

THE LUXURY GOODS VOTE

Why Left Governments are Punished More for Economic Downturns – Draft *

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Abstract

Voters often punish incumbent parties for poor economic performance; whether they treat left and right governments differently has been less clear. We leverage both observational and experimental data to establish an empirical regularity: voters, on average, punish left-of-center incumbents more severely for economic downturns than their counterparts on the right. A luxury goods model of voting best explains this regularity. When times get tough, voters prioritize economic security over luxury goods policies – socially desirable but post-material policies most often associated with the left that voters support in abundant times. We reach this conclusion after running a ‘tournament of theories’ subjecting plausible rival hypotheses to empirical tests. The data suggest that the vote swing against the left in downturns does not arise from clientelism, partisan accountability, issue ownership or voters’ fear of redistribution but rather from an aversion to spending on luxury goods policies when times are lean.

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This financial crisis is for capitalist neo-liberals what Chernobyl was for the nuclear lobby. — Daniel Cohn-Bendit, 2008.¹

1 Introduction

When the political reckoning arrived after the global financial crisis began in 2008, more people than Daniel Cohn-Bendit, a charismatic and visible leader on the European Parliamentary left, were surprised. Despite the at least partial culpability of large banks operating under the loose regulatory schemes promoted by the right for the crisis, voters in most developed democracies failed to favor the left on election day. In six out of 10 Western European elections between between 2008 and 2010, the largest party on the left actually lost seats in parliament and if one omits countries that received IMF bailouts, the left in those countries with the most severe crises generally fared worst ([Barnes and Hicks, 2012](#)). Incumbents, in general, fared better than one would expect given the circumstances, but, where governments actually lost office, center-left governments were often replaced by the center-right ([LeDuc and Pammett, 2013](#)). What explains the poor performance of the left?

Voters often hold governments accountable for the economy. But are all governments, right and left, treated alike? Or, given partisan differences in economic policy, might voters favor governments of a particular partisan stripe in different economic circumstances? The voluminous literature on the economy and elections has relatively neglected the question of whether and how government partisanship matters for electoral outcomes despite a record of systematic differences in how the left and right behave once in office. Voters retrospectively hold governments accountable for their economic performance but if policy promises and reputations have any predictive power, should not voters also prospectively choose their governing parties? Indeed, two modest literatures, which we examine below, claim that prospective and positional voting does occur – albeit with remarkably contrary claims. In contrast, recent work on the partisan consequences of the Great Recession has

¹As quoted in *The Guardian*, 17 September 2008

yielded more consensus. Studies of voter reactions to the Global Financial Crisis and the accompanying Great Recession overwhelmingly conclude that the left failed to benefit and that if any partisan advantage emerged, it was for the right (LeDuc and Pammett, 2013; Barnes and Hicks, 2012; Lindvall, 2014; Lindgren and Vernby, 2016).

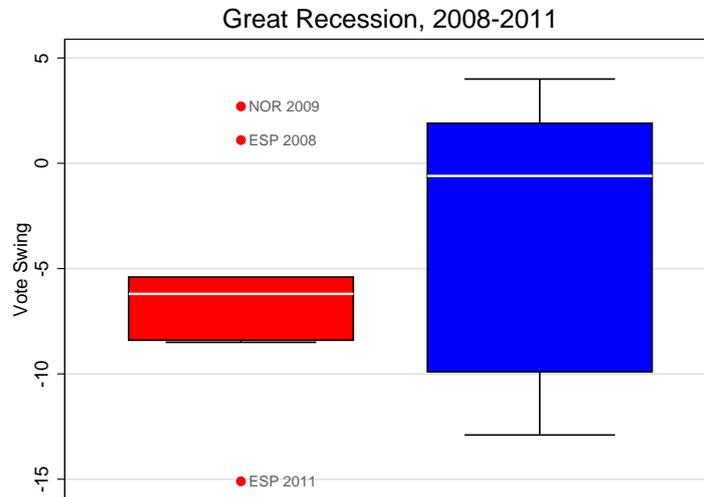


Figure 1: *Vote swings for the largest governing party in developed democracies by partisanship. Left parties on the left (red); right parties on the right (blue). 21 elections in 17 countries, 2008-2011.*

Figure 1 confirms this finding from the literature. When one might expect the left to benefit – given the right’s culpability in many cases for the weak regulation that partly enabled the Financial Crisis and the need for social benefits for those most affected – the opposite occurred. In the 21 elections in developed democracies during the Great Recession (2008-2011), the median largest governing party on the left lost 6.2 percent of the vote relative to their previous performance, while their median counterpart on the right lost less than 1 percent.² If any party group systematically benefits from these economic crises, it seems to be parties on the right.

We argue here that voters, in fact, do treat the left and the right differently under

²Australia, Austria, Canada (two elections), Denmark, Germany, Greece, Iceland, Japan, Luxembourg, Netherlands, New Zealand (two elections), Norway, Portugal (two elections), Spain (two elections), Sweden, UK, USA. Finland and Israel are coded (by DPI) as having centrist governments. Switzerland is, of course, excluded from both sets because of its collective executive.

given economic circumstances. We do not contest the findings of retrospective economic voting but rather we posit that a second process connecting the economy to partisan vote choice occurs simultaneously. Voters do punish or reward incumbent governments for economic conditions, albeit inconsistently (Anderson, 2007; Kayser, 2014), regardless of their partisan complexion. They also vote partially prospectively on the basis of parties' expected policies (Kedar, 2005; Macdonald, Listhaug and Rabinowitz, 1991).

Using observational data from two extensive individual-level panels (the Comparative Study of Electoral Systems and the Eurobarometer Trendfile) we establish that voters do, on average, punish left incumbents more than right incumbents when the economy weakens and, critically, that the magnitude of this effect increases with the leftness of the governing party. The analysis of subsamples and a survey experiment then sort out the mechanism by which this effect emerges. Evaluating five potential mechanisms, we argue that voters associate left parties more with the provision of socially desirable “luxury goods” that enjoy more support when times are good, such as environmental programs, international aid, the protection of minority rights and the arts. Luxury goods, in contrast to necessary and inferior goods, are items that are consumed more as wealth rises.³

When the economy is doing well, voters are more willing to support luxury good programs. During economic contractions, however, voters prioritize material policies as the salience of – and, hence, support for – luxury goods policies wanes, as does support for “luxury goods parties.” Left governments are punished like any other government for a weak economy but when the economy sours, they are additionally disadvantaged by their association with luxury goods policies. The increased emphasis of center-left parties in recent decades on luxury good issues (Kitschelt, 1994; Gerring, 2001) have helped them attract socio-cultural professionals and prosper during expansions. Issue-ownership, however, is sticky and results in their punishment when the economy falters and voters prioritize material issues.

