, clarity of responsibility is vital to shaping the economic voting pattern in terms of

specific political contexts. In their landmark study, Powell and Whitten¹³⁸ first modify the economic voting model to take account of reality in different political contexts and distinguish countries with clear responsibility from countries with blurred responsibility. Following their study, “Anderson has designed a new index of clarity of responsibility, which varies not only across countries, but also over time within countries.”¹³⁹ Currently, clarity of responsibility is a commonly used concept in economic voting studies to capture both formal institutional and governmental structure as well as other contextual factors that affect the discernment and attribution of responsibility. In fact, this comfortable language may conceal the differences between the scholarly arguments. The interpretation of clarity of responsibility is different in many studies and their “clarity of responsibility” indices encompass different variables. Certainly, the conceptualization of clarity of responsibility in this research is also different from that of existing literature. Specific to CEE countries, I argue that for voters in the idiosyncratic context, clarity of responsibility is mainly conducted in two ways. First, the responsibility for economic change is conditional on parties of different types. Even regarding the same economic conditions, voters are likely to assign different responsibility to different parties. Second, the responsibility should be distributed among different political actors. “The more power, the more accountable” is the basic principle when discerning responsibility. Power distribution between government and other political institutions determines to what extent the incumbent should be held responsible for the economic change; power structure within a government determines which governing party ought to shoulder more responsibility.

In political science, there are plenty of approaches to classify parties. Regardless of their classification, parties belonging to one type usually share similar ideas, principles or policy orientation which differentiate them from other camps. These commonalities offer significant cues to voters when forming judgments of responsibility. Normally, the process of policy making and implementation within a government is complex and time-consuming, thereby out of voters’ ability to clarify. In this regard, party type may give voters a general impression of that party and let voters estimate what the party has

¹³⁸ See Powell and Whitten 1993.

¹³⁹ Anderson 2000, quoted in Hobolt 2010, 7.

done in the ruling period and to what extent it should be held responsible for economic changes. Now consider two parties: one has strong policy leaning on unemployment and the social security system and another emphasizes green politics. If the two parties form a coalition government, then voters would think that the former mainly focuses on economic issues and the latter plays a more significant role in environmental and energy problems. Thus in voters' eyes, the former would probably shoulder more responsibility for the change in unemployment and even the overall economy. In fact, it is unusual to divide parties in terms of their policy leanings. A large number of parties in modern democracies are "omnipotent". Hence, the most fitting classification that voters rely on to clarify responsibility is still the traditional left-right division. It is well known that left and right parties usually have different ideological stances, focus on different clienteles and employ different policy packages. More importantly, "the left and right leaning incumbents have tended to take somewhat different approaches to economic policy, which voters might use to discern the responsibility."¹⁴⁰ Specifically, left parties are more concerned with employment and income redistribution while right parties pay more attention to inflation and tax cuts. So in voters' observation, the left governing parties are expected to deal better with employment and right parties with inflation. Thus in elections, it is evident that voters reward or punish the governing parties in terms of what they should be accountable for. "But in new democracies, the contemporary issues, by their freshness, number, depth, and intensity, emerge as qualitatively different from issues as conceived in most models for Western publics."¹⁴¹ Thus the attribute of a party that voters can recognize and use to judge its responsibility is plausibly different from the traditional left-right division. As noted above, Tucker¹⁴² develops a transitional model of economic voting in these post-communist countries. He believes that a unique division of parties in this region is between the old regime and new regime parties and voters tend to rely on the link of parties with the past to discern their responsibility. In light of his conclusion, a new regime party benefits from good economic performance whereas an old regime party gain support under bad economic conditions. This apparently turns out so that new regime parties are held to be more responsible for the economic development in the transition. Basically, the governing

¹⁴⁰ Powell and Whitten 1993, 404.

¹⁴¹ Anderson et al. 2003, 471.

¹⁴² See Tucker 2006.

parties are not homogenously treated by voters and different types of parties are associated with different responsibilities.

Furthermore, the assignment of responsibility for these parties also depends upon voters' assessment of power distribution. In voters' eyes, power is very important information to signal the responsibility for the economic performance – the more power, the more responsibility. However, power distribution in modern democracies is complex. Related to clarity of responsibility, it normally includes two distinct dimensions: the power dispersion created by the formal institutional setup and the power structure within a government. In a democratic system, power at the institutional level is dispersed rather than concentrated. In light of the "Separation of Powers" principle, there is a mutual check and balance between the legislative and the executive organs. If the opposition controls the legislative branch, the governing power is to some extent shared by the incumbent and the opposition. Then it is hard to say that the economic performance is solely determined by the incumbent as the policy making process is mixed with negotiation, trade-off and struggle between the incumbent and the opposition. Probably, the attitude and action of the opposition, not the incumbent's performance, may actually change the economic situation. Thus voters may find this obscures attribution of responsibility. Rather, the impediment could also come from more nuanced issues. As Powell and Whitten argue, "many political systems have legislative institutional arrangements that guarantee opposition participation in policymaking, e.g. the establishment of specialized committees whose chairs are distributed proportionally to all political parties."¹⁴³ Thus even without the legislative control of the opposing parties, various political actors that exercise executive or legislative power would diffuse clarity of responsibility. At the governmental level, the power structure of governing parties is also concerned with clarity of responsibility. In political science, there is a popular idea that "bipolarity provides the most effective guarantees of democratic stability and effective government. Some even argue that the natural movement of societies tends towards a two-party system."¹⁴⁴ Undoubtedly, such ideas have been intensely debated by scholars. But if we limit the argument to the sphere of governmental responsibility,

¹⁴³ Powell and Whitten 1993, 406.

¹⁴⁴ Lewis 2006, 570.

the two party system is probably superior to others because its government is always formed by one party which has the complete governing power. However, in a multi-party system, single-party government is not the only format of governments and a governing coalition is also common seen. Faced with more than one governing party, voters have to identify a party within the coalition to be responsible for the economic performance. Then voters may consider the power distribution among parties, e.g. the parliamentary seats or portfolios of individual parties, the number of governing parties as well as the ideological cohesion within the coalition. These factors constitute the general power structure of a coalition government, which marks the responsibility for respective parties.

Concerning CEE countries, I concentrate on the responsibility distribution at the government level. The reason for this concentration is twofold. First, the index of responsibility clarity at the institutional level is relatively static in a country. Thus it primarily demonstrates the variation across political institutions. Many cross-national analyses use this index because there are often a variety of institutional differences in the countries studied, e.g. bicameral or unicameral legislature, divided government and electoral rules. Such differences may interfere with and undermine the accuracy of the research results. For instance, “cross-national analyses have to wrestle with the fact that the coding of basic categories such as incumbents across countries can be fraught with difficulties.”¹⁴⁵ In the US, the incumbent is equated with the President and his team. In Germany, the incumbents are the Prime minister, his (her) party and other governing parties if there is a coalition government. In France, the definition of incumbent is even more ambiguous because of the semi-presidential system. Hence, voters in those countries assign the responsibility for the national economy to different targets. So the power structure at the institutional level should be considered if we aim to explain the variation in economic voting between those countries.

But CEE countries share a distinctive set of institutional commonalities. In this region, all the countries are parliamentary democracies. “Although direct presidential elections

¹⁴⁵ Tucker 2002, 285.

are held in some of them, presidents in these countries scarcely participate in the policy making affairs, especially not in economic policy making”¹⁴⁶. Thus the definition of the incumbent appears unified within CEE countries. It usually means the prime minister and his government (cabinet) formed by one or several parties. All the parties in the government are regarded as governing parties. What is more, most of these countries have unicameral legislatures¹⁴⁷. So the election that citizens are able to hold the government responsible is undoubtedly the legislative election (the parliamentary). To some extent, “the similarities in the collective political tasks of these countries might outnumber those in any other group of countries in the 20th century.”¹⁴⁸ Therefore, power structures at the institutional level have little explanatory power on clarity of responsibility in these countries. This is in line with Roberts’ (2008) conclusion – the conventional variables at the institutional level are not prominent, and their estimation yields only weak correlations.

Second, coalition government, as the main impediment for clarifying responsibility at the government level, is prevailing in these countries and even more prevalent than in any other parliamentary democracies. According to statistics, 84% of the governments in CEE countries are coalition governments¹⁴⁹ and in our dataset, only 7 parties can be regarded as single governing parties for a full legislative term. In other cases, parties with differentiated strength, ideological stance or even historical background share power. To some extent, prevalence of coalition government is an empirical fact that students of economic voting cannot bypass in studies of these countries. When it comes to assigning responsibility, voters in these countries are significantly influenced by coalition governments. On one hand, responsibility of governing parties in a coalition government is certainly different from that of a single governing party. Complex power

¹⁴⁶ Roberts 2008, 536-537.

¹⁴⁷ Only four countries have a second chamber at all, and in three of them the second chamber is quite weak. Concerning uni or bicameralism in CEE countries, See more details in Roberts 2006.

¹⁴⁸ Tucker 2002, 280.

¹⁴⁹ The result is based on the calculation of the author. The calculation involves ten countries: Bulgaria, Czech Republic, Romania, Poland, Slovenia, Slovakia, Hungary, Latvia, Estonia and Lithuania during 1991-2012. 118 governments are included but 2 governments are non-partisan. Among the remaining 116 governments, 97 are coalition governments. In comparison, the proportion of coalition governments in 17 western European countries from 1944 to 2009 is 64% (Hobolt and Karp 2010, 301).

distribution and policy-making processes in coalition governments create more difficulties for voters in discerning responsibility. On the other hand, responsibility of governing parties within a coalition government also varies extensively. The power distribution and cohesion of governing parties determine the extent to which voters could identify a clear target that they aim to hold responsible and which parties are more likely to be the “lucky dog”. Undoubtedly, there are a variety of approaches to differentiate these coalition members. But for ordinary voters with low information and rational sophistication levels, the approaches they rely on to assign responsibility must be concise and explicit, which we will discuss in next chapter. In a nutshell, we exclude a set of explanatory variables at the institutional level due to the parallel political systems in these countries and little institutional variation during the past two decades while concentrating on the dynamics at the government level given the prevalence of coalition government in these countries.

2.3.3 Clarity of Alternative

Now we assume that voters already have an economic perception and identify a single governing party to be held responsible. Then does their satisfaction or dissatisfaction with the incumbent convert to the real reward or punishment in an election? This still depends upon the final step of economic voting – clarity of alternative. When economy is bad, voters punish the incumbent. In this simple hypothesis, an implicit assumption is that there are available alternatives to the incumbent that voters can clarify in the election. So when voters aim to throw the incumbent out of office, they can vote for this alternative. However, the alternative for dissenters to the incumbent is not necessarily created by the party system. At the baseline, a two-party system provides the only potential alternative – the opposition. But as the party number increases, the difficulties for voters to clarify an available alternative also increases because they need to select from many options. To put it in another way, “voters may be so disoriented with the range of choices on offer and acquiring information on all the parties may be costly.”¹⁵⁰ In such cases, voting for an opposing party that they know little about and consider

¹⁵⁰ Birch 2001, 6.

undesirable is riskier than sticking with the incumbent. Thus voters' choice will be less likely to switch to the opposing parties even when they know the economic performance is not good. In this regard, "a more clearly defined set of viable alternatives should lead citizens to more readily express content or discontent with the ruling parties".¹⁵¹ If there is no desirable alternative, voters would probably hesitate to reward or punish the ruling parties in terms of economic conditions. Then the impact of economic voting is accordingly diminished. To put it differently, clarity of potential alternatives is a necessity for economic voting. The more likely a party system is to provide one or several viable alternatives, the stronger evidence for economic voting we can observe in an election. To the contrary, evidence for economic voting is normally weak when a desirable alternative is hard to find. In this situation, the change in votes for governing parties is probably not led by their economic performance. So if we study the economy-polity correlation with no consideration of clarity of alternatives, the research results are often unstable or obscure¹⁵².

Given the dynamic traits of party politics, the variation in clarity of alternatives is not only across different political systems, but also from election to election. Thus to study economic voting in CEE countries, it is necessary to see if their political systems provide desirable incumbent alternatives, or more accurately if voters can clarify appealing opposing parties in every single election. To this order, we first need to answer a question: what kind of opposing parties qualify as desirable alternatives from voters' perspective? Regarding political parties in established democracies, we assume three elements are vital to be a desirable alternative: 1) the desirable alternative that voters choose should not be replica of the incumbent, but a party that is able to make some changes upon taking power. Thus a desirable alternative should have differentiated stances on political and economic issues from that of governing parties; 2) a political party needs to show its continuity in party politics, thereby letting voters better understand their ideas, competence and policy platform; 3) voters are wary of

¹⁵¹ Anderson 2000, 156.

¹⁵² As discussed in Section 2.2.3, one problem of previous studies in CEE countries is that the basic economic voting model lacks of stability. The economic variables appear to be influential in one election but lose the predictive power in another. In fact, the omission of opposing parties might well explain the stability problem as the interference from the opposing parties is different between elections.

wasting their votes. So the party should have relatively great strength and accordingly more chance to enter the new government. In a general sense, all three factors are workable in established democracies. But in the idiosyncratic context of CEE countries, whether these three factors are applicable still needs to be further discussed.

To begin with, party ideology is a vital element to clarify alternatives in established democracies. Though often questioned by scholars, party ideology as a collection of ideas does imply the specific understanding of a party regarding the economic system, the form of governing and other vital issues. Thus as to voters, parties with different ideologies provide diverse options to change the country in the future governing. If voters are dissatisfied about the conservative stance of governing parties, the potential alternative they prefer would be a socialist party that aims to promote positive economic reform. In a similar vein, voters who dislike the economic liberalism of the incumbent could turn to support an opposing party with a package of social welfare programs. So in a highly polarized party system, distances in party ideology would help voters to clarify a desirable alternative. However, in CEE countries, the ideological distance between main parties is not as large as that of their counterparts in established democracies. Partly, this results from “the restrictions that the European Union accession process in effect placed on competition in certain areas of policy coupled with an impetus to liberalize national economies”¹⁵³. Specifically, grand processes such as Europeanization, democratization and economic liberalization are the common choice made by the elite and the public and thus become irreversible developmental tendencies in these countries. It is rare to see that a regular CEE party openly rejects Europeanization or economic reform. The divergence of these parties usually lies in more nuts and bolts issues, which endows them with weak programmatic identities. As Fidrmuc argued, “left parties in Poland and Hungary appeared to be more effective reformers than their predecessors who started the reforms. Meanwhile, the right-wing government in the Czech Republic generally avoided politically costly reforms by managing the economy and social welfare in a socialist way.”¹⁵⁴ Akin to the above cases, a lot of parties in these countries present a central position on economic issues,

¹⁵³ Innes 2002, quoted in Savage 2012, 549.

¹⁵⁴ Fidrmuc 1999, 12.

which makes it hard to tell their differences on economic ideas or distances in ideology¹⁵⁵. In this situation, polarization has not been fully developed within the party system. To clarify alternatives with reliance on party ideology might be fraught with problems as parties probably make similar promises and propose analogous policy platforms.

In established democracies, another significant reference to clarify the alternative is the continuity of a party in the electoral competition. Voters' level of information is heterogeneous. But to judge whether a party is qualified as an incumbent alternative, it is necessary to acquire some basic information about the party. As Key suggested, "one propensity of voters is that they might reject what they know; or they might approve of what they are familiar with but they are not likely to be appealed in great numbers to something that is novel and unknown."¹⁵⁶ So compared to new parties, a party that keeps its position in the party system is more appealing to voters as its continuity in the electoral competition offers a source of information that voters need. New electoral contestants about which voters know little are usually unattractive and many of them are promoter parties¹⁵⁷. But in CEE democracies, the newcomers do not seem to be the "underdog". Tavits counts the electoral fortune of new parties in CEE countries: "the average vote share for a new party was 19% and many new parties become the governing parties after the election, which is in sharp contrast with advanced democracies, where new parties are largely inconsequential — winning merely 2% of the votes in any given election."¹⁵⁸ In fact, the majority of new parties that emerge in CEE countries are not genuinely new parties. They are often founded because of the merging or splitting of old parties. Although they are new entrants in electoral competitions, the candidates or their ideological stance might be well known by voters.

¹⁵⁵ In terms of Chapel Hill Expert Survey, the ideological score of parties on economic issues range from 0 (extreme left) to 5 (central) to 10 (extreme right). In our dataset (N=126), the scores of 31 parties are between 4.5 and 5.5 whereas 60 parties are graded between 4 and 6, which illustrate small ideological distances between these parties, especially on economic issues.

¹⁵⁶ Key 1966, 61.

¹⁵⁷ In terms of Harmel and Robertson's classification, new parties normally fall into two categories: contender parties and promoter parties. A promoter party's major objective is not to participate in the electoral competition and win votes. Rather, it is formed to bring attention to a particular issue or cause (Harmel and Robertson, 1985, p517).

¹⁵⁸ Tavits 2008a, 114.

Even a truly new party is less likely to be abandoned by voters. Parties in these countries are consistently changing and no party has built up a reputation for electoral viability. “In such circumstances, it is not possible for voters to evaluate parties in terms of their history or continuity in electoral politics as the political scene is continuously refabricated.”¹⁵⁹ Furthermore, economic recession is a universal problem in new democracies. When voters are discontent with existing parties, supporting new parties represents hope for change. Thus in CEE countries, new parties are quite attractive rather than overlooked, which is supported by the facts that new parties emerge in a great number and often have electoral success. To some extent, it is hard to say the continuity of parties affects clarity of alternatives in CEE countries as voters show no tendency to reject the newcomers in electoral competitions.

The last influential factor is the relative strength of parties. Usually, voters hope that the selected alternative will take power and have a better performance when the incumbent is thrown out of office. Therefore, “they are wary of opting for electoral alternatives that have little chance to win an election.”¹⁶⁰ The alternative that they select should at least have a reasonable chance to be part of the new government. But in another sense, “elections are clumsy instruments and many kinds of distortions may intervene between voters’ choice and the electoral victory.”¹⁶¹ In order to avoid wasting their votes, voters are certainly in favor of stronger parties. Anderson illustrates a similar idea with an example: a governing party holds a majority control over the parliament, for instance 51% of the parliamentary seats, whereas the other ten parties share the remaining seats evenly, approximately 5% for each¹⁶². Thus it is nearly impossible to throw the governing out of office by voting for any opposing parties. In such a situation, no party qualifies as a desirable alternative and the probability that voters punish the governing party during bad times is decreased. Thus the relative strength of a party is an important criterion to evaluate whether or not it is a desirable alternative. Thus specific to one election, one attribute of the party system may determine whether there is one or more

¹⁵⁹ Lindberg 2007, 218.

¹⁶⁰ Birch 2001, 7.

¹⁶¹ Powell 2000, 6.

¹⁶² See the example in Anderson 2000, 156.

attractive alternatives — the fragmentation of party system. Fragmentation is a significant analytical tool used by scholars to describe the nature of a party system. More specifically, “two basic characteristics related to the fragmentation of a party system are its size based on the number of parties of which it is composed and its shape, which is determined by the relative strength of the parties.”¹⁶³ Specifically, the size measures the degree of power dispersion in the system whereas the shape shows whether the system is characterized by the predominance of small parties, or led by one or several more “effective” parties¹⁶⁴. To some extent, two characteristics that contributes to a fragmented system often go together. A large number of parties usually means that power is more likely to be decentralized and the power structure of a party system appears flattening. Simultaneously, the predominance of small parties would encourage more new parties to enter party politics and thus enlarge the size of the system. Generally, the more fragmented a party system is, the fewer strong parties appear. Accordingly, it is harder for voters to clarify a desirable alternative in the system¹⁶⁵.

Now back to CEE countries, fragmentation in the party system has been the salient issues in these countries since the start of the transition. Though they lack previous experience, politicians and their followers are passionate about participation in the new competitive politics and thus formed a lot of political parties. The fact that anti-communist fronts split after the first election and emergence of new electoral contestants also contributes to this tendency. In the early stage of the transitions, the number of partisan contenders in CEE countries was surprising. Although the adoption of national threshold to enter the parliament decreases the vote share of small parties and inhibits fragmentation, the party systems in these countries are still glutted with excessive parties, many of which are small parties. Furthermore, most of those parties

¹⁶³ Lewis 2006, 569.

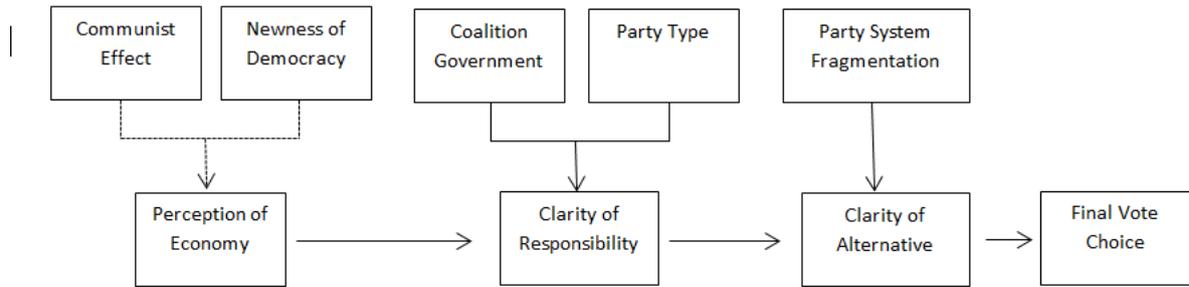
¹⁶⁴ The concept of effective party number is first proposed by Laakso and Taagepera 1979. In Section 3.1, we will introduce more about what it is and how it is measured.