³Thus, they can also include long-term investments such as in medical research but the biggest distinction between parties of the left and right concerns post-materialist policies such as environmental protection or minority rights.

The primary contributions of this paper are (1) the clear establishment of a fundamental empirical regularity – left parties, at least those associated with luxury-good policies, lose support during economic downturns when unemployment climbs – and (2) the elucidation of how this comes about. We are not the first to claim that the economy exercises a systematic partisan effect on the vote – advantages for both the left and the right have been previously claimed – nor even the first to argue that the right benefits from downturns. We are, however, the first to test for a systematic partisan electoral regularity in individual voting behavior in response to the economy across such a broad sample of countries and time periods. The first contribution of this paper is thus to establish a clear empirical regularity.

We are also the first to systematically test a broad set of plausible and often contradictory causal mechanisms – all of which find some empirical support in previous literature – in a “tournament of theories.” We do so with extensive individual-level, cross-national panels (CSES and Eurobarometer) and, where outcomes are observationally equivalent, we distinguish between mechanisms with the analysis of sample subsets and a survey experiment. Previous work has been theoretically piecemeal. Despite all holding partisan implications, the contributions to partisan voting theory that we cite below often do not cite each other. Thus, authors, in isolation, have sometimes found similar effects but attributed them to very different causes or to regional peculiarities (e.g., such as the historic role of the left in Scandinavia, [Pacek and Radcliff, 1999](#)). We take a more holistic tack, collecting research from disparate research areas relevant to the economy’s effect on voters’ partisan preferences and systematically comparing each theory’s empirical implications to the data. We conclude that when the economy weakens voters drift away from parties of the left and that a diminished salience of luxury goods policies best explains this.

2 Five Partisan Models of Voting

Five broad models of voter behavior connect parties' partisan position and the vote, each with a varying degree of empirical support. Voters may simply choose the party most likely to tilt public spending and economic policy in their favor (*clientelism*); they may assess outcomes in light of the government's partisan priorities to infer competence and hold incumbents accountable (*partisan accountability*); they could use party reputations for competence on issues – say fighting inflation or lowering unemployment – to choose the party most fit to address salient problems (*issue ownership*); or they might evaluate their own welfare lexicographically, prioritizing necessary goods, such as security and personal welfare, over luxury goods, such as environmental programs, during downturns but supporting spending on luxury goods during good times once their needs for necessary goods have been met. Politically this would translate into punishing parties – the left – associated with luxury good spending during downturns but supporting them during expansions (*luxury goods model*). All of these models of behavior are plausible and find some amount of support in the literature. We evaluate each of these models with observational panel data below. Where their predictions are observationally equivalent, we add survey experiments to distinguish between them. Let us first, however, explain the models.

2.1 Four rival models

Parties of the left and right govern differently. A key difference arises from the tendency of parties to privilege the interests of their core constituencies while in office (Bartels, 2010; Gilens and Page, 2014). One means toward this end could be macroeconomic policy, with left governments presiding over over lower unemployment and the right keeping inflation better in check (Hibbs, 1977; Alesina, 1987). Informed voters thus might have a material incentive to prefer left or right governments. The economy, in addition to being a valence issue – (nearly) all voters prefer a growing economy – can be considered a “positional” issue about which voters have different preferences – e.g., lower unemployment vs. lower

inflation. If voters behave clientelistically, supporting the party most likely to implement policies that benefit them, then one should expect the left to gain vote share from increases in unemployment and the right from inflation.

Clientelism. Stigler (1973) followed by Kiewiet (1981) and Swank (1993) first formulated such a *clientelistic model*. Using aggregate-level data from US presidential elections, Swank (1993) found that increases in unemployment benefit the Democrats while increases in inflation bolster the Republicans. At a micro-level, it could be that those directly affected by unemployment simply vote in their own self interest (Margalit, 2013) or that individuals at greater risk of unemployment (inflation) prefer the left (right) as an “insurance policy” (Moene and Wallerstein, 2001). A variant of this argument is less directly clientelistic but yields equivalent aggregate-level predictions. Left parties might hold a reputation for competence in combatting unemployment and right parties for lowering inflation. Voters maximizing national welfare would then vote for the party seen as most competent and committed to countering the most acute problem.⁴ Voting research has proven less confirmatory of any general effect. Carlsen (2000), using aggregate data from four countries, found that the right was indeed hurt by unemployment but not by moderate inflation while left governments encountered no consistent effect.

Partisan Accountability. Powell and Whitten (1993) not only found nearly the opposite results from those of Swank, but they explained them using a different theory. Like Hibbs and Swank, they assert that governments of the left and right deliver lower unemployment and inflation, respectively, but they argue that voters use this information about partisan priorities, as would be the case with a signal extraction model, to hold governments accountable. A government that fails at its partisan economic priority is judged less competent and punished more by voters. Thus, following their *partisan accountability model*, Powell and Whitten (1993) predict and find that increases in unemployment *hurt* left governments while rising inflation *hurts* right governments – the opposite results of

⁴This variant is actually a form of “issue ownership” but note that we reserve this name for a distinct hypothesis (below) connected to competence in managing the whole economy.

Swank (1993).

More recent work has been more sceptical, showing that inflation differences under left and right governments emerge in policy makers' expectations, but not in economic data (Gandrud and Grafström, 2015). The likely source for the demise of the “partisan business cycle,” if it ever existed, is the limited influence of policymakers over monetary policy in most developed economies. Expectations alone, however, could be enough to drive voting effects but no recent work identifies partisan inflation effects on voting while unemployment has seen only mixed results. Magalhães (2012), using aggregate-level data from 30 countries, finds that left parties benefit more from economic growth and lose more from contractions than their right-of-center counterparts but inflation and unemployment show little partisan difference in their effects. Dassonneville and Lewis-Beck (2013), in contrast, do find that unemployment (they do not test for inflation) has a partisan effect, but the effect is in line with Powell and Whitten (1993) rather than with Swank (1993). Examining 149 elections in Western Europe, they find that growth in the unemployment rate weakens support for left incumbents.

Issue ownership. A third model – *issue ownership* – also posits that voters choose parties based on perceived competence. Unlike the short-run logic of competence signal extraction found in Powell and Whitten (1993), however, this theory holds that parties hold persistent reputations for competence in given issues. After years of policymaking, advocacy and rhetoric, parties come to “own” different issues. Voters employ party reputations to select parties best suited to address the most salient issues of the moment while parties compete to persuade voters that the issues that they “own” are the most salient (Budge and Farlie, 1983; Green and Hobolt, 2008). Issue ownership obviously extends beyond economic policy but specific parties do obtain reputations for economic competence that can matter when the economy is salient (Bélanger and Meguid, 2008; Neundorf and Adams, 2016). Such reputations are not static, and data measuring them are incomplete and intermittent but, on average, we can venture that right parties enjoy a better reputation for overall management of the economy (Green and Jennings, in

progress). By this framework, voters would turn to the party most associated with economic competence (usually the right) when the economy falters.

Class interests. Last, before we turn to the luxury goods voting model, it is also possible that voters pursue their own self interest, like in the *clientelism model*, but rather than focusing on Philips-curve trade-offs from monetary policy, they focus on what governments better control: fiscal policy. Peltzman (1992) famously proclaimed (US) voters to be fiscal conservatives, punishing any party that increases spending. A variant to his argument might assert that sensitivity to spending increases in recessions when budgets are tight and results in punishment for those parties most that are associated with greater spending (the left). In economic downturns when their income is least secure, middle and upper class voters may fear tax increases to finance redistribution and vote for the right to preclude this. So long as middle and upper class voters outnumber poor voters, one would expect that downturns suppress support for the left. Lindvall (2014) best advances this argument.

2.2 The luxury goods model

One quite distinct model of partisan voting behavior – and to preview our results, the one most substantiated by the data – stands out from the four above. Rather than maximizing (a) short-term welfare through choosing the party most likely to direct policy benefits their way (*clientelism*), (b) long-term welfare by punishing parties who fail at their top policy goals (*partisan accountability*), (c) aggregate welfare through selecting the the party with the best reputation for managing the economy (*issue ownership*) or (d) individual financial position through avoiding redistribution (*class interests*), voters might shift the importance they assign to given policies when economic circumstances change.

Policies that affect individual or collective financial security may be distinct from and prioritized over worthy but “post-material” policies such as environmental protection,

human rights and arts funding. *Luxury goods voting* posits that voters value material goods more and non- or post-material goods less when the economy sours. Technically, “luxury goods” are goods that one purchases in greater quantity as one grows wealthier (caviar, opera, charity). These contrast with necessary goods, the consumption of which does not change with income (water) and inferior goods, which are consumed less as income rises (potatoes, ramen noodles). Economic downturns hurt the left because they are more strongly associated with luxury goods programs which drop in salience relative to material programs when the economy falters.

The preference ordering that places material wellbeing first – as a necessary good – finds grounding in psychology at least as far back as Maslow’s hierarchy of needs in the 1950s (Maslow, Frager and Fadiman, 1970). Human needs rank in a hierarchy starting with physiological requirements for sustenance, followed by physical and material security and then, after several intermediate categories, ends with self-actualization. Only when a more basic need is met do individuals place salience on higher-order needs. In a political and social-policy context, Inglehart (1971) applied Maslow’s hierarchy in arguing that societies only adopt “post-material” values once they have become sufficiently wealthy to satiate their material needs. Thus, for example, environmental parties are a phenomenon found mostly in wealthy democracies.

Stevenson (2002) first coined the term “luxury goods voting” in exploring how the state of the economy might condition the magnitude of the economic vote. We adopt this name but define “luxury goods” very differently. Stevenson considered such programs as social welfare, expanded health programs and unemployment insurance to be luxury goods. It is true that government spending as a proportion of GDP – likely including that on health and social welfare – has increased over the long-run with the wealth of a country (Wagner, 1911; Lamartina and Zaghini, 2011). The short-run economic changes associated with the business cycle and – we argue, electoral behavior – take place on a much smaller temporal and economic scale, however. In fact, in the short-run, welfare state spending usually increases not with the economy, as luxury good definition would require, but rather *when the economy deteriorates* and demand for unemployment insurance and other social

support surges. As short-run economic changes (Healy and Lenz, 2014; Wlezien, 2015) matter for the assessments of economic wellbeing that influence vote choice while long-run material improvements have little influence on perceived wellbeing (Easterlin, 1974), we restrict our definition of luxury good policies to those that expand, on average, in funding and support, with the short-run economy.

The advantage of restricting the definition of luxury goods policies to post-material goods – other than consistency with the short-run definition of luxury goods – is an abundance of evidence for a micro-mechanism. When voters’ economic security diminishes, their priorities shift toward immediate material security (Singer, 2011) and away from higher-order concerns such as environmental protection or even programs with long term pay-offs like medical research. Parties of the left and the right both hold reputations for providing material goods – for example, unemployment insurance and tax relief, respectively – but left parties are more strongly associated with many luxury goods policies (e.g., international aid, environmental protection, minority rights). Indeed, left parties have increasingly focused on culturally liberal “luxury goods” over the last decades and less so on traditional material concerns of the working class (Kitschelt, 1994; Inglehart and Abramson, 1994; Kriesi, 2010).

Expressed differently, left parties “own” most luxury goods issues. We test *issue ownership* with respect to a reputation for competence managing the economy as a rival mechanism but issue ownership with respect to luxury goods issues may play a role in how the luxury goods vote functions. In general, *issue ownership* cannot and does not seek to explain how and why the salience of given issues varies with the economy – as we do here. Bélanger and Meguid (2008), however, have made an important revision to the conventional formulation of issue ownership (Budge and Farlie, 1983) that, we speculate, may suggest how luxury goods voting functions. They posit and demonstrate that issue salience conditions the effect of party issue ownership on individual voting decisions. If the salience of economic and luxury goods issues varies systematically with the economy, as seems likely, then Bélanger and Meguid (2008) may offer a micro-mechanism for the luxury goods voting mechanism.

Under such a scenario, support for luxury goods policies and parties would diminish when the economy sours if the salience of these issues weakens with the economy. Voters may not be repelled from luxury good policies during recessions; rather, they may simply assign them low salience when their material security diminishes. At the same time, they might accord greater salience and electoral support to material issues and parties associated with them. If the salience of luxury good and materialist issues varies inversely as economic performance changes, it is possible that *issue ownership*, as posited by [Bélanger and Meguid \(2008\)](#), drives luxury goods voting.