¹⁶⁵ Regarding the correlation between fragmentation of party system and clarity of alternatives, another potential explanation is that the larger the number of parties is, the less distance there will be between them in terms of policy positions (Pederson, 1979, quoted in Bielasiak, 2002, p202). When the party system is fragmented, the convergence of opposing parties in policy positions limits voters’ choice and thus the vote is less likely to switch to the opposing parties. This argument could also demonstrate that fragmentation of the party system affects clarity of potential alternatives.

are formed from scratch. These parties are characterized by fluidity, splits, mergers and few of them grow into big and stable parties that consistently play a role in political life. So in a general sense, party systems in CEE countries are characterized by high fragmentation. Moreover, the degree of fragmentation varies a lot from election to election. Sometimes, governing parties may benefit from limited competitiveness of opposing parties. But it is equally possible that the fragmented party system distracts voters' attention, preventing governing parties with good performance reap an electoral reward. Consequently, it is reasonable to suspect that the fragmentation of a party system moderates the impact of economic conditions upon electoral results and thus alters economic voting patterns.

In a nutshell, the chain of economic voting is composed of three links: perception of economy, clarity of responsibility and clarity of alternative. Each link is relatively independent and affected by different explanatory factors. With respect to different political contexts, the extent to which context-specific issues facilitate or impede economic voting varies extensively. In Table 2, we depict the whole chain of economic voting and explanatory factors that are supposed to affect each link separately. Specific to CEE countries, the communist effect and newness of democracy significantly affect voters' economic perception although their impacts are expected to recede over time. Regarding clarity of responsibility, party type and coalition government rather than institutional setup are the main influential factors, especially at the cross-national level and overtime. With respect to clarity of alternative, we assume fragmentation, which indicates the power structure of a party system, would be the only factor to determine whether there is a desirable alternative and moderate the impact of economic voting.

Table 2 Refined Explanatory Model of Economic Voting in CEE Countries



* The table is depicted by the author. The dotted line means that the effect is constant, but recedes over time.

Chapter 3. Quantitative Analysis

In the last chapter, we reviewed the process by which economic voting evolves from a simple hypothesis into a complicated theory. As an analytic tool in electoral studies, economic voting is useful rather than perfect. On one hand, the reward-punishment hypothesis is based on voters' rationality, which is often limited and heterogeneous in political reality. Thus the diverse propensities of voters in evaluating the economy and making voting decisions are always the main subject of debate in survey studies. On the other hand, empirical studies of different political institutions demonstrate that the conventional economic voting model only provides a baseline for analyzing electoral results. A more robust explanation requires a refined model combined with comprehensive interpretations of the political context. Specific to CEE countries, the past communist rule and current transition are the two main factors that create the idiosyncratic context, which makes economic voting patterns in these countries different from those of established democracies. Developing a refined economic voting model on these countries is a new and tough task as the trajectories and characteristics of their political development are more idiosyncratic than those of any other countries or regions. To interpret the political context of CEE countries, the whole chain of economic voting theory is also reconsidered. The process from the state of the economy to voters' final vote choice is divided into three links: perception of economy, clarity of responsibility and clarity of alternative. In each link, we add different contextual factors that may influence voters' perception or choice. The combination of these factors is expected to contribute to a better interpretation of the idiosyncratic context and build up a refined explanatory model of the irregular economic voting patterns. Following this mainline, we will first elaborate the potential explanatory variables and formulate our hypothesis. Afterwards, we examine the refined model and hypotheses with aggregate data. The results of quantitative analysis will indicate whether our explanatory model works well in the CEE context and how to modify the standard economic voting theory in a potential direction.

3.1 Hypotheses

Following the explanatory model in the last section, the hypotheses and explanatory variables in this part are also proposed in accordance with the process of economic voting. Namely, different hypotheses correspond to different links. The first hypothesis that needs to be tested for the incumbent is still the basic idea of economic voting: good economy leads to good electoral results whereas poor economic performance leads to the reverse. As substantial literature suggested, this simple correlation may not tell the best story in the CEE context. Economic voting is workable in CEE countries while it performs in a different way. But in a general sense, testing of this standard hypothesis could illustrate the general economic voting pattern in CEE countries at a cross-national level and over time, which is the basis of a deeper exploration. Hence, I still start the quantitative analysis with this basic hypothesis. Two indicators, growth and unemployment, are used to measure the economy of these countries in election years. GDP growth indicates the basic economic outcomes of a country over a specific time span whereas unemployment is also a key index, to which voters pay special attention and react positively. With respect to these two variables, the main expectation is that growth is positively correlated with electoral results while unemployment has the reverse effect. Compared to established democracies, one significant question specific to CEE countries is whether macroeconomic indices are of equal importance. As discussed above, unemployment as an economic indicator offers the strongest contrast between the present and the past in this region. On one hand, voters that have experienced the communist past may take full employment for granted or become more irritable about the rise of unemployment in the new economic systems. On the other hand, people that were socialized under communism are more likely to take unemployment as a vital measure of the justness and superiority of a political institution. Thus compared to growth, voters in CEE countries might place more emphasis on unemployment. This leads to another hypothesis of this research.

H1a: *The better the economic conditions, the better the vote share for a governing party in an ensuing election.*

H1b: The impact of unemployment upon electoral results is stronger than growth for a governing party in an ensuing election.

On the basis of the simple correlation between economic condition and electoral result, I add time as a new variable to see the variation in economic voting over nearly 25 years. With respect to economic voting, a popular conjecture regarding these countries is that economic voting is weaker in the early transitional stage but appears to be stronger¹⁶⁶ in later times. Indeed, it is reasonable to expect this variation. The main impediments for economic voting in this region are the communist effect and the newness of democracy. In contrast with citizens in other democracies, the majority of voters in CEE countries have experienced the communist era. They would evaluate the state of the economy in a different way as the economic system under which they were socialized is totally different from current institutions. In addition, the severe control of the communist regime on the public sphere cultivated a kind of pocerante civil culture. People are unenthusiastic about political participation and less likely to think that their participation in political issues could change something or benefit them. However, as discussed in Section 2.3.1, the communist effect is not constant no matter how we interpret the socialization of citizens under communist rule. Demographically, the electoral turnout is composed of more and more younger voters that are less affected by the communist experience. On the other hand, the socialization and propaganda by new institutions would also gradually change people's thoughts. Identical to the communist effect, the unfamiliar feeling towards democracy is also time-bounded. Usually, newness of democracy means that voters lack information and trust, which are two important sources of economic voting. Regarding information, voters at a minimum are required to acquire the essential information on politics and economy, including the impact of political operation upon economic changes. Lack of the above information could inhibit citizens from employing sanctioning strategies. Regarding trust, voters must have basic trust in the overall institutions regardless of their attitudes towards the government and individual parties. Otherwise, they do not believe that institutions can create accountability for them or the behavior of the government can be controlled by an

¹⁶⁶ Here, a stronger pattern of economic voting means that there is a strong and statistically significant correlation between economic conditions and electoral outcomes and a large portion of variance in the vote share can be explained by economic variables.

electoral defeat. In this case, they will drop out of the economic voting. Certainly, people in CEE countries were not well prepared for democratic politics at the early stage of the transition. Besides, the nascent institution fails to provide free access to information and the unstable political system makes it difficult to nurture trust in this new system. But as discussed above, citizens in these countries will gradually learn to deal with information and electoral issues. The political system is also evolving into a more stable and efficient system that causes citizens to trust it more. Namely, the newness of democracy will diminish over time. The link between economic conditions and electoral outcomes will become less ambiguous at a later time. To some degree, Roberts' and Duch's studies¹⁶⁷ have found evidence for increasingly strong economic voting patterns in CEE countries although the time span of their research is not large. What I do here is to examine if this tendency exists in a longer time period.

One potential interpretation of the time effect is that we can see a gradual change of economic voting election by election. The second election after the transition could show a stronger economic voting pattern than the first election and in turn, economic voting in the third election continues to change positively. But in practice, if we code elections in each of the countries as the first election, second election and so forth, the simple sizes of respective groups are relatively small¹⁶⁸, which undermines the reliability and robustness of the test results. Thus in this research, the time effect upon economic voting is interpreted in a different way. The main expectation is that there are obvious distinctions if we compare the average result of economic voting between the early and the later stage of transition. But within both stages, the variation between different elections is minimal. To test this dichotomous interpretation, we divide our research sample into two groups. Elections from 1990 to 2000 are classified as the first group whereas elections after 2000 belong to the second group. The year 2001 is regarded as the cut-off point for two reasons. Economically, there are obvious distinctions between the first transitional decade and the following year in these countries. According to the IMF's report, the 1990s saw limited economic progress as countries struggled to achieve macroeconomic stabilization and lay the foundations of a

¹⁶⁷ See Duch 2001 and Roberts 2008.

¹⁶⁸ On average, only 15 parties are included in each group.

market economy whereas the early and mid-2000s saw uniformly strong growth¹⁶⁹. More specifically, the main concern in the first ten years was the initial stabilization and subsequent reform. Thus macroeconomic development is characterized by turmoil and recovery. After the completion of reforms, the economy was booming in the second transitional decade, although this tendency was shortly interrupted by the global economic crisis in 2008-2009. Politically, all these countries have experienced the transition from primal chaos to order as well. As noted earlier, it is to say that their political systems are gradually approaching those of established democracies. But in many aspects, political development in CEE countries does present some progress in the new century. For instance, the number of parties has dropped dramatically due to the setup of thresholds to enter the parliament¹⁷⁰. In addition, many of the CSPs have successfully transformed themselves and returned to power, which results in a stable rotation between left and right parties. Thus considering the political and economic aspects together, it is reasonable to regard the year 2001 as the midpoint. With regard to the time effect, the potential interpretations will be tested with hypothesis 2.

H2: Economic voting is stronger in the later stage of transition than in the early stage.

Obviously, testing the variation of economic voting over time is useful, but not sufficient. The variation over time cannot answer the significant questions like why some governing parties lost votes while others gained in one election or how a governing party avoided punishment for their responsibility for a bad economy. To answer these questions, a more precise interpretation of the political context for given parties at given time is required, which leads to hypotheses concerning clarity of responsibility and clarity of alternatives.

¹⁶⁹ IMF report: https://www.imf.org/external/pubs/ft/reo/2014/eur/eng/pdf/erei_sr_102414.pdf. Last accessed on September 12th, 2015. In the report, the first ten years is further subdivided into the stage of reform (1990-1996) and the stage of turmoil and recovery (1997-2001). The second decade is subdivided into the stage of boom (2002-2007) and stage of crisis (2008-2013). But generally, the main distinction of macroeconomic indices is between 1990-2001 and 2001-2013.

¹⁷⁰ In many CEE countries, the threshold to enter the parliament has been established since the first or second election after the communist era. But in countries like Romania and Lithuania, the threshold was adjusted after the mid-1990s. Further, the effect of this threshold upon is the number of parties lagged. Thus at the regional level, the number of parties has drastically decreased since the new century.

To some extent, clarity of responsibility is only a loose definition covering various factors in a political system, which affects the way that voters discern or attribute responsibility for the past economic conditions. The explanatory variables on clarity of responsibility are also extensive, potentially embracing institutional structure and governmental structure, or they may be interpreted as the static setup and dynamic traits of a political system. To account for different political contexts, scholars usually select different variables intentionally. In Section 2.3.2, we have revealed two main issues that best explain the clarity of responsibility peculiar to CEE context: party type and power structure within a government. Both issues will be operationalized and hypothesized in the following content.

Let's first look at party type. To voters, party type provides useful clues on what a party has done in the ruling period as parties of the same type usually share similar ideological stance, opt for parallel policies and strive for the same goals. If voters really treat political parties in this way, there should be conditional responsibilities with respect to parties of different types. Thus within economic voting, some types of parties would benefit from a good economy, while another type of party would receive an indifferent, or even worsened electoral outcome. In terms of existing studies, the left-right division may better fit the explanatory model on clarity of responsibility among various kinds of party classifications. There are different economic voting patterns between left and right parties. The electoral results of left parties are more associated with unemployment whereas the fortune of right parties depends upon growth and inflation. To make the research conclusions comparable to those of established democracies, I also adopt this traditional approach to test the conditional responsibility in the CEE context. But aside from this methodological advantage, there is one more justification for using the left-right division when analyzing these countries. The rotation of left and right parties in power is a significant characteristic of the political transition in this region and thus the left-right division tell a good story about power shifts. Even before the transition, Dahrendorf had foreseen the future political process of these countries and he suspected that "...in CEE countries...the pendulum of normal politics will swing once in the liberal and once in the social direction. The liberal direction...involves the jump start of economies... Opposition to this process is bound

to arise, and it will be about the social cost of economic growth.”¹⁷¹ Indeed, the political transition in the past two decades is more or less consistent with Dahrendorf’s prediction. In the early 1990s, right parties were usually the executives of the first-wave reform. But the radical reform and shock therapy led to a worsened economy. Simultaneously, left parties proposed electoral policies with more concentration on unemployment, equality and social welfare and consequently won voters’ support. In the middle of the 1990s, many social democratic parties came into power. Since then, there has been a regular rotation of ruling status between the left and right camps. Hence, the left-right division is linked with the success or failure of parties in elections. However, if the ruling power is consistently occupied by one camp, for example the right parties, then a traditional meaning of left and right shows no explanatory power on electoral results.

Generally, the left-right division illustrates the link between parties and economic change. But as mentioned above, there is another way to categorize parties based on their past— new regime parties versus old regime parties. Normally, new regime parties are required to be responsible for economic upheavals in the transition whereas old regime parties are linked with the elapsed communism. In this regard, economic progress vindicates the transition whereas bad economic performance delegitimizes it and makes people recall the past. So new regime parties should be rewarded for good economic conditions while old regime parties gain support when the economy is bad. As opposed to left-right division, regime division is not only another classification of party type, but represents a different understanding of clarity of responsibility in the idiosyncrasy of the CEE context. Thus to avoid a biased research result, we also include in our analysis and test if there are different economic voting patterns for parties on the two sides.

H3a: Vote change for a leftist governing party is more correlated with unemployment while for a right party it is more correlated with growth and inflation.

¹⁷¹ Dahrendorf 1990, quoted in Harper 2000, 1193.

H3b: Vote change for a new regime party in government office is positively affected by economic conditions while for a CSP the relationship is negative.

Another factor related to clarity of responsibility is the power distribution among different political actors. How much power does the government have in comparison with other core institutions of the democratic system? Then how much power does a governing party have within a government? The two issues refer to attribution of responsibility at different dimensions but determine to what extent a government or a governing party is likely to be targeted and held responsible for the national economy. As mentioned in the last chapter, clarity of responsibility at institutional level matters little for economic voting in this region as there are no huge institutional differences between these countries. So the main focus here is how the power structure at the governmental level affects clarity of responsibility. Specific to the CEE context are the difficulties created by the prevailing coalition government in this region when voters discern or attribute responsibility.

In fact, previous studies have already proved that coalition governments impede clarity of responsibility. There is a clear evidence that citizens are more likely to hold a single-party government than a governing coalition responsible for economic changes¹⁷². With respect to a coalition government, more than one target to be held responsible either curbs voters' capability to correctly discern the responsibility or diminishes the signal effect that the state of economy has about the competence of each party. Furthermore, voters' ability to discern responsibility also varies extensively between different coalitions. Several governing parties in a coalition usually means a lot of interaction, conflict and compromise between them. Hence, the decision making process within the government is very complicated, and goes far beyond the ability of an ordinary voter to understand thoroughly. But when the coalition is of small size and dominated by one party, there are fewer complexities within the government and clarifying responsibility is a lot easier. Undoubtedly, all of the previous findings are enlightening and shed light on later studies. But to some extent, they only distinguish between different types of

¹⁷² Powell and Whitten 1993, 401.

governments, be they single-party or coalition. Concerning how the responsibility varies within these governments, the jury is still out. Indeed, one significant problem created by coalition government is that voters not only need to assess the responsibility of the whole government, but have to attribute the responsibility to individual coalition members as well. Namely, which governing party is most likely to be held responsible for economic conditions among coalition members? As the interest of this research is to develop an economic voting model for individual parties, not governments, it is vital to figure out how responsibility for economic performance varies within coalition governments.

To this order, the core issue is to find out the criteria with which voters distinguish parties within one coalition. Undoubtedly, there are many approaches to distinguish these parties, be it relative strength, ideological stance or anything else. But for an ordinary voter, the criteria to identify the undertaking of responsibility are not likely be some indices based on sophisticated statistics or calculation, but rather a simple method, by which the related information can be easily acquired. According to Fisher and Hobolt's study, "one compelling suggestion is that voters tend to know which party has more power within the government, and they will assign credit or blame to this party accordingly."¹⁷³ Thus it is possible that voters associate economic performance with the prime minister and the affiliated party. First, the prime minister of parliamentary democracies often comes from the party that obtained the lion's share of seats in the previous election, no matter by formal regulation or informal convention. Thus the head-of-government's party is usually the party that wins the most votes or seats. Second, the prime minister is the head of government and in reality, he or she always plays a central role in policy making, especially on the economic issues. As a consequence, the prime minister is supposed to be responsible for economic performance from the voters' perspective and a stronger economic voting pattern is expected to occur relative to the party he is affiliated with. But given the high degree of government instability in CEE countries, the affiliation of the prime minister might not be the most accurate sign to distinguish the responsibility between coalition members. In these countries, it is hard for a prime minister to stay in power for a full legislative

¹⁷³ Fisher and Hobolt 2010, 361.

term. Changes of prime minister midway through are frequent, especially along with the resignation of the cabinet, change of governing parties or successful no-confidence vote. So there is often more than one prime minister appointed between two consecutive elections, but affiliated with different governing parties. Many prime ministers even come from small parties in the coalition. For instance, the PSL and SLD formed a ruling coalition in Poland from 1993 to 1997. In these four years, there were three prime ministers that stayed in power. One was from the PSL and the other two were from the SLD. If we use affiliation of prime minister as a criterion to judge responsibility, there seems to be no difference between the two parties. Furthermore, in cases like Latvia from 1995 until 1997, the government was even led by an independent prime minister¹⁷⁴. In terms of affiliation with the prime minister, all the governing parties would be categorized into the group that undertakes less responsibility. So to some extent, we may mistakenly categorize parties in one coalition if taking the affiliation of the prime minister as an analytic tool. As an alternative, we directly observe the power distribution by the parliament seats or portfolios of each of the governing parties. Usually, big governing parties have an advantage in the coalition government as well as in the parliament. Meanwhile, parties with fewer seats and portfolios in the coalition have less power in policy-making and implementation. Many of the policies may not accord with or even challenge their original objective. Thus in voters' eyes, they should be less associated with and held responsible for the economic policies compared to parties with greater strength. To a large extent, the responsibility that a party holds is positively linked with its relative strength within the coalition. In fact, this approach makes it quite easy to distinguish responsibility within a coalition government even for ordinary people. Compared to other complicated measures, it is more likely to work well in the CEE context where voters of low sophistication are dominant.

H4a: *The bigger power a governing party has in the coalition government, the more responsibility it holds and thus the stronger economic voting appears within it.*

¹⁷⁴ One should bear mind that this government is not a non-partisan government. It consists of six governing parties (or electoral alliances). Non-partisan governments are those with an independent prime minister as well as an independent portfolio, e.g. the government in Bulgaria from 1992 until 1994.

The last but not least issue is clarity of alternatives. Whether there are one or more attractive parties in the opposition also affects the electoral fortune of governing parties. If voters can clarify a desirable alternative, the vote will probably switch to the opposition, regardless of the governmental performance. Whereas if there is no desirable alternative, voters might stick to the incumbent even if its performance is not satisfying. Accordingly, the incumbent would benefit from this situation but the correlation between economic conditions and electoral results tends to be ambiguous. As discussed above, one main issue determines if there are potential alternatives in the CEE context—the fragmentation of party systems. In order to avoid wasting votes, voters opt for stronger opposing parties as small parties usually have little chance to win the election or enter the new government. If the system is fragmented with plenty of small parties, it means voters are hardly able to find a desirable alternative. Regarding fragmentation, it consists of two main characteristics of party system: the size (number of parties) and the shape (structure of party strength). On one hand, the size and shape of a party system is not independent, but rather closely correlated. On the other hand, they do not solely wield influence, but together as an integral to affect clarity of available alternative. Hence, there is a visible need for a measure that describes the number and also the relative strength of parties within a party system. To this order, I use the notion of effective party number (ENP) in this research. The concept of ENP is first used by Laakso and Taagepera¹⁷⁵ to show an adjusted number of parties in a party system. Here the adjusted number means that it is not merely a calculation on the number of parties, but simultaneously weighs party strength by their parliamentary seats or vote shares. Normally, the effective number of parties (ENP) is counted with the following formula. Here, P is the vote share won by a party in an election.

$$N = \frac{1}{\sum_{i=1}^n P_i^2}$$

Apparently, big parties are weighed more heavily than small parties in this measure. In this regard, the adjusted number indicates well the size as well as the shape of a party system. For example, there are three parties in a system with 50%, 45% and 5% of the

¹⁷⁵ About the concept and formula of the ENP, see Laakso and Taagepera 1979.

national vote respectively. Apparently, this party system is close to a two-party system and the third party is small and has little effect on the political situation. Then by calculation, the ENP is 2.2, which illustrates well the structure of this party system. Conversely, if there are a large quantity of small parties in that system, the score of ENP is certainly high. Hence, the ENP is directly linked with the fragmentation of a party system. As mentioned above, clarity of alternatives is not an issue in a two-party system as the only potential alternative is the opposing party or candidate. As the party system becomes more complicated, the difficulties to select a desirable alternative increase. In a sense, the more the structure of a party system approaches a two-party system, the more likely voters are to clarify the alternative in that system. Then they can more readily express their opinions and make decisions based on economic evaluations. Conversely, if the party system is of high fragmentation, voters are more cautious of the risk in overthrowing the incumbent due to lack of a desirable alternative in the opposition. Accordingly, the strategy of economic voting is less likely to be adopted by ordinary voters. So as it relates to economic voting study, the effect of economic conditions upon electoral results is hindered by fragmentation of the party system. The evidence for economic voting is stronger when the ENP is low in a party system whereas the evidence is less obvious if the party system is highly fragmented.

H5: The less fragmented a party system is, the stronger the economic voting will become.

To sum up, we formulate a set of hypotheses to examine the economic voting patterns in this region and the impact of several significant context-specific variables upon this pattern. As opposed to the extant literature, our unit of analysis is not the individual government, but those individual governing parties. For students of economic voting theory, the main interest is whether economic conditions lead to the reward or punishment of the incumbent and how it happens. So in empirical studies, the dependent variable in an economic voting model is often the vote change of governments or governing parties between two consecutive elections. However, significant problems remain in the measurement as scholars often compute the vote change by directly

subtracting the prior vote share from the percentage of votes that a party or a government gains in the current election. To some extent, such measurement is worth questioning. Firstly, the turnout of the electorate is omitted. In terms of Pacek et al.'s (2009) research, "voter turnout in CEE countries has exhibited wildly fluctuating patterns and the variation in voter participation can be found both across space and over time: turnout as low as 43% can be found in 1991 (Poland) and 2004 (Slovakia); turnout over 85% can be found in 1990 (Romania)."¹⁷⁶ In fact, the calculation of vote share highly depends upon the voter turnout in that election. 20% of national votes that a party gains when the turnout is 80% means something totally different from the same vote share in another election with only 50% turnout. Hence, directly subtracting the vote share of a party in an election from one another may wrongly estimate its actual vote change. Indeed, voter turnout is not the only factor that affects the measurement. According to Birch's (2001) study, variations in the composition of the electorate¹⁷⁷ should be also taken into account if we aim to accurately measure the electoral volatility or vote change between elections. In this regard, the current percentage of votes for a party minus its prior vote share omits the potential demographic changes between the two elections. Yet in another sense, we are not able to acquire the necessary data on voter turnout and demographic change of the electorate, especially given the time span and number of cases our research covers. Hence, as an alternative, the dependent variable in this research is measured as the vote share of a governing party in one specific election but we strictly control for its previous vote share in the regression analysis. In a statistical sense, it means the previous vote set a baseline for the vote share of governing parties in the next election. Regardless of the state of the economy, the electoral result of a governing party in the reelection should not deviate too much from its prior vote.

Concerning the explanatory variables, the main independent variables are two standard macroeconomic indicators: growth and unemployment. Regarding these contextual factors, they are mainly moderator variables in the explanatory model. We can see clearly from the hypotheses that there is no directly positive or negative correlation

¹⁷⁶ Pacek et al. 2009, 473.

¹⁷⁷ Birch 2001, 3.

between electoral results and these variables. Rather, they primarily affect the correlation of economic conditions with election results, particularly the direction or the size of coefficient for that correlation. Aside from all the variables mentioned in the hypotheses, there is still one significant variables we need to control in the following statistical analysis — party entry. By statistics, “an average of 5.6 new parties emerged in each election of CEE countries since the transition while between 1945 and 1991, on average, only one new party emerged in a western democracy.”¹⁷⁸ Concerning the surprisingly great number of new parties, an important reason is the frequent party change. On one hand, most of the parties are formed from scratch. “Elites in these parties may be inconsistent, impatient and in search of instant gratification, thereby not bothering to build firm party organizations and develop grassroots, but frequently merging, splitting, dissolving and creating parties.”¹⁷⁹ On the other hand, politicians in CEE countries try to keep themselves viable in voters’ eyes by establishing or joining parties with more chance of electoral success. Accordingly, parties led by those inconsistent and strategic elites appear to be vote-seeking vehicles rather than stable configurations for democratic systems. When the elites think that the old parties are in trouble or a new party could have a better electoral fortune, they tend to withdraw from the former and join or create the latter. In fact, the turbulence of one party creates a domino effect and leads to the turmoil of the whole party system. Simultaneously, the low level of institutionalization of the political system also contributes to this trend. Thus differing from the occasionally one or two new entrants in established democracies, a large number of new parties emerge in CEE countries, which significantly influence the electoral outcomes. Simultaneously, new parties in CEE countries are not given cold shoulders as their counterparts in established democracies. As noted above, they are quite attractive rather than being overlooked and even have better electoral fortunes than the old parties. In many elections, “those parties even entered a government shortly after their foundation.”¹⁸⁰ So given the attractiveness and the number of new electoral contestants in CEE countries, a large proportion of votes are won by new electoral contestants and the variation of electoral results between two consecutive elections is plausibly driven by changes of party entry rather than economic

¹⁷⁸ Tavits 2008a, 114.

¹⁷⁹ Tavits 2008b, 541.

¹⁸⁰ Tavits 2008a, 114.

conditions. In order to examine the economic voting model more precisely, we need to control party entry, namely the number of new electoral contestants in each election¹⁸¹.

Given a variety of variables and their different impact in our explanatory model, I reiterate these variables in Table 3. Pertaining to the table, Column 2 shows the different functions of each variable in our explanation, be it an independent variable, moderator or control variable. In the third column, we distinguish if the variable is applicable to economic voting studies for all the democracies or it only fits the particularity of the CEE context. The last column explains the theoretical mechanism of these variables respectively.

¹⁸¹ There is still one significant variable that might affect economic voting even in the idiosyncrasy of the CEE context—majority/minority government. Compared to a majority government, a minority government is more likely to be restrained by the opposition as the governing parties fail to obtain majority control over the parliament. In political practice, it has more difficulties to perform as planned, especially on significant policies that require the approval of the parliament. Thus in voters' eyes, parties in a minority government should be held less responsible for the economic performance than parties in a majority government. In fact, I plan to add government type (majority/minority) into the research model. However, there have been an insufficient number of minority governments in CEE countries during the past two decades. Specifically, I include 126 governing parties in the quantitative analysis (see Section 3.2). Only 14 of them are parties that made up a minority government. Given the small sample size, I exclude majority/minority as an explanatory variable. But for future research, the impact of government type upon clarity of responsibility is a potential issue to probe.

Table 3 Explanatory Variables in A General Economic Voting Model

Variable	Type	Applicable scope	Logic
Growth	Independent variable	Normal democracies	When voters are content with the economy, they support the incumbent. Otherwise, they vote for other electoral contenders.
Unemployment	Independent variable	Normal democracies	The same as above
Time	Homologized variable	CEE context	Regime effect and newness of democracy recedes over time; level of economic voting increases.
Left-right division	moderator	Normal democracies	Policy leaning leads to different responsibilities in voters' eyes: left parties are more associated with unemployment whereas right parties are held responsible for other two.
Regime divide	moderator	CEE context	Old regime parties are linked with the past where new regime parties are associated with the transition, which creates different economic voting patterns.
Relative strength of governing parties	moderator	Normal democracies	Voters judge the responsibility of governing parties by their seats in parliament. Thus the more seats for a party, the more responsibility it undertakes and the stronger the effect of economic voting on it.

Party system fragmentation	moderator	Normal democracies	The more fragmented a party system is, the less likely voters are to clarify a desirable alternative in the opposition, the weaker economic voting is.
Party entry	Control variable	CEE context	The more new parties, the more vote share they attract, the less votes governing parties can win.
Prior votes for governing party	Control variable	Normal democracies	Prior votes set a baseline for vote share of a party in this election.

*Homologized variable is a type of variable that condition the relationship between independent variable and dependent variable but has no interaction with either variable¹⁸². About the distinction between pure and quasi moderators, we have specified it in Section 2.2.3. Here we recognize the fragmentation of party system as a quasi moderator. The reason is that in several economic voting studies including Roberts 2008, scholars use the change of ENP as a control variable and they find the increase of ENPs, namely the change of party system fragmentation affects the electoral fortune of governing parties. So preliminarily, we assume that the ENP could not only directly affect the dependent variable, but also moderate the relationship between economic variables and electoral results. In the analysis to come, we will figure out the real function of the ENP in the economic voting model.

¹⁸² For more details on homologized variables, please see Shama et al., 1981.

3.2 Data and Operationalization

Concerning the variables involved in the hypotheses, some of them are quite easily operationalized. For example, it is quite simple to find the indispensable party and dispensable party within one coalition. But on the other hand, the operationalization of several variables proves to be more difficult because of the complicated coding rule (regime divide) or controversial reliability of transitional measure (left-right division). Therefore, it is necessary to spell out how these variables are operationalized in this research. But before that, I first specify the process of case selection and the reasons for their exclusion or inclusion in the research sample.

This research draws on data for economic voting in ten countries during the transitional period: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia as well as Slovenia. The reason to select these countries are threefold. First, elections in these countries are regarded as democratic with free and fair competition as their political transition and democratizing processes are relatively successful¹⁸³. This distinguishes them from “the other countries in this region where authoritarian regime still rules the country or the transition toward modern democracy is hampered by disunity of the state and ethnic conflict.”¹⁸⁴ Second, all ten of the countries are member states of European Union. If one takes the acceptance of the EU as a benchmark of democratization, those countries are democratizing approximately at the same rate¹⁸⁵. Then the difference between the countries in terms of political context is not large. Third, this sample not only concentrates on countries like the Visegrad four, but breaks the old sub-regional borders like central Europe, Baltic countries, and southeast Europe. It includes countries such as Romania

¹⁸³ According to BTI, six CEE countries are rated as highly advanced concerning the level of transformation and the other four are advanced. The scores of all the ten countries are 9-10 points on elections which means there are no constraints within the country on free and fair elections. Index BTI(2012):<http://www.bti-project.org/home/index.nc>

¹⁸⁴ Lewis 2006, 562-563.

¹⁸⁵ This is why we exclude Croatia in this research. In fact, Croatia is also an EU member state. But differing from other CEE countries, its accession negotiations occurred much later and it officially joined EU in 2013. So if taking accession to EU as the benchmark, we assume that CEE countries that joined EU in 2004 or 2007 are democratizing at the same rate whereas the democratizing process in Croatia is out of sync compared to other countries. Thus to avoid the interference from asynchrony of democratization, we only include the other 10 CEE countries with EU membership.

and Bulgaria that received little attention in former research, in order to as achieve the strongest research findings possible for generalization.

The time frame covered by this research is around 1990 to the end of 2014. As the research interest is economic influences on democratic elections, the first elections in each country are excluded from the dataset. Basically, the electoral contenders in these election fell into two major camps: the ruling (communist) parties and social movement that combined all the anti-communism forces. Thus political issues often outweighed economic concerns throughout the campaigns and elections. Second, there were a lot of restraints on the participation and competition within the elections. It is doubtful if these elections would be recognized as fair and free. Moreover, both camps subsequently changed into a variety of parties after the first elections. Such great change makes it impossible to even compare the results in the first elections with those of the following elections. In addition to the first elections, there are several cases that are not included due to highly idiosyncratic reasons. For example, Estonia, Lithuania and Latvia declared their full independence after their first elections. In Czechoslovakia, the country broke up in 1992. Due to these major shake-ups, the elections before their independence have no significant reference for us. Consequently, the data of these five countries is measured from their first governments after independence. Similarly, I exclude two early elections (Bulgaria 1991, Latvia 2011). Both elections were held only one year after the previous one. The governing parties had no time to grasp the socioeconomic situation and improve governing competence. Accordingly, their policies could not work as intended immediately. Even if they failed to fulfill their promises that were made in the last elections, it is hard to solely blame and hold them responsible. In other words, there was no real electoral accountability during the two consecutive elections¹⁸⁶.

Selecting countries and elections are not the only issues that need to be considered within the complex party politics of CEE countries. Another thorny issue is distinguishing the incumbents. In this region, plenty of governments died in the middle of their tenure. Only 38%

¹⁸⁶ There were indeed other early elections in CEE countries. But in these cases (etc. Czech Republic 1998 and Poland 2007), at least two years had passed since the previous elections. The governing parties had sufficient time to unlock their “talents”. Voters also had enough time to get to know the incumbents and their performance. Thus voters were still likely to reward or punish them based on the economic conditions. So I include these early elections in the dataset.

of governments could remain in power until the next scheduled elections and the mean duration of governments was 553 days¹⁸⁷. Accordingly, there may have been several governments in sequence between two consecutive elections and their party composition may have partially overlapped or been totally different. In this case, it is vital to distinguish the incumbent in the legislative term. To this order, I adopt government duration as an analytical tool. Governments that failed to last until the next elections are distinguished by their durations. If a government steps down soon after the election, it cannot be regarded as the incumbent. But if it lasts until shortly before the next election and then a caretaker government is installed, I will take the former government not the caretaker one as the incumbent. For example, the HZDS set up a majority government with the SNS after the 1992 Slovakia election. The government stepped down in 1994. The SDL, KDH and DEUS formed a coalition government and decided to hold an early election. As the HZDS and SNS were the real power holders during those two years, I take them as the governing parties. Sometimes, cases are more complicated. Take Latvia from 2006 to 2010 for example, three different governments took office one after another for similar durations. It is not possible to judge the incumbent by government duration. But as the main interest in this research is the impact of economic voting upon individual governing parties, not the whole government, I identify the governing parties by figuring out the composition of three governments coupled with the duration of each party in office. Specific to the above case, all the three governments consisted of the TP, LZS and TB/LNNK whereas the LPP/LC joined two. To some extent, they are the parties that stayed in office for the full or at least most of the legislative term. Thus I consider these four parties as the governing party in that legislative term¹⁸⁸.

Moreover, there are a large number of parties that merge, split, dissolve or change into a new party. If a governing party splits or merges with other parties between the two elections, it is hard to figure out its increase or loss of voter share. With regard to mergers of two governing parties, I calculate their electoral results together in both elections. For example, TB in Latvia

¹⁸⁷ The survival percentage and mean duration of governments are calculated by the author. The calculation involves 118 governments in the ten countries selected during 1991-2012. Given the differences in case selection and data coding rules, the calculation is a little differentiated from results of other research, like Grotz and Weber 2012 and Savage 2013.

¹⁸⁸ An advantage to define the governing party by their duration in office is that we can distinguish the real governing party from government leavers. Due to the low degree of government stability, many parties in CEE countries join a ruling coalition but soon leave the government. Presumably, voters are not likely to hold them responsible for economic performance and reward or punish them accordingly because of the short time they are in office. So if we include these government leavers in our dataset, it would create some bias in the research results.

merged with the LNNK in 1997. So TB/LNNK as a new electoral contestant participated in the 1988 and also the several following elections. To compute the vote change of TB/LNNK between the 1995 and 1998 election, it is natural to calculate the vote share of TB and LNNK in the 1995 election together. This coding rule is equally applied to cases in which governing parties form an electoral alliance and field a common list in one or both elections. A typical case is the KDU-CSL and the US in the Czech Republic. They contested the 2002 parliamentary election on a joint ballot. After the election, they formed a coalition with CSSD and stayed in that governmental until the 2006 election. So even though they went into the 2006 election separately, we still regard them as one “governing party” and calculate their vote share together in both the 2002 and 2006 elections. But if a governing party merges with non-governing parties before the re-election, it will be excluded because its actual cost of governing could never be known. Take the SLS from Slovenia for instance. SLS was a member of a governing coalition with the SDS, NSi and DeSUS from 2004 to 2008. So it is reasonable to take it as a governing party in that legislative term. However, the party ran a joint list in the 2008 election with the SMS, which had been an opposing party for the previous four years. Regarding their vote share in the 2008 election, we never know what portion of the votes should be attributed to the SLS or the SMS. As the SMS was not a governing party at that time, we could not take them together as a governing party. Hence, the SLS is not included in our dataset. In terms of party splits, I identify the main successor of the original party and equate the vote change of this successor with that of the original party. Namely, the main successor party is expected to automatically undertake the major burden of accountability. A typical example is the SDK in Slovakia. The party was created by five small parties to contest the Slovak parliamentary election in 1998¹⁸⁹. After that election, it formed a governing coalition with the other three parties after the election. However, there were serious disagreements inside the party and it split in 2000¹⁹⁰. Although some party members returned to their original party, the majority of its members joined the new SDKU. Given the SDKU inherited the governing status of the SDK, I consider the SDKU as the main successor of the SDK in this research¹⁹¹.

¹⁸⁹ Originally, the five parties intended to form an electoral coalition, not a new party. But the country passed a law to restrict candidature of such coalitions. As a reaction, the SDK transformed itself into a political party.

¹⁹⁰ About the example, see more details in Hlousek and Kopecek 2010, 124-126.

¹⁹¹ There are also other cases that are included or exclude from the dataset due to specific reasons. The details of these special or ambiguous cases is laid out in Appendix 2.

At last, we include 126 governing parties and their electoral results in 54 elections in the dataset. The dependent variable in this research is the real electoral vote, specifically the percentage of the national vote in the reelection for a governing party. The electoral data is mainly collected from the European Election Database (EED)¹⁹² and is also derived from relevant literature like Rose & Munro 2003 and Roberts 2008. As noted above, two variables, growth and unemployment, are used to measure the state of the economy. According to Paldam and Nannestad's argument, "the election causes an upward jump in people's economic knowledge and that increase disappears within one year."¹⁹³ Thus the economic conditions in election years are more likely to affect voters' economic evaluation and voting decision than economic conditions in prior years. For this sake, I only consider the state of economy in election years rather than the average of the whole legislative term in this research. Here, growth is measured as the percentage of increase in real GDP whereas unemployment rate is equal to the percentage of unemployed people in the total labor force¹⁹⁴. The relevant data is collected from the database of the World Bank¹⁹⁵. In addition, all the macro economic data used in this research is annual data. Given the election dates are different in each countries, I adopt the coding rule in Roberts' study. "Indices from the year of the election are used if an election is held in the second half of the year and indices from the previous year are used if the election is held in the first half year."¹⁹⁶

Regarding other variables, time is quite easily coded. But the next variable – left and right division is often hotly debated in political science and thus needs to be dealt with carefully. In terms of the CEE context, it is often questionable to operationalize party ideology based on the traditional meaning of "left" and "right". The ideological stance of a party is a complexity that consists of its policy positions in many substantial dimensions. For instance, the

¹⁹² EED: http://www.nsd.uib.no/european_election_database/about/about_data.html. Last accessed on July 24th, 2015.

¹⁹³ Paldam and Nannestad 2000, 317.

¹⁹⁴ The measure of the two variables comes from WDI (World Development Indicators): <http://data.worldbank.org/data-catalog/world-development-indicators>. Last accessed on July 29th, 2015.

¹⁹⁵ The database of the World Bank: <http://data.worldbank.org/>. Last accessed on July 30th, 2015. In several cases, like Estonia 1994, there is no inflation data available in this database. The data is taken from the World Economic Outlook of the IMF: <http://www.imf.org/external/pubs/cat/longres.cfm?sk=16890.0>.

¹⁹⁶ Roberts 2008, 539.

assessment of party ideology in Benoit and Laver's research includes four main policy dimensions: economic dimension, social dimension, the decentralization of decision making and environmental issues¹⁹⁷. The measurement of the Comparative Manifesto Project (CMP) is even more comprehensive, adding external relations, political freedom and other entries peculiar to specific countries¹⁹⁸. In this regard, a party could be positive about economic reform but tend to be quite conservative in other aspects. Thus a simple score on the left-right spectrum cannot indicate the differentiated or even conflicting stance of a party on different policies. In this research, our interest is to examine the economic impact upon electoral results. What really matters for clarity of responsibility and electoral results is parties' ideological stance on economic policies, not other aspects, e.g., gender equality and minority rights. Therefore, the meaning of left and right for parties is measured by their economic stance in this research. Specifically, parties that claims an active role of the incumbent in the economic development are categorized as left parties and those parties also focus more on unemployment and social welfare. "Parties that emphasizes a reduced economic role for government: lower taxes, less regulation, less government spending and a leaner welfare state are identified as right parties."¹⁹⁹. Here, a left party means that it is economically left, but does not imply that it conforms to the traditional meaning of left in other policy dimensions.

Furthermore, we conceptualize party ideology as a continuous spectrum rather than a dichotomous concept. As mentioned above, parties in CEE countries often have weak programmatic identities. For many parties, their ideological position, especially on economic issues, more approaches a centrist party than a typical left or right party. So if we simply categorize these center left or right parties into left or right groups, the standard deviation within one group might be even larger than that between two groups. Thus the research results based on this classification are probably biased. More importantly, changing stances on policies is an efficient strategy to gain support in the CEE context with high electoral volatility. Political parties may change their ideological position from one election to another. If the original preference did not bring a brilliant prospect, a party will move in the opposite

¹⁹⁷ Benoit and Laver 2006, 91.

¹⁹⁸ Code book of the Manifesto Project Dataset: https://manifestoproject.wzb.eu/download/documentation/codebook_MPDataset_MPDS2015a.pdf. Last accessed on August 5th, 2015.

¹⁹⁹ Bakker et al. 2015, 146.

direction and even become critical of policies that it would have supported before. The MSZP and Fidesz in Hungary are typical examples. Both parties presented a totally different attitude towards transition and economic reform in 1994-1998 compared to their policy preference in the first-wave reform²⁰⁰. So if we treat party ideology in a dichotomous way, the change of a party in terms of ideological position might be overlooked because the party may change from an extreme left party to a center party but it is consistently in the left camp. For this sake, we adopt a numeric evaluation for party ideology.

Specific to CEE countries, there are two main datasets that cover multiple parties across countries and over time: Chapel Hill Expert Survey (CHES)²⁰¹ and Comparative Manifesto Project (CMP)²⁰². Both databases show the ideological position of a party as well as its stance on economic issues. However, the CHES only includes statistics over 1999-2014. So in this research, the data for party ideology are collected from the CMP. With regards to the CMP, it does not clearly indicate the ideological score of a party on economy, but shows more specific indices. The first one is “markeco” which summarizes the preference of a party on the free market, support for the stock market and banking system as well as inclination to reduce budget deficits²⁰³. A high score in markeco means a party is close to the right extreme of the ideological spectrum and tends to adopt the traditional way of right parties to boost the economy. The second index is “planeco”. It shows the willingness of a party to ensure equality and fairness in economic development, including control over prices, support for the minimum wage and defense of small businesses against monopolies²⁰⁴. A higher score in planeco means a party better conforms to the description of a typical left party and is more concerned with the negative products of the economy, e.g. unemployment and the wealth gap. Hence, the economic ideology of a party is divided into two parts. As discussed above, party

²⁰⁰ Duch 2001, 898. In fact, similar cases are not rare in CEE countries. For instance, the KDU-CSL in the Czech Republic is a typical case that gradually moves from the right to the left side. Before 2002, the party was a truly right party and in 2002, the score of its ideological stance reached up to 7.9. But by 2006, it had changed into a center-right party with a score of 5.7. Afterwards, its economic policy continued to lean towards left. In 2010 it became a left party with a score of 4.8. Similar cases are not rare in CEE countries. The LZS in Latvia even experienced a transformation from left to right, then back to left. Here, the ideological score is extracted from the Chapel Hill Expert Survey.