Why do not parties simply shift away from post-material issues when the economy weakens? Parties' officers and members have ideological beliefs, commitments and connections to interest groups. Even if parties could change policies quickly, voters would be slow to notice. Parties hold longstanding and persistent reputations for competence in and commitment to particular issues ([Budge and Farlie, 1983](#)) and that short-run attempts to reposition a party often fail to make an impression on voters ([Adams, Ezrow and Somer-Topcu, 2011](#)). Parties "own" issues and cannot easily shirk these associations when circumstances change.

2.2.1 Public opinion, political preferences and the economy

A small and scattered literature, when considered together, suggests that a luxury goods pattern of voting may exist. In the early 1990s, [Stimson \(1991\)](#) collected a mass of US public opinion data and constructed an index of "policy mood" that demonstrated alternating cycles of public support for policies associated with the left or the right. A few years later, Robert [Durr \(1993\)](#), using Stimson's data, recognized that economic conditions explain variation in such policy sentiment. [Stevenson \(2001\)](#) confirmed this regularity in 14 European countries showing that aggregate policy mood shifts to the left (right) when the economy expands (contracts), as did [Markussen \(2008\)](#) in 20 developed countries, [De Neve \(2009\)](#) more recently in the United States and [Anderson and Hecht \(2014\)](#) for 11 European countries during the Great Recession.

Of course, policy mood is distinct from actual voting. Some earlier work has positing

that electoral support for various types of programs varies with the state of the economy. Stevenson focused on specific welfare state policies – thus, not luxury goods policies, as we define them – and found that right governments benefit from a poor economy. [Kayser \(2009\)](#) posited that the luxury goods model of voting when combined with international business cycles could explain synchronous shifts in support for the left or right in multiple countries. [Magalhães \(2012\)](#) compared retrospective voting and broadly defined luxury good voting in 30 countries following the Great Recession and found results more consistent with the luxury goods model. These articles, however, either define luxury goods policies as welfare state spending and yield statistically insignificant results ([Stevenson, 2002](#); [Magalhães, 2012](#)) or focus on the international rather than domestic economy ([Kayser, 2009](#)).

3 Empirical Strategy

Our empirical strategy is three-fold. We begin with an analysis of cross-national election-surveys, both the Comparative Study of Electoral Systems (CSES) and Eurobarometer (EB) datasets, to identify differences in voter responses to the economy under governments with varying right-left orientation. We do this with both objective aggregate economic data – changes in the unemployment rate – and with individual-level subjective economic perceptions before exploring subsets of the data to determine which voters respond in which manner. These analyses demonstrate that waxing support for the right in downturns is a common and widespread empirical regularity not only found in severe recessions.

The second step of our strategy recognizes that leftness is not synonymous with luxury goods policies. A left-of-center government may adopt numerous policies seen as supporting necessary or even inferior goods provision. Workman’s compensation, unemployment insurance, medical subsidies, universal elementary education and many other policies associated with the left serve as examples. Distinguishing between voters’ responses (a) to luxury goods proposals (or reputations) and (b) to simple left orientation of parties, demands more than can be demonstrated with the observational data. The *partisan ac-*

accountability, *issue ownership*, *class interests* and *luxury goods* mechanisms, for example, are all observationally equivalent with respect to changes in electoral support for the left.

We therefore turn to a survey experiment conducted with participants from Amazon’s Mechanical Turk (Section 5.1) that varies the partisanship of the ruling party and the proposals of the left party so that some left parties offer basic materialist proposals and others luxury-good (post-materialist) proposals. The data support the *luxury goods* mechanism, which then begs the question of the mechanism for the mechanism. We find this in a simple pre-post survey (Section 6) that demonstrates that participant preferences for government spending on luxury good policies drop sharply in recessions, in notable contrast to preferences for spending on basic welfare-state policies that even increase.

Voters prioritize materialist issues when the economy falters. Left and right parties both hold reputations for material issues (e.g., social welfare policies and tax cuts, respectively) but left parties are burdened with an association with post-materialist luxury goods policies which cost them votes. Thus, our argument posits a supplementary effect. Most governments are punished for a poor economy (the economic vote) but left governments are punished additionally for their association with luxury goods policies (the luxury goods vote). Consequently, we are not testing the effect of the economy on voting for the right or the left but rather the deviation from the baseline economic vote for incumbent parties that lead a government. The luxury goods policy effect is actually independent of whether a party is in government or not, but we explicitly account for incumbent status to avoid confounding with the classic economic vote. Table 1 presents the simple predictions of the five hypotheses outlined above.

Predicted effects are derived from the mechanism reviewed in Section 2. Objective measures of unemployment change are particularly good for testing hypotheses from the *clientelism* and *partisan accountability* potential mechanisms because they are associated with a specific change in a specific economic measure (unemployment). In contrast, an advantage of *perceived* economic change is that this measure varies at the individual

Economic change:	Increase in Unemployment	Observational Data			Survey Experiment	
		Perceived Deterioration	Perceived Det.	Perceived Det.	Recession Treatment	Recession Treatment
Sample:	All	All	Poor	Wealthy	All	All
Incumbent:	Left	Left	Left	Left	Left Basic	Left Luxury
<i>Clientelism</i>	+	+	+	-	+	0
<i>Partisan Acct.</i>	-	.	.	.	-	0
<i>Issue ownership</i>	-	-	-	-	-	-
<i>Class Interests</i>	-	-	+	-	-	0
<i>Luxury Goods</i>	-	-	-	-	0	-

Table 1: *Predicted positive (+), negative (-) or no (0) effect on the vote for left incumbents in addition to the baseline economic vote from economic change under five theories. “Not applicable” indicated with (.). Issue ownership defined with respect to management of the economy.*

level, enabling us to meaningfully compare voting behavior across subsets.⁵ Of particular interest is possible differences between income classes – a direct test of the *class interest* mechanism. Unlike the observation data – whether using objective or subjective economic measures – the survey experimental data enables us to compare responses to luxury good and basic welfare state policy proposals.

Our third step is issue focused. The observational data tests for the effects of governing party leftness on accountability for the economy and the survey experiment uses a small number of policy examples to test for luxury goods effects. Our final empirical section, therefore, conducts a pre-post survey about spending preferences in 17 policy areas to show that, on average, funding support for post-materialist policies drops markedly in a downturn while materialist policies gain support. Participants also associate luxury goods issues more strongly with the left.

4 Observational data

We analyze the observational data with both objective (see the online appendix) and subjective economic measures. Strong arguments exist in favor of both approaches. Ob-

⁵A unit change in an objective economic measures might correspond to different changes for different income classes, for example.

jective economic measures such as unemployment, growth in GDP or inflation offer the advantage of associating voting with observable economic outcomes at least loosely connected to economic policy. They also offer the advantage of clear exogeneity. Scholars have repeatedly criticized the possible susceptibility of subjective perceptions of economic performance to influence from our dependent variable, vote preferences, with the attendant problems of endogeneity bias in estimates ([Wlezien, Franklin and Twiggs, 1997](#); [Evans and Pickup, 2010](#)). Objective economic measures also often allow the use of longer time-series and broader sets of elections since the sample is not limited to election surveys that included an economic perception question.

Subjective economic measures offer their own tradeoffs. The strongest argument in favor of subjective perceptions of the economy is that it, like vote choice, varies at the individual level. Objective measures such as unemployment assume the same level for every participant in a given country in a given election year. Not only does this introduce possible measurement error but it precludes the the use of election fixed-effects since there is no variation in the economic variable within elections. Cross-panel variation in pooled cross-sectional data can yield misleading results when evaluating hypotheses that assume within-panel variation ([Green, Kim and Yoon, 2001](#)). Economic voting, in particular, has been shown to be highly context dependent ([Powell and Whitten, 1993](#); [Anderson, 2000](#)), often on time-invariant country-specific contexts.

In addition to permitting election-fixed effects, subjective economic measures also sidestep the less appreciated but nevertheless important issue of vintage differences in objective economic estimates. Economic estimates are repeatedly revised over time. Thus, the growth rate, for example, for the US in 1992 might vary considerably depending on when one downloaded the data. The later vintages are, on average, more accurate estimates of macroeconomic aggregates in any previous period but voters will have responded to the initial estimates reported in the media at the time of the election ([Hetherington, 1996](#); [Stevenson and Duch, 2013](#); [Kayser and Leininger, 2015](#)).

The choice of economic variable essentially trades off omitted variable bias and measurement error from aggregated and revised data (objective measures) against endogeneity

bias and a more limited set of elections and countries (subjective perceptions). It is not easy to establish which is the greater threat in a given project. Our aim, however, is to persuade readers that a partisan regularity in voting is systematic and robust, so we use both types of economic measure. We follow a similar strategy in another area of dispute – estimates of party placement – in which we use three different measures. And we also vary the temporal and cross-country coverage of our data by employing two separate datasets, both the CSES and the Eurobarometer Trendfile (*The Comparative Study of Electoral Systems*, 2013; Schmitt and Scholz, 2002). Such redundancy, however, demands more space than we have, so we limit ourselves to the subjective economic and party-placement measures here. We present the other measures and datasets in the online appendix.

Only Module 1 of the CSES (1996-2001) queried respondents on their individual perceptions of the economy. Modules 2 and 3 extend coverage to 2011 (and elections to 51 in 20 democracies) when combined with objective economic measures and yield mostly similar results, as does the Eurobarometer Trendfile (205 elections, 8 countries between 1970 and 1999 with 158,196 participants).⁶ We restrict our country sample to major developed democracies with stable party systems. This yields a sample 12 elections in 11 developed democracies in Module 1 with a total of 14,328 observations.⁷

4.1 Variables

We employ vote choice for the head of government’s party as the dependent variable. In most cases this is the prime minister’s party but in presidential systems it is the president’s party. We do this in order to focus on the party most clearly responsible for economic outcomes. This is consistent with [Duch and Stevenson \(2008\)](#) who conjectured that the most important posts, namely that of the PM’s office and the Finance Minister,

⁶See online appendix.

⁷Australia 1996, Canada 1997, Germany 1998, Denmark 1998, Great Britain 1997, Netherlands 1998, Norway 1997, New Zealand 1996, Portugal 2002, Spain 1996, Spain 2000, Sweden 1998. Note: Module 1 includes the spring 2002 election in Portugal despite nominally ending in 2001. No other elections from 2002 are included.

enable clearer attribution or responsibility and [Duch, Przepiorka and Stevenson \(2015\)](#) who demonstrate with experimental work that voters primarily punish decision makers with proposal power.⁸

A 5-point scale of economic perceptions serves as our key explanatory variable: “Would you say that over the past twelve months, the state of the economy in [country] has gotten better, stayed about the same, or gotten worse?” We reverse the scale so that it measure economic deterioration.

Economic performance is our key independent variable but our theory posits that its influence on the vote is conditioned by the ideological position of the governing party. We recognize that scales differ across countries ([Lo, Proksch and Gschwend, 2013](#)) and adjust for this by measuring the governing party’s position as its deviation from the position of the median party in each election on a right-left scale (*LeftDeviation*). We further sidestep this problem by using economic data with individual-level variation. It permits fixed-effects estimation “within” elections surveys so that cross-national party position variation does not influence estimates. This is not possible with the country-year aggregate economic data (unemployment) employed in the online appendix.

This party-position calculation is possible because the CSES surveys ask respondents to locate the parties participating in the recent election on a ten-point left-right scale, which we reverse so that higher values correspond to greater leftness. Our basic measure of perceived lead-party leftness is the difference between the lead party and the party each respondent placed at the median.⁹ The analysis of objective economic data in the online appendix adds two party placements based on expert assessments. We do not use them here, however, because they do not vary on the individual level.

We readily concede that ideological measures of party placement are not conceptually interchangeable with a party reputation for luxury goods provision. It is wholly possible

⁸also see [Fisher and Hobolt \(2010\)](#).

⁹Since many respondents only placed a single party and that to be included in our analysis they had to place the lead party on the right-left scale, a large number of lead (and only lead) parties are placed at the median. Nevertheless, this method improves comparisons between elections in the objective economic data section.

for even extreme left parties to focus on, say, redistribution rather than on luxury goods. Nevertheless, it is most often left parties that support luxury good spending leading to a highly positive association between leftness and proposals for luxury goods spending. We take this distinction seriously and distinguish between leftness and luxury goods provision in the experimental section of the paper.

Rounding out our specification, and with one notable exception, we have a set of control variables that are likely orthogonal to our economic performance and party placement measures but included out of convention. The exception is *PolicyDistance* which measures the perceived ideological distance between each respondent and the governing party. Respondents in the CSES surveys placed both the lead party and themselves on the same scale. The remaining control variables are largely self-explanatory and taken from the CSES dataset: *Unemployed*, a dummy intended to capture egotropic rather than sociotropic effects, *Age*, *Female*, *Education*, and *Income*.