²⁰¹ The Chapel Hill Expert Survey: <http://www.chesdata.eu/>. Last accessed on August 5th, 2015.

²⁰² Comparative Manifesto Project: <https://manifestoproject.wzb.eu/datasets>. Last accessed on August 5th, 2015.

²⁰³ Codebook of the CMP: https://manifestoproject.wzb.eu/down/documentation/codebook_MPDataset_MPDS2015a.pdf. Last access on August 5th, 2015.

²⁰⁴ Also see the codebook of the CMP.

ideology is a significant reference for clarity of responsibility because ideology indicates the policy leanings of parties on economic issues. Voters tend to hold left parties responsible for the unemployment rate as left parties normally concentrate more on unemployment issues than right parties. Equally, right parties are more likely to be held responsible for economic growth. Thus their electoral fortunes are often related to different economic indices. Back to the two indices of the CMP, we assume that the markeco of a party affects how voters discern its responsibility for economic growth and its planeco determines how voters clarify its responsibility for unemployment. The interaction between markeco and growth and between planeco and unemployment together show the moderating effect of party ideology on economic indicators within economic voting patterns.

Compared to the left-right classification, it is a lot easier to categorize parties by the regime divide. The old regime parties are synonymous with the CSPs which are linked with the ruling parties of the communist era. As many scholars argued, “not all old regime parties evolved in the same manner and the literature often speaks of reformed and unreformed CSPs.”²⁰⁵ But no matter whether these parties transformed themselves or remained loyal to communist principles, the visible history makes it light work to sort them out from the whole party list. By contrast, the new regime parties have closer association with the transition. Mostly, they were formed after the collapse of the communism and born out of the opponents of the communist regime in the 1980s. In a general sense, “these parties lead or support economic reform and political transition. They attempt to appeal to voters by these rather than other issues and values that have nothing to do with the transition, e.g., identity or profession.”²⁰⁶ In this research, the list of old and new regime parties in the 1990s is taken from the dataset of Tucker (2006)’s study, which excludes religious, ethnic, nationalist, agrarian or trade union parties from the sample. The data from 2000 to 2014 is assembled by the author based on the same coding rule²⁰⁷.

²⁰⁵ Owen and Tucker 2010, 27.

²⁰⁶ Tucker 2006, 16.

²⁰⁷ Preliminarily, I try to split the old regime parties into more nuanced camps – reformed and unreformed parties and test if there are different economic voting patterns between them. But in my dataset, the sample size of reformed or unreformed old regime parties is relatively small. If analyzing two kinds of parties separately, the results are probably an exception rather than the rule. Thus I only consider the difference between old and new regime parties in this research. Testing of economic voting based on more specific classification of parties needs further research.

With respect to the relative strength of governing parties within a coalition, we do not equate it with the parliament seats of each party. Rather, the relative strength is measured as the parliament seats of a party divided by the seats that the whole coalition have. For instance, if a party has 50 parliamentary seats whereas other coalition members hold 150 seats, then the relative strength of this party is 0.25. Accordingly, the point scale of party strength is from 0 (no seats) to 1 (party in a single party government). To some extent, this is more in accordance with the political reality as a party with 50 seats might be the leading party in a coalition government whereas another party with the same number of seats is only the third largest party in its own coalition. Consequently, this manipulation would contribute to better describing the power structure as well as responsibility assignment within a coalition. About the share of parliamentary seats, the data is mainly collected from the archive of PEE (Parties and Elections in Europe)²⁰⁸.

As for the fragmentation of party systems, there are plenty of approaches to operationalize it and no decisive evidence shows that one is superior to another. Selection of the approach depends upon the specific aim of scholars. In this research, “the ENP is preferred due to its easy computability, approved application for the description party systems in democracies, and suitability as a variable in OLS regression models.”²⁰⁹ Within the calculation, the relative strength of each party is measured by its vote share in the last election. Namely, the effective number of parties at election r shows the power structure of a party system between election $r-1$ and election r . The data from 1990-2010 is taken from the Comparative Political Data Set (CPDS)²¹⁰ whereas data after 2010 come from the Election Indices²¹¹.

Regarding fluidity of party systems, party entry is a numeric variable that can be directly observed. Basically, party entry means that a new party that was not present in election $t-$

²⁰⁸ The website of PEE is <http://www.parties-and-elections.eu/countries.html>. last accessed on September, 2nd, 2015. The source of the archive is the national election office of each country.

²⁰⁹ Van Eerd 2010, 2.

²¹⁰ CPDS: <http://www.nsd.uib.no/macrodatabase/index.html>. Last accessed on August 5th, 2015.

²¹¹ Election Indices: https://www.tcd.ie/Political_Science/staff/michael_gallagher/EISystems/Docts/ElectionIndices.pdf. Last accessed on August 5th, 2015.

l appears in election t. But for the convenience of research²¹², I adopt Tavits' coding rule in related studies, which takes 0.3% of the national vote as a threshold to determine parties that emerge²¹³. Specifically, new parties²¹⁴ are counted as "entry" only if they receive more than 0.3% of the vote. A party that fails to win 0.3% of the national vote is recognized to have little impact upon clarity of alternatives and their entry and exit cannot represent the real degree of fluidity in a party system. In addition, there are plenty of electoral alliances or coalitions in CEE countries. Many alliances frequently emerge, dissolve or change their party compositions. Hence, I also use a rigid rule to distinguish between these alliances. Only an alliance formed by genuinely new parties is recognized as a truly new contestant in the electoral competition.

3.3 Method

In this research, we adopt OLS (ordinary least square) regression to build up a clear correlation between economic conditions and electoral results as well as test our hypotheses. Here, the reason to choose OLS regression from a variety of analytical techniques is twofold. First, it is the basic and direct technique and suited to studying relationships between an outcome variable and predictor variables, such as economic conditions and electoral outcome. The robustness of this correlation can be tested by controlling for a set of interference factors, e.g. previous vote share or country-specific factors. More importantly, it is convenient to extend the OLS regression model by simply adding new variables to the equation, which

²¹² It is hard to include the exit and entry of all parties in these countries as the reliable information on party history or interrelation is often short, especially for small parties.

²¹³ With respect to the measure of party entry, scholars that study electoral volatility and party system instability may use different thresholds (for instance, 1% of the national vote in Rose 1996 and Olson 1998). But the interest here is the impact of fluid party systems upon clarity of alternatives. A minimum threshold might help us to clearly understand the fluidity of party systems and the electoral environment in one specific election. A higher threshold, however, could probably lead to the omission of some new parties, which undermines the robustness of the research results.

²¹⁴ A conventional view in studies of party systems is that a new party either results from a split from an existing party or is genuinely new in the sense that it emerges without any help from members of existing parties (Hug, 2001, p79-80). Thus parties created by a merger of old parties are not regarded to be new. In this research, we follow this argument and exclude the compound of old parties. Thus, there are two main sources of new parties: 1) genuinely new parties and 2) parties split from old parties. Here, we do not make a deeper distinction between two types of new parties. More specifically, the reason that voters in CEE countries are likely to support new parties is not because new parties are often the acceptable alternative. Rather, the success of new parties may be a function of the unresponsiveness of the existing political organizations (Tavits 2008a, p119). Namely, voters show their discontent with existing parties, not only the governing parties, by turning to supporting new parties. As both types of parties show new identities or rupture with the past, they could equally attract voters and thus be taken as new parties.

allows us to test the effect of contextual factors that are suggested above. Second, related to the specificities of research, two main regression methods are accepted within economic voting. For empirical studies based on survey or opinion poll, logistic regression is favored as the dependent variable is often the respondents' answers, namely a qualitative variable²¹⁵. But concerning research that focuses on real electoral vote, OLS regression is normally preferred. Hence, using OLS regression would make this research more comparable to previous economic voting studies on CEE countries, which contributes to reexamining the research conclusion.

In our explanatory model, one of the research focuses is those contextual factors and their function in the economic voting model. Statistically, we add them as moderator variables to see their interactions with economic variables. Generally, "an interaction occurs when the magnitude of the effect of one predictive variable on an outcome variable varies as a function of another explanatory variable."²¹⁶ Specific to our research, variables like party ideology are not expected to directly affect electoral results. Rather, these contextual factors condition the correlation between economic variables and electoral results. Indeed, their interaction with economic variables determines to what extent the economic voting can be translated to the vote share of each governing party. Following a conventional approach of regression analysis, the interaction is represented by the product of variables.

To some extent, the addition of multiplicative interaction in regression analysis has already been a common technique in empirical studies. But the general-practice rule to adopt interaction models is still intensively debated. One issue is whether to include all the constitutive terms. In statics, Sharma et al. (1981) introduced a typology of moderator variables which distinguishes two distinctive types of moderators: "a moderator variable that both interacts with the predictor variable and outcome variable is a quasi moderator; a variable that merely interacts with the predictor variable is a pure moderator."²¹⁷ In political

²¹⁵ Qualitative variable is also known as categorical variable, which is a variable that can take on one of a limited, and usually fixed, number of possible values, thus assigning each individual to a particular group or category (Yates et al., 1999).

²¹⁶ Preacher and Rucker 2003, 1.

²¹⁷ Paul L and Alan 1993, 637-638.

science literature, many scholars follow this typology. When their theory strongly suggests that a variable is a pure moderator, for example, a variable Z exerts an effect upon Y via X, they only include the predictor variable (X) and the interaction term (XZ) in their regression models²¹⁸. However, such an action has been criticized by other scholars. In terms of Bramber et al.'s research, "analysts should include all constitutive terms, or namely, each element that constitutes the interaction term, when specifying multiplicative interaction models— except in very rare circumstances."²¹⁹ Otherwise, the regression analysis would lead to a biased estimate. In another article, Kam and Franzese came to the same conclusion that "researchers should gauge statistically the certainty with which the data supports the exclusion of constitutive terms."²²⁰ Even the theory indicates that inclusion of that constitutive term is unnecessary; we still need to prove it with our data in a fully-specified interactive model. So in this research, we follow their advice. When adding an interactive term, for example, the interaction between growth and the ENP, we include all the constitutive terms (growth, the ENP and interaction between them) in our regression analysis. Unless the result of the model suggests a small coefficient or a small standard error for one term, we reserve all of them in our explanatory model. The second issue concerning interaction models is mean-centering of the data. As the addition of interactive terms may increase the multicollinearity in the model, a common way in earlier quantitative analysis was to center the data by subtracting its mean value. But as time went on, scholars on statistics gradually realized it is untrue. As Kam and Franzese expound in their discussion, "centering the data alters nothing important statistically and nothing at all substantively."²²¹ In this regard, we totally agree with their argument. But in this research, we still center our data because a lot of variables in our model do not have a natural zero point (for example, the party strength is never zero), or the natural zero value of them is meaningless in our explanation (for instance, 0% growth rate is not the cutting-off point that lets voters change their reward to punishment. Rather, they are likely to vote against the governing party when the growth rate is positive but very low). Hence, rescaling the data by mean centering can help us better understand the interaction and interpret our explanation. The last issue is the hierarchy of interaction. In this research, all the interactions are two-way interactions between

²¹⁸ Many studies could be categorized into this group, for example Boix 1999 and Samuel 2000.

²¹⁹ Bramber et al. 2006, 66.

²²⁰ Kam and Franzese 2005, 95.

²²¹ Bramber et al. 2006, 71.

one economic variable and one moderator. More complicated situations like three-way or four-way interactions are not considered. This is mainly due to two reasons. Statistically, more complicated interactions would increase the standard error and probability of multicollinearity, thereby creating inaccurate results. Theoretically, a third-way or four-way interaction goes somewhat against our assumption that voters in CEE countries are normally of low sophistication. For ordinary voters, both clarity of responsibility and desirable alternative are done in a relatively simple way rather than based on the compound of various factors.

Save for general rules on interaction, there is the other question on the regression analysis: what kind of standard error should we report? In a general sense, models in regression analysis are grounded on an assumption that the errors of estimates have the same variance across all the observation points. So it is appropriate for analysts to only illustrate the basic standard errors in their models. But if it is not the case, namely there is a heteroscedasticity in the sample, reporting the robust standard error is required. Furthermore, “when data are observed in clusters such that observations within a cluster are correlated and observations between clusters are uncorrelated”²²², clustered standard error (robust standard error with clustering) is better to vindicate or repudiate the estimated coefficients. Specific to our research, the unity of analysis is individual governing parties. For parties that participate in the same election, their vote share is certainly correlated. The electoral success of a party to some extent increases the risk of other parties to lose support. Whereas for parties positioned in different elections, their electoral fortune is clearly independent with no interaction. Hence, our data is naturally clustered by elections and we should report the robust standard error clustered by elections for each coefficient. In the analysis to come, all the standard errors we mentioned are the clustered standard error.

²²² Williams 2000, 645.

3.4 Results

This section is the result of our quantitative analysis and the content is mainly divided into two parts. We will first show the descriptive statistics of our variables, which may depict a clear picture of CEE countries on political and economic dynamics. After that, we will discuss our regression models, in which the explanatory variables are added step by step, and see whether the result is in accordance with our hypotheses. To begin with, we explore the main interest in this research — vote change and economic indices.

Table 4 Vote Change in CEE Countries

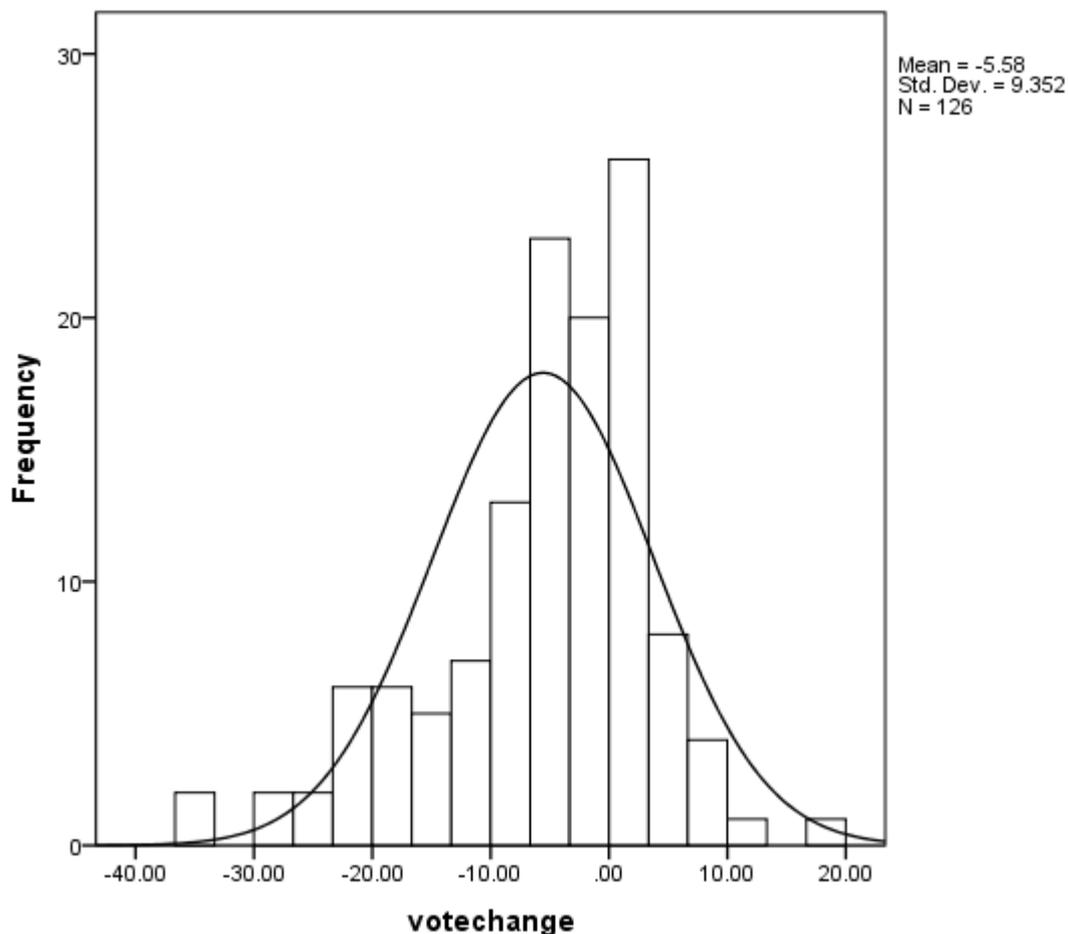


Table 4 illustrates the vote change of these governing parties at each pair of elections. For all governing parties, the average vote change is -5.6%. In fact, if we calculate the electoral

results for all the government, rather than the vote change by parties separately, the vote decrease is even higher. For all governments, the average vote change is -13.1% (N=54). The biggest vote drop in our sample is ODS in the Bulgarian 2001 election and LDDP in the Lithuanian 1996 election. ODS gained 52.3% of the national vote in the previous election but received 18.2% of the vote in the 2001 election. In a similar vein, LDDP only won 10% of the national vote in the 1996 election, which is a big setback compared to its prior vote share (44%). For both parties, the vote losses are higher than 34%. In the opposite extreme, D.A. in the Romanian 2008 election is most highly rewarded by voters. Its vote share increased from 31.5% to 51%. However, D.A. is an electoral alliance formed by two parties (PD and PNL) to contest the 2004 election. It ended in 2007 and two parties participated in the 2008 election separately. So if we refer to single parties, the highest vote increase goes to ER in the Estonian 2007 election, for which the support from voters rose from 17.7% to 27.8%. Regarding the frequency, only 30% (N=38) of governing parties in the sample gained votes and the gain of 11 parties is even less than 1% of the national votes. On the contrary, 30 governing parties lost more than 10% of the national votes compared to their prior vote share. Apparently, the statistic is in line with the conclusion of previous studies. There is often a high vote loss in CEE countries and the majority of governing parties lose support rather than gain votes. In fact, “it is not only the vote share that governing parties are losing and in many cases, parties that sat in the government at the election time fail to stay in the government formed after that elections.”²²³ For all governing parties in the sample, there are only 22 times that a governing party continued to stay in office after the reelection.

Concerning the descriptive statistics on vote change, we do not find any obvious time trend. In our sample, 16 elections were held in the first decade of the transition and the mean vote change is -5.6% (STD=8.9) for 33 governing parties. From 2000 to 2009, 24 elections were held and the vote loss was 5.8 on average (STD=10.6). The electoral fortune of governing parties seems to be not greatly changed after 2009. In 14 elections, the average vote decrease for 35 governing parties was -5.3 (STD=7.7). Oppositely, the variation between countries is obvious. In this region, the country with the highest vote loss on average is Bulgaria (-13.9%), followed by Lithuania (-8.7%). By contrast, the average vote loss in Estonia, Slovakia and Romania is less than 4% and in Czech Republic, the mean vote change (-3.5%) is even

²²³ Roberts 2008, 538.

identical to that of established democracies²²⁴. Namely, governing parties in Bulgaria are more likely to be punished than their counterparts in the Czech Republic. However, country differences may only partly explain the variation of different parties in vote change. The standard deviation of mean vote change between countries (3.3) is much lower than the standard deviation within countries and for the whole sample. To some extent, the country difference is visible but not so large to account for all the variations. More importantly, we observe the different electoral fortunes of governing parties within one election. In our sample, 44 elections comprised more than one governing party and in 20 elections, governing parties were equally punished or rewarded. But in the other 24 elections, one or some governing parties gained votes whereas others lost support. A typical example is the Estonian 2007 election that we mentioned above. In that election, ER won 10.1% more votes, which is one of the highest vote increases in those countries. Seemingly, the performance of the incumbent was approved by voters. However, the other two members in the coalition government were severely punished at the ballot. ERL lost 5.9% of the national vote and the vote decrease was even bigger for IRL. Its vote share dropped from 31.9% to 14.9%. Regarding the different electoral fortunes of them, there are certainly other significant reasons except the country difference and general time trend.

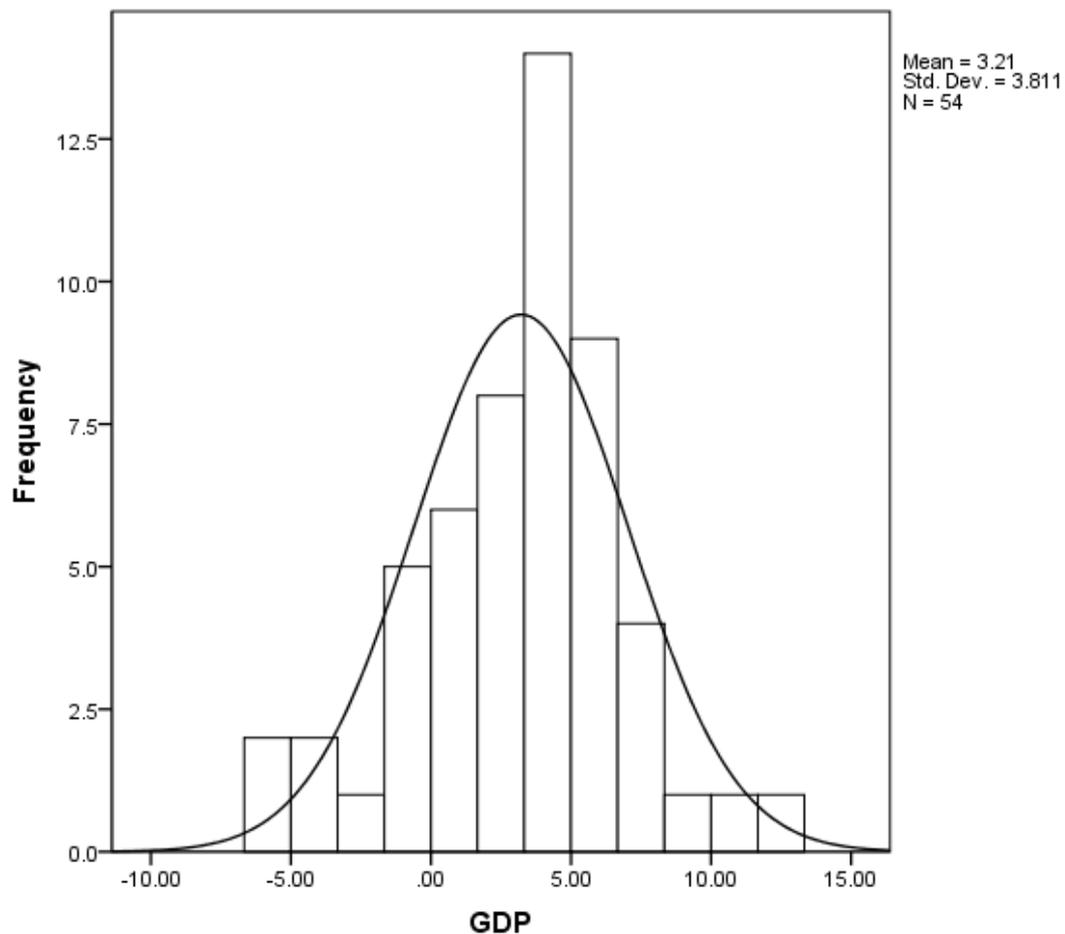
Now we move to the economic variables. In fact, if we only look at the macroeconomic indices, the economic story of these democratizing countries is not as successful as expected. Table 5 and 6 depict the general economic picture of CEE countries. The average growth and unemployment rates are 3.2% and 10.3% respectively (not only for the previous 20 years, but for all the election years). As Kolodko argued, “such a progress is not satisfying, especially after a system reform which was expected to affect the economy more positively.”²²⁵ But on the other hand, not all the economic stories are unsuccessful. There are remarkable variations between different cases. For instance, Bulgaria posted -5.3% growth and 12.1% unemployment in 2010. In contrast, Latvia had great economic progress in 2006 with 12.2% growth and 6.8% unemployment. Regarding the frequency, the growth rate is negative in 10 election years whereas positive in the other cases. In 21 election years, the growth rate went

²²⁴ As mentioned above, incumbents on average lose around 2-3 percentage points from their prior vote share in established democracies.

²²⁵ Kolodko 2009, 27.

higher than 4%, which demonstrates an economic boom at that time. But in 23 elections, the growth rate fluctuated from 0 to 4% and thus indicates that the economic progress was relatively slow. As a comparison, the unemployment rate was less than 5% in only three cases. These were the Czech Republic in 1996 and 1998, and Slovenia in 2008. In 25 election years, the unemployment rate exceeded 10% and in Poland 2001, Slovakia 2002 and Latvia 2010, it even went higher than 18%; almost one fifth of the citizens were out of work. So the unemployment rate in CEE countries is much higher than the contemporary world average²²⁶, which further illustrates that unemployment is probably the most salient economic issue that voters think about and react to.

Table 5 Economic Growth in CEE Countries



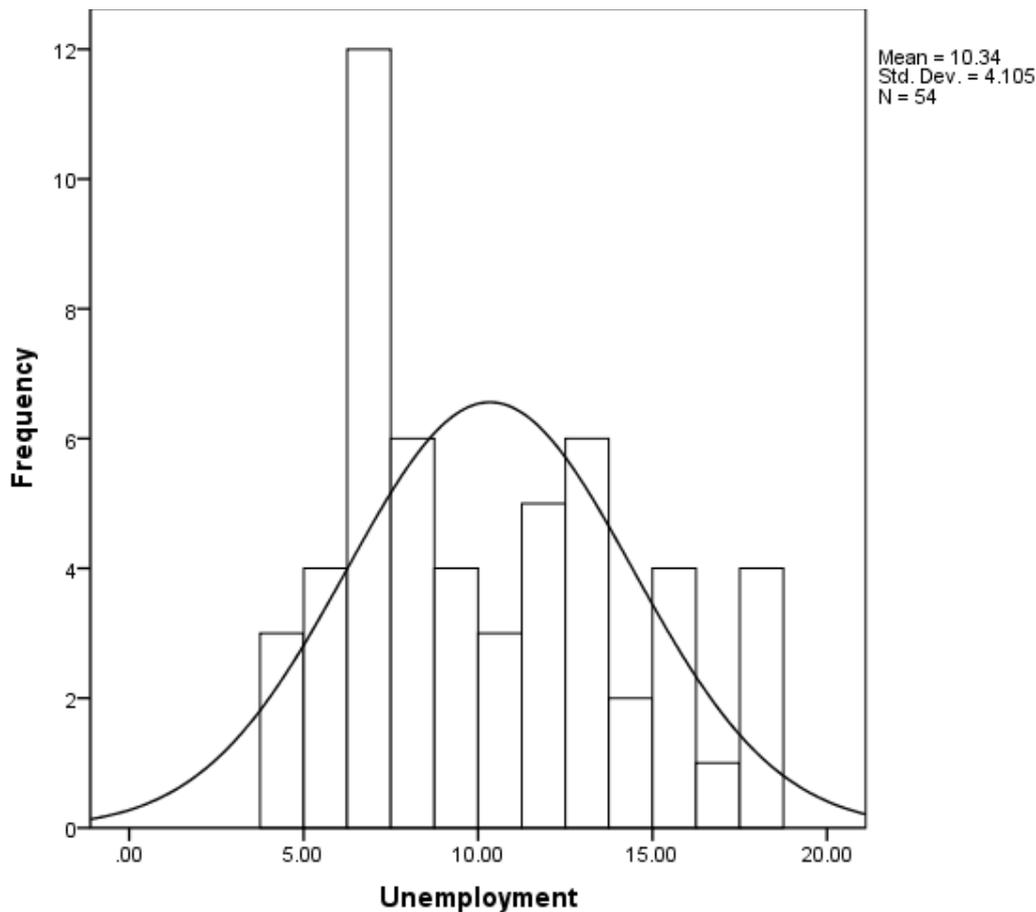
²²⁶ The unemployment rate of contemporary world average floated up and down around 6.0%. <http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS/countries?display=graph>. Last accessed on July 30th, 2015.

Akin to vote change, the country difference on economic indices is not large. The standard deviations between countries (1.4 and 3.1 for growth and unemployment respectively) are clearly lower than the general standard deviations, which means the variation within countries is also obvious. What differs from the statistics on vote change is the economic development in these countries, which is significantly time-phased. The period from 1990 to 1995 was the start of the reform and economy in these countries underwent a tumultuous stage. The mean growth and unemployment rate was 1.2% and 10.9% respectively. Unfortunately, only five elections in this period are included in our research due to data availability and other coding rules. After 1995, the economy in this region experienced a stage of recovery, followed by rapid economic progress in the following years. So from 1996 to 2008, the state of the economy is quite good (growth=5.0% and unemployment rate=10.0). But when the global economic crisis spread to Eastern Europe, these countries faced another economic recession. In our sample, the growth and unemployment rate was -0.2% and 10.9% on average.

Could the vote change of governing parties between consecutive elections be explained by the macroeconomic conditions in these countries? The answer is uncertain if we simply look at the descriptive statistics on vote change and macroeconomic indices. At the most general level, the prevalent vote decrease of governing parties in the reelection corresponds to the unsuccessful economic development of these countries during the past two decades. However, there are high variations in the data of both variables and the economic indices are clearly time-phased, whereas vote change shows no similar sign. Hence, we need a more complicated but precise method, namely regression analysis, to see whether there is actually a correlation between electoral results and economic conditions and how the correlation is mediated by other explanatory variables.

In the analysis to come, we turn to the regression results. To begin with, Model 1 shows the baseline model of economic voting in these countries. We can see from the model that the effects of two economic indices are statistically significant (for growth and unemployment, the significant levels are 0.01 and 0.05 respectively). As expected, the economic growth carries the positive sign – a 1% increase of GDP would result in a 0.51 percent gain of

Table 6 Unemployment in CEE Countries



national votes for a governing party. Akin to growth, unemployment also has the correct directional association with the dependent variable. High unemployment rate leads voters to vote against the government and the vote share of governing parties would decrease by 0.41 percent when the unemployment rate moves up one percent. Furthermore, the significant and large coefficient of previous vote share in the model verifies our conjecture that the vote share of a governing party in the reelection should not deviate too much from its prior vote regardless of its economic performance. Parties with less than 1% of the national vote in last election can hardly become the winner of the reelection. In contrast, a party with 50% of the vote might lose support in the reelection as the electorate shifts back to a normal voting pattern. But it is uncommon that the party cannot meet the threshold to enter parliament²²⁷.

²²⁷ In CEE countries, national threshold for single parties to enter parliament is usually 4% or 5% of the national vote.

Table 7 Economic Conditions and Vote Change in CEE Countries

Country	In study since	Number of parties	Mean vote change (%)	Mean growth (%)	Mean unemployment (%)
Bulgaria	1994	8	-13.9 (12.9)*	1.9	12.2
Czech Republic	1992	13	-3.5 (5.3)	1.6	6.4
Estonia	1992	12	-4.9 (9.9)	4.6	9.9
Hungary	1991	12	-5.7 (9.0)	1.0	9.0
Latvia	1993	13	-4.6 (9.8)	4.1	11.9
Lithuania	1992	10	-8.7 (11.0)	3.8	12.6
Poland	1991	13	-7.5 (10.9)	4.6	13.4
Romania	1992	10	-3.8 (11.6)	4.7	6.0
Slovakia	1992	19	-3.5 (6.2)	3.1	14.5
Slovenia	1992	16	-4.4 (8.0)	3.2	6.5
Total		126	-5.6 (9.4)	3.2 (3.8)	10.3 (4.1)

* The value in the bracket is the standard deviation for each variable. The standard deviations of three economic variables in respective countries are not illustrated as the relative sample size is small and the standard deviation has no referential significance

In model 2, we add the other control variable — entry of new parties. The change of adjusted R square shows that the model does not seem to be greatly changed. As expected, party entry is negatively correlated with the vote share of governing parties. The coefficient is statistically significant ($p=0.02$) and one more new electoral contender will lead to a decrease of 0.78% in the national vote for each party. The large size of the coefficient shows that the emergence of new parties hurts the incumbent, especially small parties in the government. As noted above, party entry as a significant contextual factor in this region varies extensively across country and between elections. Even all other issues being equal, governing parties in different electoral environments would reap different vote shares due to the change of party entry. Given its significant effect and large variance in the CEE context, party entry is a factor that needs to be controlled in multi-election studies. If ignoring the interference of new parties, the economic voting model will always lack stability and precision. After controlling for party entry, the coefficient for growth and unemployment falls a little. This indirectly proves that an economic voting model without considering the party entry may overate the impact of economic conditions. Yet in another sense, the effects of macroeconomic indicators remain significant at 0.05 and 0.1 levels respectively. So to a large degree, the vote share in this model can still be explained by macroeconomic conditions.

For cross-national studies, a universal concern is whether the result of economic voting is driven by the bias in case selection. Namely, country-specific factors might also have an impact on the economic voting model. To see if the coefficients are disturbed by country specificities, I add one country dummy²²⁸ in model 3. However, the result seems to be unaltered. The significance and size of coefficients for each variable have little change and both growth and unemployment remain statistically significant. So overall, we could argue that the results of the previous models are not influenced by country-specific factors. In terms of economic voting studies, another essential issue that should be addressed is the collinearity between economic indices. In statistics, collinearity is also a potential factor that affects the regression result. Although the high correlation between some of the independent variables may not undermine the validity or significance of a model as a whole, it does affect the estimations with respect to individual variables. Given the commonly close relationship between macroeconomic indicators, I conduct the collinearity diagnostics on two economic

²²⁸ In model 3, observations in Slovenia are coded as 1 whereas others as 0.

variables. The results of the diagnostics show no sign of collinearity between two variables. The largest k value of the condition indices is 5.9 (when $0 < k < 10$, it implies no collinearity between variables). In addition, both the Eigenvalue and the variance proportion prove the nonexistence of collinearity. Thus in the following, we do not consider the collinearity of economic indices.

Table 8 Economic Voting Model in CEE Countries

	Model 1	Model 2	Model 3	Model 4
Sample	Entire Governing parties	Entire Governing parties	Entire Governing parties	Entire Governing parties
Growth	0.51(0.16)***	0.43(0.18)**	0.43(0.18)**	0.43(0.17)**
Unemployment	-0.41(0.19)**	-0.31(0.17)*	-0.34(0.19)*	-0.34(0.15)**
Previous Vote	0.63(0.07)***	0.63(0.07)***	0.63(0.07)***	0.52(0.16)***
Party Entry		-0.78(0.33)**	-0.77 (0.34)*	0.76(0.33)**
Party Strength				6.20(6.20)
The ENP				-0.18(0.26)
Country Dummy			Yes	
Growth*PS				1.24(0.68)*
Unemployment*PS				-2.64(0.51)***
Growth*ENP				-0.05(0.07)
Unemployment*ENP				0.05(0.09)
Regime Divide				
Growth*RD				
Unemployment*RD				
Planeco				
Markeco				
Growth*Markeco				
Unemployment*Planeco				
Constant	4.16(2.10)*	5.96(2.02)***	6.53(2.19)***	13.62(0.60)***
Observation	126	126	126	126
Adj. R ²	0.51	0.52	0.52	0.60

	Model 5	Model 6	Model 7	Model 8
Sample	Old and New Regime Parties	Entire Governing parties	Pre-2002 Electios	Post-2000 Elections
Growth	0.26(0.95)	0.52(0.16)***	0.14(0.77)	0.43(0.23)*
Unemployment	-0.45(0.72)	-0.47(0.19)**	-0.70(0.56)	-0.62(0.21)***
Previous Vote	0.61(0.30)**	0.56(0.19)***	0.87(0.62)	0.45(0.19)**
Party Entry	-1.46(0.55)**	-0.60(0.38)*	-0.75 (0.59)	-0.55(0.39)
The ENP	0.59(0.53)	-0.21(0.30)	0.43(0.64)	-0.50(0.44)
Party Strength	1.32(12.41)	5.59(7.56)	-10.42(22.98)	12.15(7.25)
Country Dummy				
Growth*PS	0.89(1.04)	1.26(0.69)*	2.35(1.40)	1.06(0.79)
Unemployment*PS	-2.64(0.70)***	-2.84(0.60)***	-1.40(1.01)	-3.51(0.71)***
Growth*ENP	-0.10(0.12)	-0.03(0.08)	0.28(0.35)	-0.17(0.11)
Unemployment*ENP	0.04(0.11)	0.03(0.08)	0.02(0.29)	-0.02(0.15)
Regime Divide	-3.12(2.76)			
Growth*RD	0.17(0.99)			
Unemployment*RD	0.26(0.80)			
Planeco		-0.34(0.29)	0.28(0.35)	-0.87(0.34)**
Markeco		-0.18(0.11)	-0.20(0.23)	-0.19(0.23)
Growth*Markeco		0.08(0.04)*	-0.02(0.09)	0.09(0.06)
Unemployment*Planeco		-0.06(0.07)	0.12(0.09)	-0.19(0.07)**
Constant	15.27(2.53)***	13.77(0.70)***	12.76(1.93)***	13.38(0.80)***
Observation	66	116	39	83
Adj. R ²	0.51	0.63	0.39	0.71

* significant at 10% , ** significant at 5% *** significant at 1%. Value in parenthesis is the standard error for each variable. RD=regime divide. PS=party strength.

Overall, macroeconomic indices are correlated with electoral results of governing parties as expected. Growth leads to an increase in vote share whereas high unemployment means bad electoral fortune. Furthermore, both growth and unemployment have significant effects upon the vote share of governing parties. Seemingly, this basic model is sufficient to explain electoral results in CEE countries. If we know the prior share of votes for a governing party combined with the economic conditions at election years, it is quite easy to predict the electoral fortune of that party in the current election. Yet within the model, all the parties are treated in the same way, regardless of their party ideology, position in the government and pressure from the opposition. As we know, voters' clarity of responsibility for voters primarily depends upon these factors. Accordingly, the impact of economic variables on each party is totally different, even for parties in the same election or same government. However, such differences are not reflected by the basic economic voting model. Furthermore, a universal problem of economic voting studies in CEE countries is that economic indicators may show the predictive power in one or two elections, but in the long run, economic variables often face instability problems and some of them immediately lose their significance in the next election. Plausibly, the impact of economic voting is mediated by change of electoral environment. Thus governing parties often receive different outcomes in different elections even when the economic conditions are similar. But with the basic economic voting, only the party entry and prior vote of governing parties are controlled, which might not summarize the different electoral environment between elections. So with respect to economic voting, what the basic model indicates is mostly statistical reference rather than theoretical implications. To analyze the economic voting pattern in the idiosyncrasy of CEE context, we add more contextual variables and see if the explanatory model is accordingly changed by such manipulations.

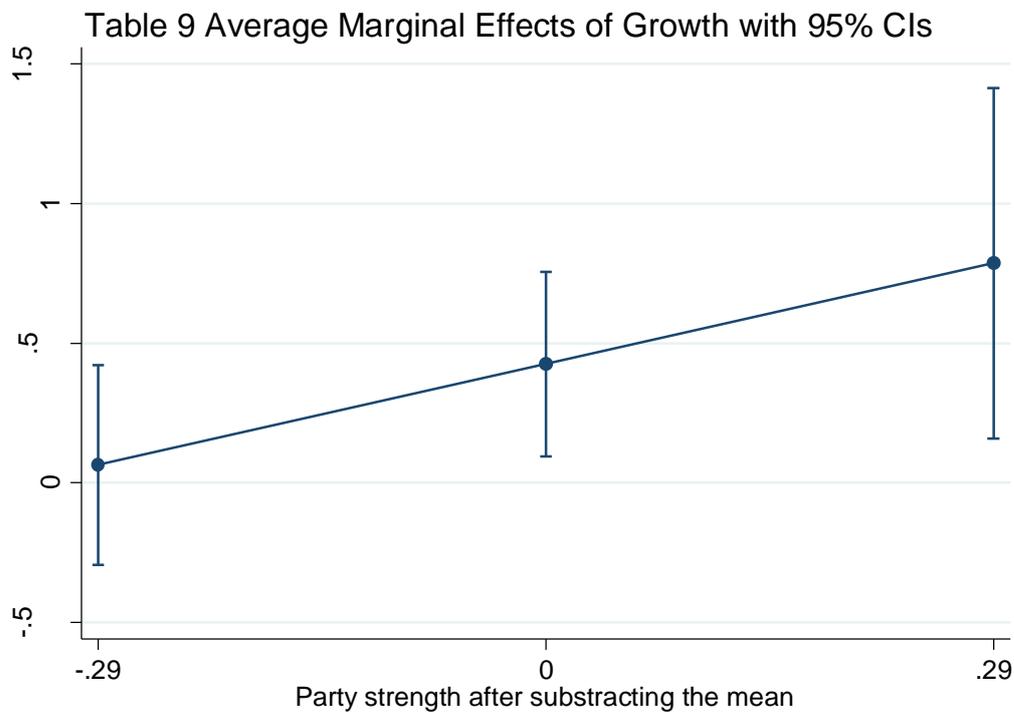
With respect to clarity of responsibility, we propose one main approach to attribute responsibility within a coalition — relative strength of governing parties. In terms of Hypothesis 4, voters would probably judge the responsibility of a governing party by its relative strength. The bigger a party is, the more likely voters would hold it accountable for the economic change. In Model 4, we add the moderating effect of party strength as well as the ENP. Here all the data are centered due to the inclusion of interactions. In a general sense, the results are improved compared to those of the baseline model. Coefficients for growth

and unemployment point to the correct associational direction and are both significant at the 0.05 level. But one should bear mind that the coefficients for growth and unemployment in this model mean something totally different from their counterparts in the previous models. They do not indicate the independent effect of economic conditions upon electoral results. Rather, they only show the impact of economic voting when there is no interference from the moderator variables. As expected, the ENP has a direct effect on electoral results. An increase in ENP hurts the electoral fortune of governing parties. However, the effect appears not statistically significant. For all the interactions, the sign that the coefficients carry is in accordance with our expectation. Namely, the impact of economic voting is stronger upon parties with greater strength than their smaller coalition partners and its influence is weaker in fragmented party systems with higher ENPs. The interactions between macroeconomic indices and relative strength of governing parties show a significant and large effect upon electoral results. Whereas for the ENP, neither of its interactions with economic variables reach the 0.1 significant level and the size of coefficients for the two interactions is relatively small. But to some extent, the small size of the coefficient is due to the point scale of the two interactions. In a general sense, the change in adjusted R square also illustrates that Model 4 works better to explain the electoral results of governing parties than the basic economic voting model.

In regression analysis, the coefficient of an interaction, for instance, interaction between growth and relative strength of parties, can be interpreted as the amount of change in the slope of the regression of dependent variables on growth when the relative strength of a governing party changes by one unit²²⁹. But to better explain the interaction, scholars often use the mean of the moderator, one standard deviation below and above the mean to see the change of the slope. Here we follow this conventional idea to explain the interaction. For both interactions, their coefficients carry the same sign as that of economic variables. Hence, there is a synergistic effect for relative strength of parties upon the coefficient of economic variables. To explore it in more depth, we conduct a simple slope test. In terms of model 4, the marginal effect of growth(x1) upon electoral results (y) is conditional on the variance of party strength(z). Thus its marginal effect should be written as $(0.44 + 1.24z)$. For unemployment (x2), its marginal effect is $-(0.34 + 2.64z)x2$. Regarding the relative strength

²²⁹ Preacher and Rucker 2003, 1.