4.2 Analysis

Table 2 presents estimates from three models. The first model uses pooled survey data, the second, country fixed-effects, and the third, election fixed-effects. The first model is estimated with binary logit, the last two with conditional (fixed-effects) logit. The response variable in all models is vote for the lead party in the government.

The main relationship of interest is the conditional effect of the economy on the vote for lead parties at different degrees of leftness. It is this relationship that tests for asymmetric effects conditioned on the partisanship of the government and can begin to distinguish between the rival theories expounded in Section 2 and Table 1. The coefficient signs on both the interaction term in each model and its constituent terms are at first glance consistent with an asymmetric voter response to economic change under left and right lead governments. Logit interaction coefficients, however, can be misleading (Ai and Norton, 2003) and we are interested in the conditional rather than the simple standard errors to

	(1)		(2)		(3)	
<i>EconDecline</i>	-0.547***	(0.130)	-0.520***	(0.025)	-0.516***	(0.025)
<i>LeftDeviation</i>	0.045	(0.070)	0.081***	(0.022)	0.083***	(0.022)
<i>EconDecline * LeftDeviation</i>	-0.002	(0.025)	-0.022**	(0.008)	-0.022**	(0.008)
<i>PolicyDistance</i>	-0.306	(0.172)	-0.362***	(0.011)	-0.363***	(0.011)
<i>Age</i>	0.007*	(0.003)	0.006***	(0.001)	0.006***	(0.001)
<i>Female</i>	0.136*	(0.056)	0.144***	(0.040)	0.143***	(0.040)
<i>Education</i>	-0.137***	(0.033)	-0.107***	(0.013)	-0.108***	(0.013)
<i>Unemployed</i>	-0.119	(0.122)	-0.265*	(0.112)	-0.258*	(0.112)
<i>Income</i>	0.077	(0.047)	0.077***	(0.016)	0.076***	(0.016)
<i>Constant</i>	1.475***	(0.326)				
<i>Fixed Effects</i>			Country		Election	
<i>N.Obs.</i>	14328		14328		14328	
<i>N.Elections</i>	12		12		12	
<i>N.Countries</i>	11		11		11	
<i>BIC</i>	15880		15153		15145	

Table 2: *Effect of economic perceptions on the vote for the lead party. CSES data. Binary logit (model 1) and conditional (fixed-effects) logit (models 2 & 3). Perceived economic performance is reverse coded so that higher values represent greater economic deterioration. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors in parentheses and clustered by country in model 1. Within-panel variation in economic perceptions allows fixed-effects in models 2 and 3.*

test for statistical significance at various values of the lead party leftness. To evaluate this relationship and to render substantive magnitudes more apparent, we plot out the marginal effect of a one-point change in our economic variable on the probability of voting for the lead governing party at all values of leftness (*LeftDeviation*) in our sample. Figure 2 presents the conditional marginal effects graphically, setting continuous covariates at their means and categorical covariates at their modes.

All three models reveal a clear economic vote. The marginal effect of a unit deterioration in the economy on the probability of the mean voter supporting the lead governing party is consistently negative at all values of lead party leftness. Voters punish all lead parties for a downturn. Of greater interest for our analysis, however, is whether left parties are punished more severely. Figure 2 demonstrates that this is indeed the case. The drop in the probability of voting for the led party in response to a unit deterioration in perceived economic performance increases in magnitude with the perceived leftness of the

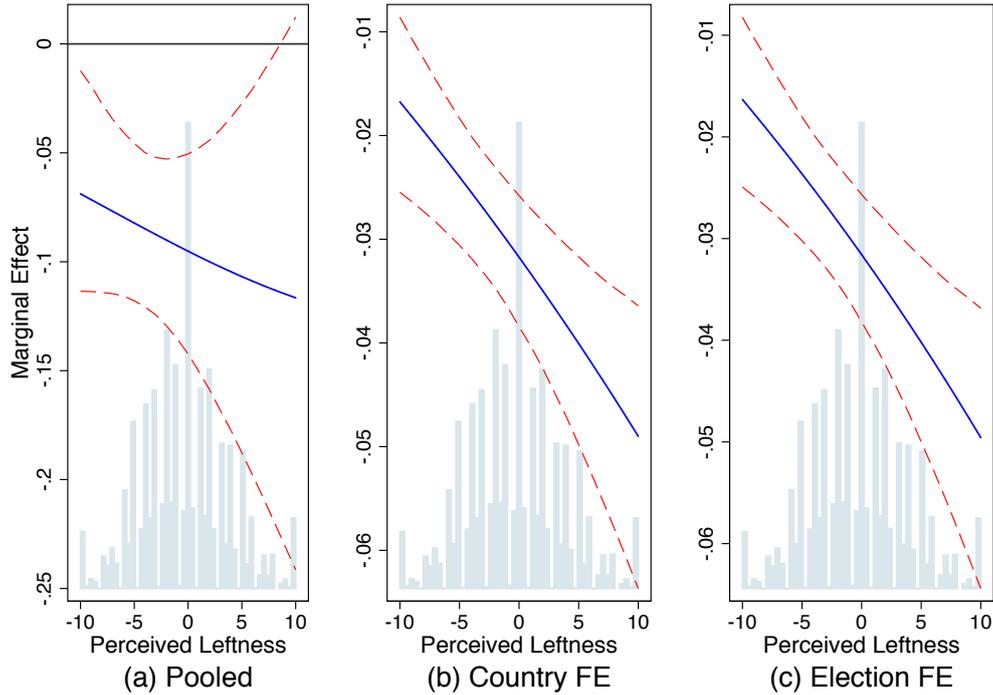


Figure 2: *Marginal effects of economic perceptions on the probability of voting for the lead party condition on the perceived ideological position of the lead party. 95% confidence intervals. The histogram shows the distribution of the LeftDeviation variable.*

lead governing party. This effect is statistically significant at all levels of leftness in both fixed-effect models and nearly all levels in the pooled model. Moreover, in the fixed-effect models – which have the advantage of subtracting out the influence of all omitted covariates that do not vary within the panel unit (think of variables that vary only on the country or election level) – the confidence intervals show that the marginal punishment for governments of the far right and left are also significantly different from each other.