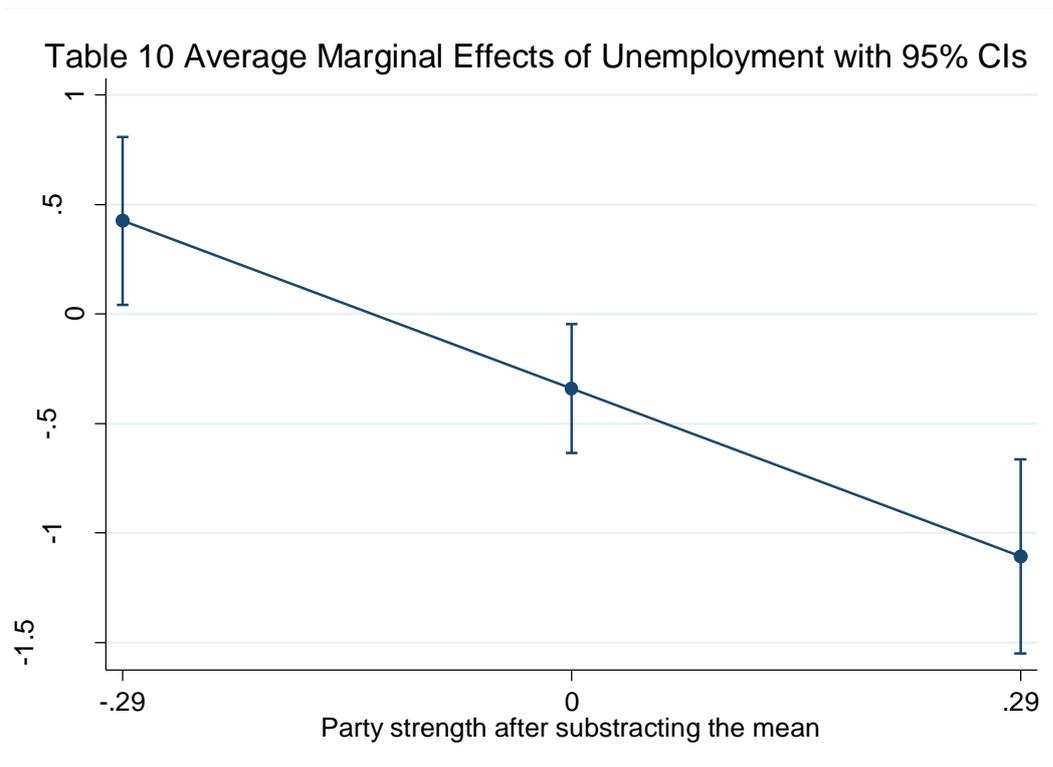
of parties, 3 values (0, -0.29, 0.29)²³⁰ are taken to represent parties with relatively big, small and medium strength. Table 9 and 10 show the marginal effect of growth and unemployment with 95% confident intervals respectively.



In terms of table 5, the marginal effects of the GDP are totally differentiated. When the strength of the party is relatively small, the correlation between growth and electoral results is small as well, which vindicates the argument that votes are less likely to hold minor governing parties responsible for the economic change. As the strength of the parties rises, the growth coefficient shows a fan-shaped uptrend. Such a trend illustrates that the predictive power of growth increases due to the synergistic effect of party strength. For unemployment, the result is similar. When the relative strength of party is small, the regress line actually shows an upward slope. Hence, we could assume that the impact of economic voting is little

²³⁰ Here the value is taken from the centered data. If translated into the original data, they are equal to 0.42, 0.13, 0.71 respectively.

upon those small parties²³¹. Whereas in the other two regression lines, we can see an increasingly strong negative effect upon electoral results. As a consequence, the synergistic effect of party strength upon both economic variables is supported—the greater strength a governing party has, the stronger effect of economic conditions upon it.



Furthermore, we include the ENP as a quasi moderator to see the impact of clarity of alternatives in the explanatory model. As mentioned above, both the ENP and its interactions with economic variables seem insignificant and the size of coefficients are small as well. Yet in another sense, they do have the correct directional association with the dependent variable. To translate it to an equation, the marginal effect of economic growth is $0.43 - 0.05E(ENP)$, still a compound effect conditional on the ENP. Due to the antagonistic effect of the interaction, a higher ENP would diminish the correlation between growth and electoral results. Concerning unemployment, the positive sign that the coefficient of interaction

²³¹ In the simple slope test, the regression line for growth is not statistically significant at 0.1 level when party strength is one standard deviation below the mean. This could further reinforce the conclusion that economic voting works better on the major parties rather than small parties in the coalition.

between unemployment and ENP carries also illustrates that the effect of unemployment decreases as the ENP rises. So basically, we could still assume that economic voting is influenced by party system fragmentation and the evidence for economic voting is stronger when the ENP is lower. However, such an influence seems to be very small and insignificant in our dataset.

Differing from responsibility distribution within a coalition, we propose two approaches to test the influence of party type on clarity of responsibility as well as economic voting. The first one is regime divide and the second one is ideological stance on economic issues. Statistically, regime divide is expected to determine the direction of correlation between economic variables and election results whereas party ideology primarily affects the strength of that correlation. Theoretically, they represent different understandings of conditional responsibility on party type as well as economic voting in the CEE context. So to test their effect, we add them to the explanatory separately. In model 5, we present the results for new and old regime parties. According to hypothesis 3b, voters tend to punish new regime parties for bad economic conditions whereas an old regime party might benefit from that bad economy in elections. So if we code new regime parties as 1 and the CSPs as 0, the interaction between growth and a party's identity on the regime divide should have positive correlation with the electoral results, whereas the interaction of unemployment with party identity points to the opposite direction. However, the results in the model are not in accordance with the expectation. Both interactions have a positive correlation with the vote share of governing parties although the effects are not precisely estimated. More importantly, several variables lose their significance and the size of coefficients changes a lot. The sign of the coefficient for the ENP is contrary to our expectation. In fact, the change of the adjusted R square also suggests that adding the moderating effect of regime divide decreases the predictive power on the variance of vote share. As a result, it is equivocal that the economic voting pattern of old regime parties is essentially different from that of new regime parties²³².

²³² We also examine the impact of economic voting upon new and old regime parties separately. Comparatively, the economic voting model works better for new regime parties. Although some variables lose their significance, all the directions of the association are in accordance with our expectations. However, the economic voting model seems to fail on old regime parties. Only one explanatory variable is significant, of which the sign of the coefficient is actually contrary to our expectation. Plausibly, the failure of this model is due to the number of observations. In our dataset, there are only 21 old regime parties and thus a test with so many variables and interactions would certainly lead to inaccurate results. So we also test the economic voting pattern of old regime parties by including all the explanatory variables but ignoring their interactions. Similarly, the results show that there is no evidence that the electoral fortunes of old regime parties are negatively correlated with economic conditions. In fact, old regime parties are rewarded or punished in a way similar to new

Plausibly, the divergence between our conclusion and Tucker's regime divide theory results from different methodology. In Tucker's studies, regime divide is designated to explore the economy-polity link of all parties within the party system and thus the cases he examined were not limited to governing parties²³³. But in this research, parties of interest are those that formed governments. Furthermore, the economic voting pattern that Tucker examined in his continuous studies is limited to the regional level, whereas our study concentrates on national elections, although neither of us consider inflation as an explanatory variable. So the different methodological preferences might lead to different results. However, a more reasonable explanation is that the effect of regime divide is not constant. In terms of Tucker's theory, old regime parties are associated with the past in voters' eyes. Only when the current economic situation is unsatisfying do voters think of the past and support them. But as time goes on, the old regime parties have gradually transformed themselves into democratic parties and voters are more likely to take them as part of the new system rather than successors of the past. So in the early transitional stage, the economic voting patterns of old regime parties might have accorded with Tucker's expectation. Whereas in the following years, these parties approach regular democratic parties that are rewarded for good economic conditions and vice versa. Unfortunately, it is impossible to verify this conjecture given the limited number of CSPs in our sample.

Model 6 presents the result after adding party ideology, another variable to represent party type²³⁴. Basically, the effect of other variables is not largely changed by this manipulation. Growth and unemployment keep their significance at 0.01 and 0.02 level in the model. The interactions between party strength and economic variables are also significant but both the ENP and its interaction with the two economic variables still have insignificant and small effects upon electoral results. In fact, all the variables and interactions have the correct directional association in this model. Regarding party ideology, its synergistic effect on

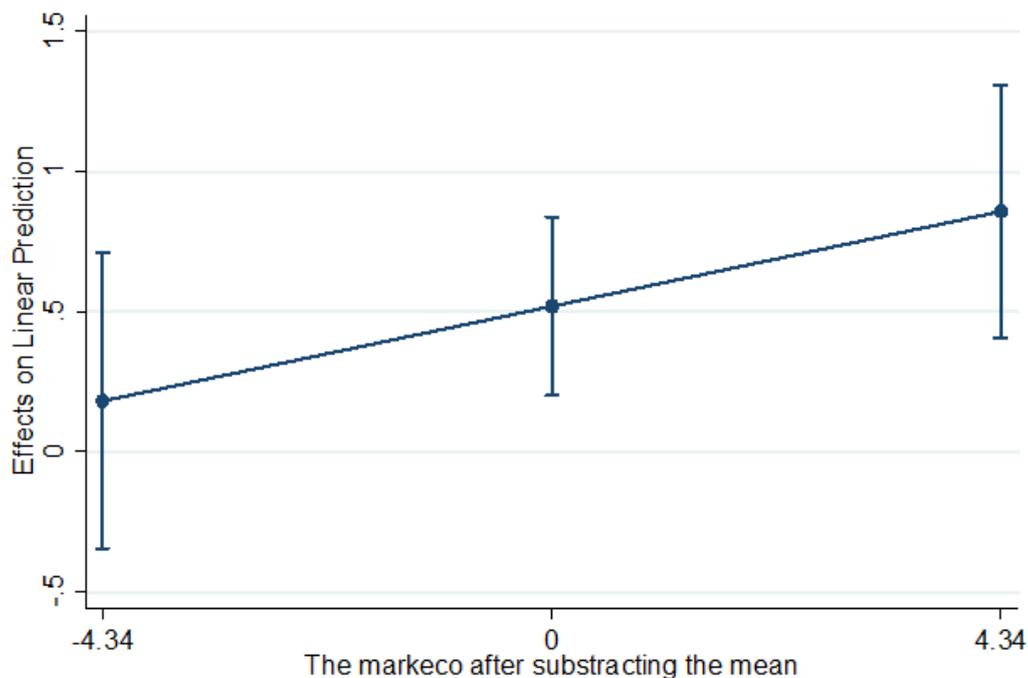
regime parties. Here the result within this process is not shown. If one was interested, one could use our raw data in the appendix the repeat this process.

²³³ See Tucker 2006.

²³⁴ Here we do not include all 126 observations. The reason is twofold. Firstly, the data for Latvia after 2002 is missing in the CMP. Also, we cannot find the ideological assessment for Zares in the Slovenian 2011 election. Secondly, there are several electoral alliances that comprise two parties with distinctively ideological distance. So the ideological score of these alliances is a compound score, which might not demonstrate well voters' impression upon them. So we exclude them in Model 6.

growth is significant at the 0.1 level. A rise of markeco score (the position of a party changes from left to right) would amplify the size of coefficient for growth. Thus compared to a left party, the electoral fortune of a right party depends more upon the change of economic growth. Equally, we draw a line to show the average marginal effect of growth at different values of the markeco score. In table 11, an increase of one point in growth would make a governing party win 0.87% more of the national vote when its markeco score is 8.68. But when the markeco score is 4.34, the coefficient is accordingly diminished. Whereas the party is a typical left party, the effect of economic growth upon its vote share appears to be very small (coefficient = 0.17), which illustrates that a left party is held less responsible for economic growth than a right party. In terms of the interaction between left-right score and unemployment, the sign of the coefficient conforms well to our expectation. When the planeco score goes down, parties are punished less due to the unemployment rate. The coefficient for unemployment rate is -0.68 when the planeco score of a party is 6.86 whereas only -0.26 for a party with a 0 planeco score. However, the interaction between unemployment rate and planeco score is not statistically significant although the diminishing effect is clearly visible. So we do not depict the marginal effects of unemployment at different planeco score values.

Table 11: Average Marginal Effect of Party Ideology with 95% CIs



Basically, Model 6 includes all the variables that we propose in the hypotheses. Concerning clarity of responsibility, we use party ideology rather than regime divide to reflect the conditional responsibility on party type. Regarding coalition government, we include the relative strength of parties to indicate the responsibility distribution within the coalition. For clarity of alternatives, we consider the impact of party system fragmentation on economic voting. Furthermore, we also control for other issues to see a real economic effect on electoral results. In fact, the coefficients in the model combined with the adjusted R square demonstrates that Model 6 has better predictive power than the previous models. In a general sense, more than 60% of the variance on electoral results could be explained by this model. Thus we recognize Model 6 as our final economic voting model to explain the electoral fortune of governing parties within the CEE context.

Based on this model, we further explore the variation of economic voting over time. In terms of Hypothesis 2, there should be distinctively different economic voting patterns in CEE countries between the early stage of the transition and the later years. Thus I compare the economic voting patterns in two stages. As discussed above, the year 2001 is regarded to be the cut-off point between two stages. In the sample, 19 elections were held in or before 2000 and 41 governing parties are included that group. Meanwhile, 35 elections were held after 2001 and the data involves 85 governing parties. Relatively, the number of observations in the early stage of transition is smaller than that of the later years. Model 7 and 8 show the economic voting patterns in two groups. Regarding those pre-2001 elections, none of the economic variables and their interactions with other contextual variables is significant. Moreover, several correlations, including the interaction between economic variables and the ENP, even point to the wrong direction. Generally, the result of the model implies a generally weak predictive power of the economic voting model in the early transitional stage. Whereas in model 8, all the variables and interactions have the correct directional associations and many variables including growth and unemployment regain their significance. With respect to the two models, the large increase of the adjusted R square (from 0.39 to 0.71) is decisive evidence to support a stronger economic voting pattern in CEE countries in the late stage of the transition. Furthermore, a distinctive phenomenon in Model 8 is that both the size of the coefficient and the significance for unemployment increase a lot. Its interactions with other variables also gain more significance, which implies that unemployment rate is probably the

most significant economic index to affect the election result, especially for those governing parties.

After completing the test of all the hypotheses, it is necessary to make a conclusion about the quantitative analysis. In a nutshell, economic voting is still an effective instrument to explain the electoral results in CEE countries—good economic conditions lead to better outcomes whereas bad economic performances hurt the electoral fortune of the incumbent. In this regard, the conclusion of this research is much the same as many previous studies on CEE countries like Anderson (2003) and Tucker (2006). Concerning the predictive power of economic voting, Harper argues that “economic factors have at best a modest effect upon vote choice in CEE countries”²³⁵ whereas Roberts assumes there is a hyper accountability in this region. To some extent, our expectation of economic voting lies in the middle of the above two arguments. On one hand, the economy is not the only issue to determine the electoral results. On the other hand, the results of the quantitative analysis show that a large proportion (normally more than 60%) of the variance in electoral results can be explained by macroeconomic indices combined with other significant contextual factors. Two macroeconomic variables, growth and unemployment, have relatively significant and strong impacts on electoral results. As mentioned above, a variety of previous studies (Pacek 1994, Wade et al. 1994, Przeworski 1966 as well as Roberts 2008) indicate that unemployment has a substantial effect upon electoral results in these countries and its coefficient is even larger than other economic indices. In our economic voting model, no decisive evidence is found to support that argument and the size of the coefficient for growth is more or less similar to that of unemployment. But within these post-2000 elections, the effect of unemployment and its interactions with other variables seem to be larger and more significant. Furthermore, if we consider that the mean growth rate is 3.2% in these countries whereas the unemployment rate fluctuates around 10.3%, unemployment is still the most significant issue that governing parties need to take seriously. A 10% rate of unemployment is equal to a vote loss of approximately 5% of the national vote, which is a big governing loss especially for those small governing parties.

²³⁵ Harper 1999, p1.

Certainly, the argument that economic voting survives in the CEE context does not mean the conventional economic voting model could be directly applied to these countries. To study multiple elections in more than one country, a variety of contextual factors that represents the idiosyncrasy of CEE countries need to be considered. First, the entry of new parties in the electoral contest is an issue that significantly affects the electoral results in CEE countries. In established democracies, the party system is relatively stable and few new parties emerge in each election. Although there may be one or two new electoral contestants, they are normally not favored by voters as voters know less about them and what they can do after taking office. So to a large extent, entry of new parties is not regarded as an influential factor in electoral studies on established democracies. But in new democracies, not limited to CEE countries, new parties do attract more voters and account for a large portion of votes. Even the attraction of these new parties is still an open question, increase of new parties in the electoral competition does hurt the electoral fortunes of governing parties. Given the great number of party entry in this region, it should be considered in relevant studies although its impact is seldom mentioned in previous literature. Another issue that is expected to vary over time and indicate the electoral circumstances for governing parties in different elections is clarity of alternatives. In some elections, voters may find it quite easy to clarify a desirable alternative to the incumbent or governing parties. But in other elections, it is hard to find a potential alternative from among the opposition, which increases the uncertainty of the electoral result and diminishes the impact of economic voting. So generally, the change of electoral environment determines clarity of alternatives and thus affects economic voting patterns. In this research, we use party system fragmentation to indicate whether a desirable alternative is created by the party system in one specific election. Presumably, a fragmented party system with high ENP would create difficulties for clarity of responsibility and evidence for the economy-polity link would be accordingly obscure in this situation. In our analysis, such a correlation is indeed found but the moderating effect of the ENP upon economic voting seems to be very small and insignificant. A potential explanation for the insignificant correlation is the level of sophistication of voters in CEE countries. As noted earlier, voters of low sophistication are dominant in these countries. More sophisticated voters might hesitate to throw an incumbent with bad economic performance out of office if there is no desirable alternative in the opposition. They are afraid of delegating the ruling power to a party that they regard as incompetent and that may perform even worse than the incumbent. Thus clarity of alternatives is a vital factor to influence their electoral strategy. But for myopic

voters, all they aim to do if the economy is bad is punish the incumbent. Thus, differing from strategic voters, voting for another party is only used to show their discontent with the incumbent, not because they think the party is competent. To some extent, this is also the reason why they are likely to support new parties. Hence, ordinary voters in CEE countries may still decide to punish the incumbent even if there is no desirable alternative. When the economy is good, they are content with the incumbent and the situation of the opposition may similarly not affect their voting decisions. In a general sense, clarity of alternatives is an essential link of economic voting that scholars seldom touch upon especially in CEE studies. Although some scholars like Roberts 2008 include the ENP in their research, they primarily consider it as a control variable or independent variable. No one associates the ENP with clarity of alternatives and looks at its moderating effect on economic voting. Based on the status quo, we expect more in-depth research on clarity of alternatives to appear in the future.

With respect to the clarity of responsibility, we assume that two factors mainly affect the responsibility assignment and then the economic voting for a governing party. The first one is coalition government. In electoral study, it has already been accepted that coalition government creates difficulties for clarity of responsibility. Normally, “voters would be likely to hold single-party governments more responsible for policies than multiparty coalitions.”²³⁶ Thus parties in a coalition government to some extent shirk their responsibility. In more in-depth research, scholars even discuss clarity of responsibility in different types of coalition governments and responsibility distribution within one coalition. According to Fisher and Hobolt’s study, “the greater the dominance of the head-of-government’s party in a governing coalition, the more likely voters are to hold that government accountable and within a coalition, the head-of-government’s party is more likely to be held responsible than its partners.”²³⁷ However, such a conclusion is still insufficient for us to identify the responsibility distribution within a coalition as there are often many parties other than the largest or the head-of-government party, among which the difference in responsibility is not explained by previous theory. In this research, we propose a more specific approach to distinguish the responsibility between coalition members—relative strength of parties, with which we can not only generally say that big parties are held more responsible for economic

²³⁶ Powell and Whitten, 1993, p401.

²³⁷ Fisher and Hobolt 2010, 360-361.

conditions, but also compare or distinguish the responsibility of each party separately. Even for two small parties, we can know their difference regarding clarity of responsibility via their strength in their respective coalitions. In the quantitative analysis, the result of this model turns out to be improved by adding party strength—the parliament seats of a party divided by the seats that the whole coalition has—into the explanatory model. Generally, the effect of party strength upon economic voting is significant and stable. The more strength a party has, the more economic effect upon its electoral results, which indirectly demonstrates that voters in these countries rely on party strength to clarify responsibility in a coalition government.

The second issue that affects clarity of responsibility is party type. Based on previous studies, we consider two classifications of parties in these countries and test them in the economic voting respectively. Basically, the regime divide fails to indicate the conditional responsibility and different economic voting patterns for parties in two groups. As mentioned above, a feasible explanation on the insignificant effect of regime divide would be the inconsistent communist effect. At the start of the transition, voters might identify parties by their associations with the communist past. Parties that overthrew the communist regime and started the transition should be responsible for the changes of transition. If the transition is smooth, voters firmly support these parties. But when there is a setback, voters think of the merits of the communist past and turn to support those communist successor parties. In fact, the regime divide may explain well the political reality of CEE countries in the 1990s when many CSPs were back to power against the backdrop of the unsuccessful transitional process. However, it is doubtful whether voters still rely on regime divide to identify parties in the new century. As time goes, the transition is near completion and the memory of the communist past fades away. They probably concentrate more on the current issues rather than the past. Even if voters are still willing to associate parties with the past, the connection of parties with the past has gradually been reduced, especially in a fluid party system with frequent party changes. Limited to our dataset, there are only 21 old regime parties that were in power whereas 45 parties can be regarded as new regime parties. The remaining 60 governing parties fall into neither of the two groups, which illustrates that regime divide is no longer a precise way to summarize the identities of parties in CEE countries. Thus in the economic voting model, its effect is accordingly insignificant. As opposed to regime divide,

the left-right division seems to work better for CEE countries though its effect is not reflected in a dichotomous way. In terms of our result, the higher a party scores in ideological stance, the stronger the effect of economic growth upon its electoral results. Meanwhile, its electoral fortune is less linked with the unemployment rate. To some extent, our conclusion is in accordance with that of conventional studies like Powell and Whitten 1993—right parties are held responsible for economic growth whereas left parties for unemployment. But as we recognize party ideology as continuous rather than dichotomous, the predictive power of our explanatory model is not limited to the difference between two groups, but even applicable to two parties in the same camp. For instance, if we have two right parties, they are expected to be similarly held responsible for economic growth rather than unemployment in terms of conventional ideas. But in our explanatory model, there are clear evidences that one party of a higher ideological score (closer to an extreme right party) is held more responsible for growth than another as it shows a more obvious right leaning on economic policies whereas another party has a weaker or more central programmatic identity from voters' perspective. Thus in an election, the electoral fortune of the party with higher ideological score is more reflected by changes in economic growth. Likewise, the correlation between unemployment and vote share of a governing party is also affected by party ideology. However, the interaction between unemployment and party ideology seems to have small and insignificant effect in our model. Namely, parties with different ideological stances are more or less equally punished for the unemployment rate in this region. The reason for this still needs further exploration.

Last but not least, one topic that draws scholarly attention is whether their political systems are becoming more consolidated, thus approaching established democracies in various political aspects. Specific to economic voting, there is indeed a stronger impact of economic voting in the late transitional stage. For a political system that undergoes transition, there are two major reasons to see the enhancement of economic voting. First, voters devote more trust to the political system as well as the electoral institutions. They believe that elections can function as a real accountability mechanism and thus they can actually punish the incumbent and throw them out of office rather than letting the government shirk its responsibility when the economy is bad. Accordingly, they are more inclined to adopt economic voting as their electoral strategy because they think they can exert some degree of control over the political

outcomes. If so, they are gradually learning to acquire political and economic information, evaluate the governmental performance and clarify responsibility in terms of the information they have. In the electoral arena, they can better use their rights to fulfill their own goals. Another reason would be the evolution of the political system. If the political systems in CEE countries are becoming less fragmented with lower ENPs and more stable with little party change, the accountability required by a modern representative government system could be actually ensured by them. Accordingly, there are fewer difficulties for voters to clarify responsibility and alternatives. Thus evidence for economic voting becomes more obvious in elections. But in our dataset, we do not find evidence that political systems of these countries are approaching a more stabilized and less fragmented system. As mentioned above, the change of both indices over time is indistinctive and the number of ENPs and party entry are both very high even in the latest elections. Furthermore, coalition government is always the dominant government type in these countries. So to some extent, we do not think that political systems in CEE countries create fewer difficulties for economic voters in the late stage of the transition. So the reason for a growing pattern of economic voting still lies in the voters. Presumably, they devote more trust to the political system as the transition goes deeper and are gradually becoming real economic voters, although this conjecture still needs to be tested in survey studies and other micro-level research on CEE countries.

Chapter 4 Conclusion

The economy affects electoral results, but does not determine them. To some extent, this argument has already been confirmed by studies on economic voting. Though not perfectly accordant with the empirical facts, students of economic voting can still be optimistic about their theory. Changes of foreign policy might also affect people's daily life, but usually not so directly and rapidly as the economy. Furthermore, checking economic indices in the newspaper is a lot easier than figuring out the actual intentions of governors lurking behind their complicated diplomacy and judging them to be good or bad. So "although voters do not look exclusively at economic issues, they generally weigh those more heavily than any others"²³⁸ and it is still reasonable to assume that the economy plays an essential role in shaping electoral outcomes.

But one significant question remains. Is the correlation stable regardless of political context? As the standard theory of economic voting derives from the practical politics of established democracies, it is natural to query the applicability of economic voting in other democratic systems. In the past half century, the large number of countries that started their democratization, wave after wave, give us good opportunities to explore this question. In addition to the shared characteristics of unconsolidated democracies with immature parties and inexperienced voters, there are also other contextual idiosyncrasies peculiar to one or another bloc of those new democracies. Thus students of economic voting must be cautious about the "submerged rocks" when they sail into these countries. Empirical research in Eastern Europe, Latin American and even African countries demonstrates that such a concern is not utterly unwarranted. Voting patterns in these countries appear to be irregular compared to those of established democracies. Namely, the electoral results cannot be well explained by the objective indicators in the macro economy or voters' subjective evaluation. Thus the predictive power of the standard economic voting model often fluctuates between elections. Furthermore, we do not know to what extent the economic effect can be mediated by other factors. In many cases, the intensity of reward or punishment is differentiated even for governing parties that stay in the same government. So overall, the empirical facts in new

²³⁸ Lewis-Beck and Stegmaier 2000, 183.

democracies suggests that the explanatory model of the economy-polity link needs to be tailored in terms of the country we study.

Within economic voting study, there are two main insights to refine the explanatory model. One insight is that the refinement is a matter of technique and measurement. At the macro-level, there are a variety of economic indices, e.g., GDP, inflation, unemployment and income, which exhibit the real state of the economy. To measure the economic effect, which indicators should we select? And for those indicators, what kind of data should we select to be reported, annual or monthly data? Further, there are also arguments that economic indicators need to be measured at a lag as their effect upon people's daily life is usually hysteretic. On the other side of the equation, the measurement of the electoral results is significant as well. Targeting the vote change of the whole government is feasible if single-party government is prevalent in our cases. But it makes no sense when there are many coalition governments comprising several parties. If this is the case, it is more appropriate to look at the vote change of individual parties rather than individual governments. Thus to study economic voting in a country, it is necessary to incorporate the measurement of variables, coding rules for data and case selection with the peculiarity of its political context. If we can correctly manage all the above issues, the predictive power of the economic voting model is certainly refined to cover any observation at any given time in our cases. Although such a refinement is also related to our understanding of the economic voting theory, it is mainly a matter of technique.

As to the other insight, the refinement calls for stronger theoretical foundations. In terms of different political contexts, the logic to evaluate the economy, discern the responsibility and clarify alternatives to the incumbent is accordingly distinctive. Thus the standard set of variables based on conventional wisdom might be not workable in new democracies. For example, the left-right division is recognized as one of the determinants that affects clarity of responsibility in established democracies. Based on the ideological stance of parties, voters judge their responsibility for specific aspects of the economic change. Thus the impact of economic voting upon a party is conditional on its ideological score, especially on the economic issues. But in new democracies, party politics has not been fully developed and

parties often show weak programmatic identities. Namely, a lot of parties can be regarded as “central” or “blank” on economic policies. In this regard, voters might find it difficult to distinguish parties by their ideological stance and turn to the other approaches to classify parties regarding their responsibility for the economy. In a similar vein, the continuity of parties in electoral politics offers a significant reference for voters in established democracies to clarify the desirable alternative to the incumbent. Compared to new parties, old parties in the opposition are more likely to be supported when voters are not satisfied with the incumbent. This is because the longer a party stays in electoral politics, the better voters know them, their policy inclination, and competence to govern the country. In new democracies, a large quantity of parties were formed after the start of the transition, so it makes no sense to talk about their continuity in the competitive politics and the frequent party changes in the following years also blur their continuity. In fact, new parties are more attractive to voters than parties in the existing system in those countries. The two examples above may demonstrate that variables drawn from established democracies are plausibly not in accordance with the political context of new democracies. On the other hand, variables omitted by the conventional research may represent the contextual idiosyncrasies of new democracies and affect the economic voting patterns intensely. Thus if we aim to reveal the mystery of economic voting in these countries, it is necessary to reconsider the logic of the reward-punishment idea as well as the explanatory variables that act on the essential links of economic voting, both of which go beyond a matter of technique.

In a general sense, our research design and conclusions cannot determine which insight is superior because this dissertation merely concentrates on the reality of CEE countries. But to some extent, we suggest that the refinement of economic voting should be done in both ways. Regarding the technique issue, we first measure economic conditions in a cautious way. In our research, economic growth and unemployment are taken as the main economic indicators. Partly, this is because they are the essential elements of economic change and easily observed by voters. But more importantly, they are the most frequently used indicators and the significance of their effect upon electoral results is to a large degree confirmed by the previous studies on CEE countries. Instead of the average level of economic change in a full legislative term, we only consider the state of the economy in election years because voters’ knowledge about the economy and their willingness to acquire relevant information

experience an upward trend shortly before the election. Thus voters are more sensitive to the economic indicators in the election year than those of the previous several years. Here we also consider the differentiated election data between countries and adopt Roberts' coding rule²³⁹: we use the economic data of that year if elections are held in the latter half of the year and extract data for the previous year when elections are held in the first half. Besides the measure of the economy, the operationalization of other variables is another issue we deliberate over. For instance, there has long been an intense debate on how to measure party ideology, in a dichotomous way or on a continuum. Given the institutional characteristics of CEE countries, our suggestion is that party ideology should be measured in a numeric dimension as parties in these countries often have weak programmatic identities. If we simply divide these parties into two camps, a lot of central parties would be wrongly categorized and thus creates biased estimates. As an alternative, a numeric value of party ideology may better show the policy inclinations of parties and their responsibility in voters' eyes. The last but not least issue concerning technique is case selection. Although CEE countries as a bloc share distinctive commonalities, there are still systematic differences between them, especially on the level of institutionalization and pace of democratization. In this research, the general rule is to select countries that are democratizing at the same rate and finally we include ten countries in our sample. It would appear there are CEE countries absent from our sample, e.g. Croatia and Macedonia. But in this research, we have assumed that ten countries are sufficient to represent the political reality in Eastern Europe and other countries are relative exceptions in terms of economic voting patterns.

As the wise saying goes, "don't put all the eggs in one basket". Thus for the explanatory model of economic voting, our refinement is not limited to technical issues, but also goes deep into the theoretical part. More specifically, we reconsider the whole chain of economic voting from macroeconomic conditions to the final voting choice and propose the factors that potentially affect perception of the economy, clarity of responsibility and clarity of alternative in CEE countries. Generally, we add two variables that are seldom introduced in analyses of established democracies. The first one is the regime divide based on the communist experience. Among all of the transitional countries, only CEE countries have experienced a long-term but uninterrupted communist rule. Thus the past communist

²³⁹ See Roberts 2008.

experience may leave marks on the current politics. Within economic voting, one plausible mark would be that voters treat parties and their responsibility for the economy differently based on of the parties' position relative to the past communist regime. Thus the electoral fortunes of new regime parties are differentiated from those of old regime parties. Another variable is party entry, which is not peculiar to CEE countries, but applicable in all new democracies. To some extent, party entry and attractiveness of new parties have already been taken into account in analysis of electoral volatility and other related fields²⁴⁰. But in terms of economic voting studies, its significance is seldom spelled out. Possibly, this is because students of economic voting concentrate on the effect of economic issues rather than other factors that could independently affect the electoral results. But given the substantial number of new parties and the large portion of votes they gain, an economic voting model without controlling for party entry would create apparent bias. Hence, we include entry of new parties in our explanatory model and further we suggest that future studies on CEE countries should take account of it as well.

Save for the above two variables, our explanatory models do not include any genuinely new variables. Rather, we explore the functions of established ones more deeply. Based on the logic of economic voting, voters reward or punish governing parties in light of the economic conditions. Thus in any economic voting research including ours, economic conditions must be the main predictive variables. But from the input (economy) to output (electoral result), the transformation requires a complete process in which voters translate the economy into their own perception, assess the incumbent's responsibility for the economic performance and single out desirable alternatives when the incumbent deserves punishment. In each link, there are certain institutional and contextual factors that influence voters' thinking and calculation at the aggregate level. Though not directly correlated to the electoral results, those factors moderate or condition the effect of economic variables and the variance in these factors shapes the different electoral fortunes of governing parties when economic conditions are equal. Hence, the effects of these variables fit well with the concept of "interaction" in a statistical sense. As Kam and Franzese argued, "the role of institutions or political context here is to shape, structure, or condition the effect of some other variable(s) on the dependent

²⁴⁰ About the relevant research, see Birch 2001, Tavits 2008a and Tavits 2008b.

variable of interest.”²⁴¹ The economic conditions and the political context do not operate in isolation from each other. Thus the analysis and interpretation of their effect should be done in an interactive way. An economic voting study that did not account for interactions would be biased even if it involved all the fundamentally appropriated variables.

In terms of the refined explanatory model, our first conclusion is that the economy does have a significant impact upon electoral results of governing parties. After adding all the moderator variables and controlling for other interfering factors, the correlation between economic indicators and vote share of governing parties is still evident. High economic growth and low unemployment lead to good electoral fortune while low or even negative growth and high unemployment bring about vote loss. In a normative sense, it means electoral accountability is ensured in these post-communist countries and via elections, citizens are able to exert some degree of control over the incumbent. From an empirical perspective, it demonstrates that citizens in these countries are also concerned with economic issues and willing to make their voting decisions based on economic change. Thus the incumbents should undertake responsibility for the economic performance and they need to boost economic development if they aim to gain, or at least retain their previous vote share in the reelection. Furthermore, we refute the idea of hyper-accountability or over-punishment within the voting patterns. Seemingly, the majority of governing parties in these countries are punished and for lots of them, the vote decrease is severe. However, this is mainly because the economy is not satisfying and voters intend to hold them responsible. They are not “innocent” or being wrongly punished by voters. So now back to the second research puzzle in the introduction, why do governing parties on average lose support in the reelection in CEE countries? Our answer is the economic development of CEE countries in the past two decades (at least in election years) has not been successful enough to win the trust of voters.

Regarding the contextual variables, adding their interactions with economic indicators creates good results although their moderating effects are differentiated in the economic voting model. As to the party strength within a coalition, its function is to enhance the impact of economic voting upon governing parties. The vote change of a big party in a coalition is more

²⁴¹ Kam and Franzese 2005, 13.

associated with the economic conditions whereas small parties are less likely to be rewarded or punished. The fragmentation of party systems, or more specifically the ENP, diminishes the economic effect to some extent. Thus we observe an apparent effect of economic voting when there are fewer effective parties. But the correlation between economy and electoral results of governing parties is often obscure if the number of effective parties is higher. Unfortunately, the evidence for its moderating effect is not as strong as that of the party strength in the results of the models. With respect to party type, the left-right spectrum is superior to regime divide in improving the explanatory model and depicting the conditional responsibility of governing parties for the economy. Within the model, the function of party ideology differs from the above variables. It does not strengthen or weaken the general effect of economic voting, but conditions the correlation of electoral results with the separate economic indices. Compared to a left party, a right party is more likely to be held responsible for the economic growth and their vote share is thus more associated with the growth rate. On the opposite extreme, left parties are to a larger degree held responsible for the unemployment rate, which significantly affects their electoral fortune. So in a nutshell, the existence of a strong economic voting requires many pre-requisite conditions in the CEE context. First, the economic change must be clearly visible and if the value of the economic indices is close to the mean level, the electoral results of governing parties do not deviate much from their prior vote share. Second, the electoral environment should be not complicated. Namely, there should be few new parties that distract voters' attention and few effective parties that disturb voters' clarification of an alternative. Then the individual party specifically must be relatively strong within its coalition and show an obvious ideological stance on economic issues rather than a central or fluctuant programmatic identity. This makes it simpler for voters to assign the responsibility for the economy and thus they tend to make voting decisions based on economic change. Accordingly, a strong impact of economic voting appears on these parties.

After specifying the roles of the contextual variables in economic voting, now we may better solve the first and the third research puzzle in our introduction. As noted earlier, one puzzling phenomenon in these countries is that governing parties within the same coalition often have different electoral fortunes. Some are rewarded and the others are punished although the economic conditions at election years are certainly the same for all of them. Based on our

refined explanatory model, the reason for their different electoral fortunes is twofold. Firstly, governing parties within one coalition differ in their party strength. If the economic performance is dissatisfying, big parties are severely punished by voters whereas the vote share of small parties may decrease slightly or remain the same as its prior votes. Conversely, big parties reap more reward than small parties in the election if the economy is good. Secondly, these governing parties may have large ideological distances between them and thus voters discern their responsibility differently. For instance, if the economic growth rate is very high but the unemployment is also relatively high in the election year, a left party would gain less votes than its right coalition partner or even be punished by voters as it is held more responsible for unemployment. Meanwhile, a right party in that coalition would benefit more from the high growth rate and receive a better electoral result. Certainly, the left and right parties will swap places if the growth and unemployment rate are both low. Now back to the first research puzzle in the introduction: why are some governments punished in the reelection when the economy performs quite well and others gain support even in bad economic conditions? This could still result from their differences in individual context (party ideology) or governmental context (party strength and position within their own coalitions). But a more plausible reason is the different environments between elections. Given that new parties attract a lot of votes in CEE countries, the vote share of governing parties have a negative correlation with the number of parties participating in one specific election. Thus in an election with many new parties, governing parties seem to be rewarded less or punished more severely than their counterparts in an electoral environment with little party system fluidity. In a similar vein, the party system fragmentation and number of effective parties also vary between elections. The impact of economic voting is strong when the party system is less fragmented and becomes weak when the ENP increases. So even if the economy is good, a governing party might be burdened by too many effective parties and benefit little from good economic conditions at the ballot. Hence, the different electoral environment combined with the specific individual and governmental context of governing parties together explain why the economic voting pattern seems to be irregular for one or all the governing parties in an election.

Apparently, economic voting as one significant theme of political science will continue to develop and discussions on its applicability in CEE countries will proceed as well. At the end

of this dissertation, we propose two general suggestions for the future studies within the CEE context. Firstly, the economic voting patterns in these countries are not constant, but change over time. In our research, we have observed that the impact of economic voting becomes stronger in the late stage of the transition even after adding all the explanatory variables. This to some extent illustrates that voters in these countries are gradually becoming more experienced with electoral contests and the political systems in these countries are able to guarantee accountability. Furthermore, the regime divide, which has been proved to be a significant variable by the previous studies, no longer has the predictive same power when we expand the research time span to 25 years. Thus to explain the voting patterns in future elections, students of economic voting should capture the dynamic changes in the political system and economic progress of CEE countries. For instance, is there any other communist legacy that still has an effect well into future politics? Would the political systems in these countries approach their counterparts in established democracies and thus become less fragmented and fluid with a smaller proportion of coalition government as well as fewer parties in one government? When will the economic transition in these countries really be completed, and what will be the general trend of their economy years in the future? The solution to these questions would determine how to explain the economic voting patterns of CEE countries in the future. Even if we cannot give specific predictions about the further development of economic voting, we are confident that the explanatory model in future studies will be more precise and robust than that of our current research. Secondly, “economic voting is a field that mixes economics and political science and does so by means of econometrics.”²⁴² In the past few decades, a lot of new measures and indices have been designed to assess the economic situation in econometrics. But within economic voting studies, political scientists still use the most basic economic indicators to describe the state of economy and discuss their effect on electoral results. In some cases, general indices like the GDP and unemployment rate may not correctly depict the economy. A typical example is the economy of Poland in 2011. In that year, Poland posted a 4.5% growth rate, 9.6% unemployment and 4.6% inflation, which does not seem to be a successful story if purely looking at the macroeconomic indices. However, the time period from 2008 to 2011 is a phase that global economic crisis spread into CEE and created an economic downturn in almost all of these countries. In fact, Poland is the only country that retained positively economic growth in the whole EU during that period. So directly judging the Polish economy

²⁴² Lewis-Beck and Paldam 2000, 113.

as bad and suspecting that voters would punish the incumbent is worth questioning. In this case, more nuanced indicators should be adopted to analyze the impact of economic voting. Due to data availability and limited knowledge of economics, the extant research on economic voting including ours still use the most basic economic indicators. But we hope in future studies, students of economic voting learn more from the econometrics and select more in-depth and precise indices for analyzing the economic effect.

Appendix 1: Notes on the Special Cases

Bulgaria

There was a government of experts in Bulgaria before 1994. Thus the first electoral results we calculate start from the election of 1994.

The 2014 election in Bulgaria is an early election which was held only one year after the previous one. Thus we do not include it in our analysis.

Czech Republic

In 1992, the KDS participated in a common electoral list with the ODS, and in 1996 it merged with the ODS. Thus we consider the results of the electoral alliance in 1992 as the electoral results of the ODS.

The ODA formed a governing coalition with the ODS and the KDU-CSL. But it didn't participate in the Czech parliamentary election of 1998. Thus we cannot calculate its cost of governing in 1998.

The US formed an alliance with the KDU-CSL to compete in the 2002 election. Thus we count their vote share as a whole in the 2006 election as well.

Estonia

The RKEZ and the ERSP merged into a new party, the RKEZ/ERSP, on 2 December 1995. Thus their costs of governing are calculated together.

The EK and the EME presented a joint list (KMU) in the election of 1995, then formed a coalition government. Even in 1999, they were closely allied.

The ResP and the Isamaaliit merged into a new party, the IRL, on 4 June 2006. As the IRL is still a conservative successor of the two parties and its main force was the former ResP. Here I consider the ResP and the Isamaaliit as the governing party from 1999 to 2003 and calculate their vote change together.

Hungary

The SZDSZ left the Gyurcsány II Cabinet in 2008 but continued to support the cabinet and the subsequent Bajnai Cabinet externally. Thus in Hungarian parliamentary election 2010, we still take the SZDSZ as the governing party.

The FIDESZ and the MDF participated on a common electoral list in the Hungarian parliamentary election of 2002. Thus their changes of vote share and seats in parliament are calculated together.

Latvia

The TPA joined the coalition government in September 1994. But it was founded after the 1993 election and in the 1995 election, the party won 1.5% of the vote, failing to cross the 5% threshold to win any seats. Thus I didn't include it as the governing party.