The substantive effects in the pooled model (Panel a) are approximately twice those in the country and election fixed-effects models (Panels b and c), suggesting the magnitude of the omitted variable bias present when within-panel invariant confounders are not excluded. Substantively, a unit decrease in the perceived performance of the economy corresponds to an approximately 1.6 percentage point drop in the probability of voting for the lead governing party when it is perceived to be extremely right-wing but a nearly

5 percentage point drop when it is extremely left-wing. Voters punish all lead parties in government for a poor economy but they punish left parties more.

Might these results be driven by endogeneity bias? The conditioning variable – perceived party position (*LeftDeviation*) – might be influenced by the respondent’s vote choice, as might economic perceptions. Similar models in the online appendix using change in unemployment and two similarly exogenous measures of party placement (expert placement and party manifestos) show broadly similar results, however. If endogeneity bias is present, it is insufficiently large to change the basic finding that voters punish left lead parties more for downturns. Moreover, by testing for asymmetric partisan accountability for the economy in different time-periods (CSES, 1996-2011) and with different datasets (Eurobarometer Trendfile, 1970-1999) the supplementary results in the online appendix suggest robustness.

So what do these first results suggest about partisan theories of voting? The *clientelism* hypothesis predicts that voters should increase support for left governing parties when unemployment rises, so is refuted by the data. Voters faced with an increase in general unemployment do not, on average, increase their support for parties most likely to prioritize reducing unemployment (i.e., the left). Personal experience of unemployment indeed does increase support for the left as shown elsewhere (Margalit, 2013, and, looking ahead, in Section 4.3), but this effect is insufficiently large to outweigh the contrary turn toward the right of the more numerous employed voters.

The *Luxury goods voting*, *class interests*, *issue ownership* (for competence managing the economy) and *partisan accountability* hypotheses, in contrast, all correctly predict a decrease in support for the left. Such observational equivalence will require different tests in the following sections. At this point, however, we can tentatively conclude two things: Voters do seem to punish left incumbents more than their counterparts on the right during downturns and all potential mechanisms except for *clientelism* are compatible with this finding.

4.3 Who votes how?

Up to this point we have simply spoken of voters but not distinguished among them. It is valuable in itself to observe which types of voters respond most strongly. Certain hypotheses, however, most notably *class interests*, suggest a differential response by different voters.

The *class interest* mechanism implies distinct behavior in different income categories. Middle and upper income voters – but not their lower income counterparts – should avoid supporting the left during economic downturns in order to reduce the probability of higher taxes and redistribution when their economic security is most at risk. In contrast, low-income voters should increase their support of left parties in order to benefit from greater redistribution. So long as middle and upper class voters outnumber low-income voters, the net effect should favor the right.

In contrast to *class interests*, the other remaining mechanisms – *partisan accountability*, *issue ownership* and *luxury goods voting* – do not offer clearly falsifiable hypotheses with respect to voters subsets. None of these three potential mechanisms stipulate how voter subsets should behave.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Income-low	Income-mid	Income-high	Right	Centrist	Left	Educ-low	Educ-high	Unemployed	Employed
<i>EconDecline</i>	-0.556*** (0.042)	-0.504*** (0.054)	-0.480*** (0.038)	-0.495*** (0.055)	-0.401*** (0.037)	-0.174** (0.065)	-0.400*** (0.064)	-0.479*** (0.069)		
<i>LeftDeviation</i>	0.082* (0.036)	0.075 (0.050)	0.072* (0.036)	-0.034 (0.047)	0.085* (0.037)	0.147* (0.061)	0.015 (0.060)	0.069 (0.068)	-0.052* (0.025)	0.014 (0.030)
<i>EconDecline * LeftDeviation</i>	-0.019 (0.012)	-0.023 (0.017)	-0.019 (0.013)	-0.019 (0.015)	-0.029* (0.012)	-0.018 (0.020)	0.008 (0.020)	-0.009 (0.026)		
<i>PolicyDistance</i>	-0.285*** (0.018)	-0.394*** (0.025)	-0.427*** (0.019)	-0.403*** (0.035)	-0.378*** (0.025)	-0.529*** (0.044)	-0.555*** (0.034)	-0.505*** (0.034)	-0.360*** (0.055)	-0.569*** (0.036)
<i>Age</i>	0.011*** (0.002)	0.008** (0.003)	0.000 (0.002)	-0.002 (0.003)	0.003 (0.002)	0.011** (0.003)	0.007 (0.004)	0.003 (0.004)	-0.006 (0.007)	0.008*** (0.002)
<i>Female</i>	0.271*** (0.068)	0.065 (0.085)	0.070 (0.062)	0.331*** (0.085)	0.098 (0.058)	-0.098 (0.103)	0.084 (0.107)	0.015 (0.103)	0.051 (0.121)	0.100 (0.054)
<i>Education</i>	-0.061* (0.025)	-0.100*** (0.029)	-0.126*** (0.019)	-0.067* (0.028)	-0.072*** (0.019)	-0.171*** (0.034)			-0.142** (0.051)	-0.100** (0.031)
<i>Income</i>				0.043 (0.033)	0.058* (0.023)	0.155*** (0.040)	0.035 (0.047)	0.057 (0.042)	0.080 (0.051)	0.029 (0.047)
<i>ΔUnemployment</i>									-0.060 (0.100)	-0.020 (0.109)
<i>ΔUnem * LeftDeviation</i>									0.049*** (0.015)	-0.007 (0.026)
<i>Constant</i>									0.800 (0.454)	0.353 (0.254)
<i>Fixed Effects</i>	Election	–	–							
<i>N.Obs.</i>	5089	3220	6072	4359	6560	3462	2017	2621	1364	16467
<i>N.Elections</i>	12	12	12	12	12	12	11	12	36	36
<i>N.Countries</i>	11	11	11	11	11	11	10	11	18	18
<i>CorrectPred.(%)</i>	74.99	74.63	71.89	80.82	72.71	84.20	73.48	78.52	71.19	73.24
<i>BIC</i>	5429	3504	6613	3804	7300	2588	2279	2587	1608	17092

Table 3: *Subsets. Perceived economic performance. Perceived economic performance is reverse coded so that higher values represent greater economic deterioration. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Standard errors, clustered on election study, in parentheses. CSES Module 1. All observations for models (1) to (8) are subsets of those used in model (3) of Table 2. Models (9) and (10) are subsets of model (4) in Table 1 in the online appendix.*

Table 3 estimates the logit models and Figure 3 plots out the marginal effects of economic deterioration in sample subsets defined by income, ideology, education and employment status.¹⁰ The first eight models use economic perceptions and election-study fixed effects like in Table 2. Models (9) and (10), however, use objective aggregate employment data because no CSES election studies have data on both employment status and economic perceptions. The price for this is the loss of fixed effects because there is no variation in aggregate unemployment within election studies but better estimation across employment status subsamples is not possible given our data.