The TB merged with the moderate Latvian National Independence Movement (LNNK) in 1997. Thus I calculate the vote share of the TB/LNNK together.

The LZS competed in alliance with the KDS and the LDP in the election of 1995 and afterwards all three parties became part of the coalition government. But in 1998, the KDS

and the LDP joined forces with the Latvian Green Party, and the LZS participated on its own. It is difficult to calculate their costs of governing. Thus I do not include them in the dataset.

The JP joined the governing coalition twice between 1998 and 2002. However, the party dissolved before the next election. Only a third of its MPs joined the new Latvia's First Party (LPP). Thus the LPP cannot be regarded as the real successor of the JP. I did not include them in the dataset.

The Latvian political scene was turbulent from 2006 to 2010. Three governments took office one after another. All three governments consisted of the TP, LZS and the VA-TB/LNNK, whereas the LPP/LC joined two. Thus we consider these four parties as the governing party in Latvia during 2006-2010.

In the election of 2010, almost all the parties joined forces with different alliances. The VA-TB/LNNK formed an alliance with the VL named the National Alliance (NA). As the power and influence of the VL was limited, we consider the NA as the successor of the VA-TB/LNNK here.

An early parliamentary election was held in Latvia in 2011, following the country's first parliament dissolution referendum. The previous election was held just one year ago.

Lithuania

The cost of governing in the Lithuanian 2004 election is not counted. As the governing party, the LSDP and the NS formed an electoral alliance in 2004 but belonged to a different one in 2000.

After each defected, the LiCS and the TPP announced their full merger on 22 September 2011. Thus their cost of governing is calculated together.

Poland

In Poland, only the vote share and seats in the Sejm are calculated.

After the 1991 election, the Christian National Union disbanded itself under the name the Catholic Electoral Action (WAK), sitting in parliament under the party's actual name. In reality, it was still the same party.

Romania

The PNL and the PD formed an electoral coalition (D.A) in the election of 2005. In January 2008, the PD merged with the PLD, a splinter group of the PNL, to form the PDL. The PNL and the PDL participated in the election of 2008 as the only contenders. But due to their complicated relationship, we still calculate their vote change between 2004 and 2008 together.

Slovakia

The political situation in Slovakia during 1992-1994 is complicated. The HZDS first formed a minority government and then set up a majority government with the SNS. The government stepped down in 1994. The SDL, KDH and DEUS formed a coalition government and decided to hold an early election. As the HZDS and the SNS were the real party in power, we take them as the governing party for those two years.

After the 1998 elections, many SDK members joined the new SDKU while others adhere to their original party. The new party was registered in 2000. In my research, I consider the SDKU as the successor of the SDK. Thus the electoral result for the SDKU in 2002 is compared with the results for the SDK in the election of 1998.

In the 2002 election, the SOP competed on a joint list with the SDL. Thus I calculate their vote change from 1998 to 2002 together.

Slovenia

The SLS formed an electoral alliance with an opposing party, the SMS, in the election 2008. Although the SLS was a governing party from 2004 to 2008, it is impossible to calculate its vote share in 2008 separately. Thus it is not included in our dataset.

From 2011 to 2014, there were two short-time governments in Slovenia. The first government was formed by the SDS, DL, NSI, SLS and the DESUS. But due to corruption issues, the government was replaced by a new government (Alenka Bratušek's government) led by PS. But after only one year, the new prime minister resigned from PS after losing the party leadership. Following this change, Bratušek announced her resignation as Prime Minister, which triggered a snap election later in 2014. Basically, both governments lasted for a short time but have totally different party composition. Given the relatively complex situation, we think it is hard to define the real governing party and thus find evidence of economic voting on it. Hence, we exclude the 2014 election in our dataset.

Appendix 2: Data for Replication (Election)

Country	Election	GDP	Unemployment	Party Entry	ENP
Bulgaria	1997	1.6	13.5	3	4
Bulgaria	2001	6.0	16.2	6	3
Bulgaria	2005	6.6	12.0	5	4
Bulgaria	2009	-5.0	6.8	4	6
Bulgaria	2013	0.5	12.3	7	4
Czech	1996	6.2	4.0	1	7
Czech	1998	-0.7	4.8	1	5
Czech	2002	3.1	8.1	4	5
Czech	2006	6.4	7.9	1	5
Czech	2010	-4.8	6.7	4	4
Czech	2013	-0.7	6.9	4	7
Estonia	1995	-2.6	7.6	9	9
Estonia	1999	6.8	9.5	2	6
Estonia	2003	6.1	9.4	1	7
Estonia	2007	10.4	5.9	1	5
Estonia	2011	2.5	16.9	0	5
Hungary	1994	-0.6	12.1	3	7
Hungary	1998	3.4	8.7	2	6
Hungary	2002	3.7	5.7	1	5
Hungary	2006	4.3	7.2	0	3
Hungary	2010	-6.6	10.0	2	3
Hungary	2014	1.5	10.2	2	3
Latvia	1995	-0.9	7.0	3	6
Latvia	1998	4.7	14.5	4	10
Latvia	2002	6.5	13.2	6	7
Latvia	2006	12.2	6.8	4	7
Latvia	2010	-0.3	18.7	2	8
Latvia	2014	2.4	11.3	5	5
Lithuania	1996	5.2	15.6	6	4
Lithuania	2000	3.3	15.9	5	7
Lithuania	2008	2.9	5.8	4	6

Lithuania	2012	3.7	13.2	5	9
Poland	1993	3.7	14.0	4	14
Poland	1997	7.1	11.2	4	10
Poland	2001	1.2	18.2	4	5
Poland	2005	3.5	17.7	3	5
Poland	2007	7.2	9.6	0	6
Poland	2011	4.8	9.6	2	3
Romania	1996	4.0	6.7	8	7
Romania	2000	2.1	7.0	4	6
Romania	2004	9.1	7.7	7	5
Romania	2008	7.9	5.8	0	4
Romania	2012	0.4	7.0	2	4
Slovakia	1994	6.2	13.7	6	5
Slovakia	1998	4.0	12.6	2	6
Slovakia	2002	4.7	18.6	9	5
Slovakia	2006	6.5	16.2	2	9
Slovakia	2010	-5.3	12.1	6	6
Slovakia	2012	2.7	13.5	4	6
Slovenia	1996	3.5	6.9	2	8
Slovenia	2000	4.2	6.9	3	6
Slovenia	2004	4.4	6.3	4	5
Slovenia	2008	3.3	4.4	3	6
Slovenia	2011	0.6	8.2	4	5

Appendix 3: Data for Replication (Governing Party)

Country	Election	Party	Vote share	Prior Vote	Party Strength	Regime Divide	Markeco	Planeco
Bulgaria	1997	BSP	22.1	43.5	1.00	Old	5.26	1.58
Bulgaria	2001	ODS	18.2	52.3	1.00	New	2.31	6.92
Bulgaria	2005	DPS	12.8	7.5	0.15	/	2.73	1.36
Bulgaria	2005	NDS	20.0	42.7	0.85	/	9.45	4.16
Bulgaria	2009	BSP	17.7	31.0	0.49	Old	5.32	4.18
Bulgaria	2009	DPS	14.0	12.8	0.20	New	0.54	6.14
Bulgaria	2009	NDS	3.0	20.0	0.31	/	3.89	5.06
Bulgaria	2013	GERB	30.7	39.7	1.00	/	0.00	13.69
Czech	1996	KDU-CSL	8.1	6.3	0.14	/	6.74	2.25
Czech	1996	ODA	6.4	5.9	0.14	New	3.33	7.67
Czech	1996	ODS	29.6	29.7	0.72	New	0.00	11.36
Czech	1998	KDU-CSL	9.0	8.1	0.18	/	6.79	3.09
Czech	1998	ODS	27.7	29.6	0.69	New	3.35	3.72
Czech	2002	CSSD	30.2	32.3	1.00	/	5.26	1.71
Czech	2006	CSSD	32.2	30.2	0.69	/	6.64	0.44
Czech	2006	KDU-CSL+US	7.5	14.3	0.31	/	2.03	3.32
Czech	2010	KDU-CSL	4.4	7.5	0.13	/	3.10	1.51
Czech	2010	ODS	20.2	35.4	0.81	New	0.66	6.44
Czech	2010	SZ	2.4	6.3	0.60	/	7.08	2.34
Czech	2013	ODS	7.7	20.2	0.45	New	0.79	6.27
Czech	2013	TOP 09	12.0	16.7	0.35	/	3.99	6.86
Estonia	1995	I+ERSP	7.9	30.8	0.76	New	1.23	4.91
Estonia	1995	M	6.0	9.7	0.24	New	0.60	2.41
Estonia	1999	KMU	14.9	32.2	1.00	New	4.31	6.70
Estonia	2003	ER	17.7	15.9	0.34	New	0.00	14.84
Estonia	2003	I	7.3	16.1	0.34	New	3.70	12.35
Estonia	2003	M	7.0	15.2	0.32	New	4.19	4.19
Estonia	2007	ER	27.8	17.7	0.28	New	0.78	5.45
Estonia	2007	ERL	7.1	13.0	0.20	/	2.93	0.84
Estonia	2007	ResP+Isam aaliit	17.9	31.9	0.52	New	1.06	2.11

Estonia	2011	ER	28.6	27.8	0.52	New	0.35	2.09
Estonia	2011	IRL	20.5	17.9	0.32	New	2.17	1.74
Estonia	2011	SDE	17.1	10.6	0.16	New	2.38	.28
Hungary	1994	FKGP	8.8	11.7	0.19	/	0.00	13.04
Hungary	1994	KDNP	7.0	6.5	0.09	/	2.24	8.30
Hungary	1994	MDF	11.7	24.7	0.72	New	0.61	9.20
Hungary	1998	MSZP	32.3	33.0	0.75	Old	3.34	3.01
Hungary	1998	SZDSZ	7.9	19.7	0.25	New	0.88	35.09
Hungary	2002	FIDESZ+ MDF	41.1	31.3	0.77	New	0.46	1.82
Hungary	2002	FKGP	0.0	13.8	0.23	/	2.95	0.25
Hungary	2006	MSZP	43.2	42.1	0.90	Old	0.00	1.01
Hungary	2006	SZDSZ	6.5	5.6	0.10	New	2.68	5.69
Hungary	2010	MSZP	19.3	43.2	0.90	Old	0.88	2.35
Hungary	2010	SZDSZ	0.0	6.5	0.10	New	1.02	9.06
Hungary	2014	Fidesz/KD NP	44.5	52.7	1.00	/	11.93	0.78
Latvia	1995	LC	14.7	32.4	0.78	New	2.24	21.08
Latvia	1998	LC	18.2	14.7	0.35	New	0.00	2.38
Latvia	1998	TB/LNNK	14.7	12.0	0.29	New	3.24	2.91
Latvia	2002	LC	4.9	18.2	0.30	New	3.90	4.17
Latvia	2002	TP	16.7	21.3	0.34	/	2.05	1.64
Latvia	2002	VA- TB/LNNK	5.4	14.7	0.24	New	0.00	0.00
Latvia	2006	TP	19.7	16.7	0.48	/	1.67	0.00
Latvia	2006	LZS	16.8	9.5	0.29	/	4.65	2.33
Latvia	2010	TP+LPP/L C	7.8	28.3	0.56	/		
Latvia	2010	VA- TB/LNNK	7.8	7.0	0.14	New		
Latvia	2010	LZS	20.1	16.8	0.30	/		
Latvia	2014	NA	16.6	13.9	0.25	/		
Latvia	2014	V+ZRP	21.9	39.7	0.75	/		
Lithuania	1996	LDDP	10.0	44.0	1.00	Old	2.54	5.93
Lithuania	2000	LCS	2.9	8.7	0.13	New	6.18	7.53
Lithuania	2000	LKDP	3.1	10.4	0.16	/	4.58	3.19

Lithuania	2000	TS-LKD	8.6	31.3	0.71	New	3.51	8.66
Lithuania	2008	LCS	5.3	9.2	0.16	New	0.77	4.11
Lithuania	2008	LSDP+NS	15.3	20.7	0.72	/	4.16	0.65
Lithuania	2008	LVLS	3.7	6.6	0.12	/	.98	0.00
Lithuania	2012	LiCS	2.1	5.3	0.13	/	1.15	4.15
Lithuania	2012	LRLS	8.6	5.7	0.17	/	0.31	2.74
Lithuania	2012	TS-LKD	15.1	19.7	0.70	New	1.33	1.58
Poland	1993	KLD	4.0	7.5	0.23	New	1.56	11.72
Poland	1993	UD	10.6	12.3	0.46	New	3.80	13.42
Poland	1993	WAK	0.0	8.7	0.21	/	2.78	4.17
Poland	1997	PSL	7.3	15.4	0.44	/	0.00	.000
Poland	1997	SLD	27.1	20.4	0.56	Old	4.21	2.11
Poland	2001	AWS	5.6	33.8	0.77	New	3.19	4.26
Poland	2001	UW	3.1	13.4	0.23	New	3.48	4.15
Poland	2005	SLD-UP	11.3	41.0	1.00	Old	1.30	0.44
Poland	2007	LPR	1.3	8.0	0.14	/	6.55	0.60
Poland	2007	PiS	32.1	27.0	0.63	New	0.64	0.00
Poland	2007	SRP	1.5	11.4	0.23	/	13.78	0.00
Poland	2011	PO	39.2	41.5	0.87	New	0.70	4.52
Poland	2011	PSL	8.4	8.9	0.13	/	0.57	0.00
Romania	1996	FDSN/PD SR	21.5	27.7	0.80	Old	14.39	3.00
Romania	1996	PUNR	4.4	7.7	0.20	/	1.70	0.85
Romania	2000	CDR	5.0	30.2	0.61	New	4.11	0.00
Romania	2000	UDMR	6.8	6.6	0.13	/	7.59	0.00
Romania	2000	USD	7.0	12.9	0.26	New	12.92	1.85
Romania	2004	PDSR	36.8	36.6	1.00	Old	8.75	1.58
Romania	2008	D.A	51.0	31.5	0.84	/	5.81	8.07
Romania	2008	UDMR	6.2	6.2	0.16	/	1.31	1.46
Romania	2012	PDL	16.5	32.4	0.84	Old	8.54	4.49
Romania	2012	UDMR	5.1	6.2	0.16	/	0.00	0.00
Slovakia	1994	HZDS	35.0	37.3	0.83	/	9.76	4.88
Slovakia	1994	SNS	5.4	7.9	0.17	/	13.71	4.03
Slovakia	1998	HZDS	27.0	35.0	0.73	/	4.32	1.33
Slovakia	1998	SNS	9.1	5.4	0.11	/	0.62	5.09

Slovakia	1998	ZRS	1.3	7.4	0.16	Old	0.00	0.00
Slovakia	2002	SDKU	15.1	26.3	0.45	New	2.11	7.55
Slovakia	2002	SDL+SOP	1.4	22.7	0.39	/	2.76	2.51
Slovakia	2002	SMK-MKP	11.2	9.1	0.16	/	1.40	0.94
Slovakia	2006	ANO	1.4	8.0	0.19	/	2.90	8.69
Slovakia	2006	KDH	8.3	8.3	0.19	New	0.00	6.14
Slovakia	2006	SDKU	18.4	15.1	0.36	New	0.96	9.34
Slovakia	2006	SMK-MKP	11.7	11.2	0.26	/	1.81	2.72
Slovakia	2010	LS-HZDS	4.3	8.8	0.18	/	0.00	3.05
Slovakia	2010	SMER	34.8	29.1	0.59	Old	2.20	0.22
Slovakia	2010	SNS	5.1	11.7	0.23	/	1.26	0.81
Slovakia	2012	KDH	8.8	8.5	0.19	/	4.02	2.50
Slovakia	2012	Most-hid	6.9	8.1	0.18	/	2.85	5.07
Slovakia	2012	SaS	5.9	12.1	0.28	/	1.00	14.14
Slovakia	2012	SDKU	6.1	11.2	0.35	New	0.89	4.72
Slovenia	1996	LDS	27.0	23.5	0.54	Old	0.00	11.77
Slovenia	1996	SKD	9.6	14.5	0.37	/	3.82	3.82
Slovenia	1996	ZLSD	9.0	13.6	0.09	Old	0.74	0.74
Slovenia	2000	LDS	36.3	27.0	0.46	Old	2.62	3.37
Slovenia	2000	SLS-SKD	9.5	29.0	0.54	/	2.93	2.93
Slovenia	2004	DESUS	4.0	5.2	0.06	/	0.00	2.13
Slovenia	2004	LDS	22.8	36.3	0.59	Old	0.95	1.98
Slovenia	2004	SLS	6.8	9.5	0.16	/	4.62	3.08
Slovenia	2004	ZLSD	10.2	12.1	0.19	Old	2.75	0.61
Slovenia	2008	DeSUS	7.5	4.0	0.08	/	14.46	1.95
Slovenia	2008	NSi	3.4	9.1	0.19	/	12.57	4.49
Slovenia	2008	SDS	29.3	29.1	0.59	New	7.30	1.52
Slovenia	2011	DeSUS	7.0	7.5	0.14	/	7.72	4.41
Slovenia	2011	LDS	1.5	5.2	0.10	Old	7.91	4.57
Slovenia	2011	SD	10.5	30.5	0.58	Old	9.52	1.91
Slovenia	2011	Zares	0.7	9.4	0.18	Old		

Appendix 4: Abbreviations

ANO	Alliance of the New Citizen
AWS	Electoral Action Solidarity of the Right
BTI	Bertelsmann Stiftung's Transformation Index
BSP	Bulgarian Socialist Party
CDR	Romanian Democratic Convention
CEE	Central and Eastern Europe
CHES	Chapel Hill Expert Survey
CMP	Comparative Manifesto Project
CPDS	Comparative Political Data Set
CSP	Communist Successor Party
CSSD	Czech Social Democratic Party
D.A.	Justice and Truth Alliance
DEUS	Democratic Union
DeSUS	Democratic Party of Pensioners of Slovenia
DL	Civic List
DPS	Movement for Rights and Freedoms
EED	European Election Database
EK	Estonian Coalition Party
EMK	Estonian Rural Centre Party
ENP	Effective Number of Party
ER	Estonian Reform Party
ERL	Estonian Patriotic Movement
ERSP	Estonian National Independence Party
FDSN	Democratic National Salvation Front
Fidesz	Hungarian Civic Alliance
FKGP	Independent Party of Smallholders/Agrarian Workers and Citizens

GDP	Gross Domestic Product
GERB	Citizens for European Development of Bulgaria
GNP	Gross National Product
HZDS	Movement for a Democratic Slovakia
I	Pro Patria Union
IMF	International Monetary Fund
IRL	Pro Patria and Res Publica Union
JP	New Party
KDH	Christian Democratic Movement
KDNP	Christian Democratic People's Party
KDU-CSL	Christian and Democratic Union – Czechoslovak People's Party
KDS	Christian Democratic Party
KLD	Liberal Democratic Congress
KMU	Coalition Party and Rural Union
LC	Latvia Way
LCS	Lithuanian Centre Union
LDS	Liberal Democracy of Slovenia
LDP	Latgalian Farmer-Labor Party
LDDP	Democratic Labor Party of Lithuania
LiCS	Liberal and Centre Union
LKDP	Christian Democratic Party of Lithuania
LPP/LC	Latvia's First Party/Latvian Way
LPR	League of Polish Families
LRLS	Liberal Movement of the Republic of Lithuania
LSDP	Social Democratic Party of Lithuania
LS-HZDS	People's Party – Movement for a Democratic Slovakia
LVLS	Lithuanian Peasant Popular Union
LZS	Centre party Latvian Farmers' Union
M	Moderates

MDF	Hungarian Democratic Forum
MIP	Most Important Problem
MSZP	Hungarian Socialist Party
NA	National Alliance
NDS	National Movement for Simeon II
NS	New Union
NSi	New Slovenia - Christian People's Party
ODS(Bulgaria)	United Democratic Forces
ODS(Czech)	Civic Democratic Party
ODA	Civic Democratic Alliance
OLS	Ordinary Least Square
PD	Democratic Party
PDL	Democratic Liberal Party
PDSR	Democratic Social Party of Romania
PEE	Parties and Elections in Europe
PiS	Law and Justice
PLD	Liberal Democratic Party
PNL	National Liberal Party
PO	Civic Platform
PSL	Polish People's Party
PUNR	Romanian National Unity Party
ResP	Res Publica
RKEI	Pro Patria National Coalition
SaS	Freedom and Solidarity
SD	Social Democrats
SDE	Social Democratic Party
SDK	Slovak Democratic Coalition
SDKU	Slovak Democratic and Christian Union
SDL	Party of the Democratic Left

SDS	Slovenian Democratic Party
SKD	Slovene Christian Democrats
SLD	Democratic Left Alliance
SLS	Slovenian People's Party
Smer	Direction – Social Democracy
SMK-MKP	Party of the Hungarian Community
SMS	Youth Party of Slovenia
SNS	Slovak National Party
SOP	Party of Civic Understanding
SRP	Self-defence of the Republic of Poland
STD	Standard Deviation
SZ	Green Party
SZDSZ	Alliance of Free Democrats-Hungarian Liberal Party
TB/LNNK	For Fatherland and Freedom/LNNK
TOP 09	Tradition Responsibility Prosperity
TP	People's Party
TPA	Political Union of Economists
TPP	Party of National Progress
TS-LKD	Homeland Union - Lithuanian Christian Democrats
UD	Democratic Union
UDMR	Hungarian Democratic Union of Romania
UP	Union of Labor
US	Freedom Union
USD	Social Democratic Union
UW	Freedom Union
V	Unity
VA-TB/LNNK	All For Latvia - For Fatherland and Freedom/LNNK
WAK	Catholic Electoral Action
WDI	World Development Indicators

ZARES	For Real (Liberals)
ZLSD	Unity List/United List of Social Democrats
ZRS	Union of the Workers of Slovakia
ZRP	Zatlers' Reform Party

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