The marginal effects plots in Figure 3 show how the predicted probability of voting for the governing party changes for the mean respondent (interval covariates set to means, factor covariates set to modes) in eight subsets in response to a unit deterioration in economic perceptions at different levels of governing party leftness. The ideology (panel b) and education (panel c) subsets show interesting similarities and differences, respectively, between subgroups but the income (panel a) and employment (panel d) results are of most interest for testing the *class interests* hypothesis.

For the *class interests* mechanism to function, poor and affluent voters would have to respond differently to economic shocks. If executive parties of the left lose more support than those of the right during downturns because middle and upper income voters shift support to the right in order to avoid higher taxes and redistribution, we would expect to see a difference among the three income groups in Table 3 and the two in Figure 3. We do not. High, middle and low income voters all respond similarly. Even the two most extreme income groups, high and low income, show no statistically significant or substantively noteworthy difference.

Employment status (panel d), in contrast, does show a difference in voting behavior

¹⁰Low, middle and high income correspond to income categories 1-2, 3, and 4-5, respectively; right, centrist and left ideology correspond to left-right self-placement categories of 7-10, 4-6 and 1-3, respectively; Low and high education correspond to education categories 1-3 (completed primary or less) and 8 (completed undergrad degree), respectively; and unemployed and employed correspond to employment status (D2010) categories 5 (unemployed) and 1 (employed full-time, >32 hrs/week), respectively.

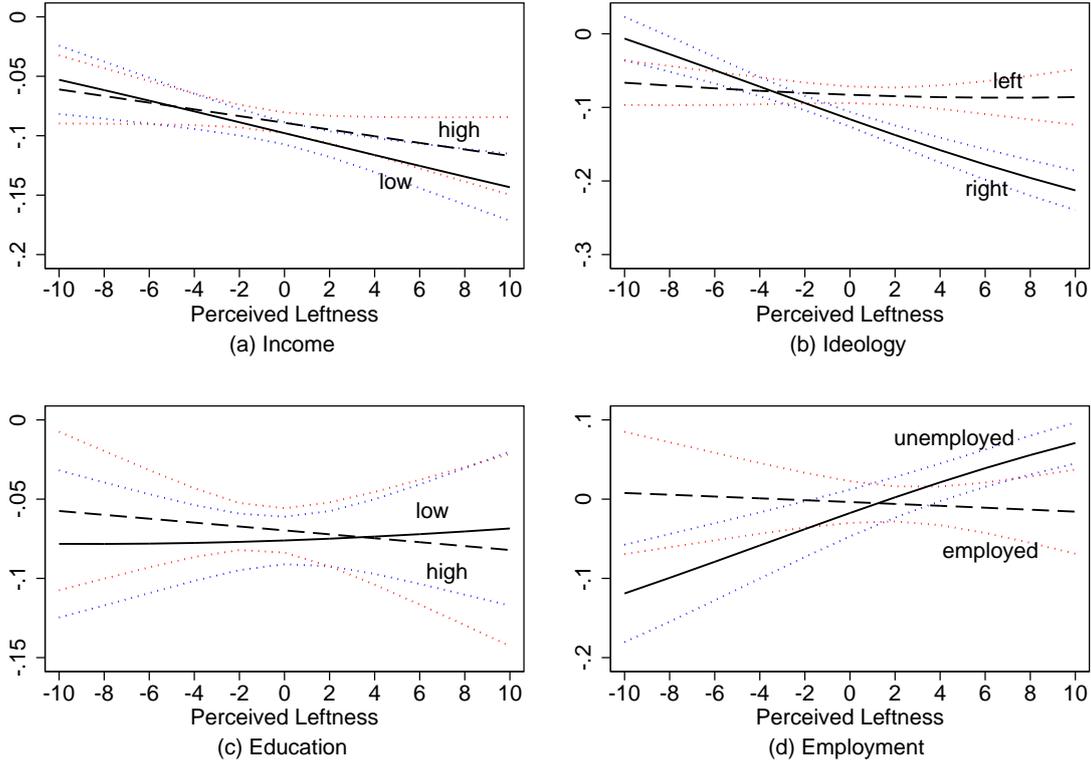


Figure 3: *Marginal effects of an economic downturn on probability of voting for the lead governing party at perceived government positions relative to the median party. Covariates set at means. Figures based on estimates in corresponding models in Table 3. Panels (a) to (c) use economic perceptions. Panel (d) uses aggregate unemployment data because no CSES election studies have data on both employment status and economic perceptions. We use 83.5% confidence intervals to facilitate comparison of the conditional marginal effects from each of the models. 83.5% confidence intervals are the equivalent of 95% intervals for the comparison of two distributions (Maghsoodloo and Huang, 2010).*

between the full time employed and the unemployed actively seeking work. Although the difference in the responses between the unemployed and full-time employed are only statistically significant when the the governing party is extremely left, the point estimates suggest self-interested behavior. Unemployed respondents are 12% less likely to vote for a governing party of the far right and 8% more likely to vote for a governing party of the far left, following a unit increase in the unemployment rate. This result parallels that of Margalit (2013) who shows that even right-of-center voters in the U.S., are more likely

to vote for the left while receiving unemployment benefits but revert to their previous electoral behavior once they are again employed. Clientelism does seem to occur in the most directly tangible circumstance – personal unemployment. The modest magnitude of the subsample effect, however, and the relatively small number unemployed in all but the most dire economic circumstances yield an overall effect that is outweighed by the rest of the sample. The data refute the *class interests* mechanism.

Up to here, all of our analyses have relied on observational data. Such data enjoy some advantages, most notably external validity, but they also suffer from drawbacks. Omitted covariates may bias results and, no less problematically, some mechanisms can only be tested with difficulty, if at all. The observational data have shown that economic deterioration (a) shifts voter support toward the right, refuting the *clientelism hypothesis*, and (b) prompts similar responses among poor and wealthy respondents, rejecting the *class interests* hypothesis. Left party vote, our dependent variable with the observational data, cannot distinguish between types of left governing parties resulting in observational equivalence between the *partisan accountability*, *issue ownership* and *luxury goods* mechanisms. All three predict weakening support for left incumbents when the economy falters. The observational data that we have also cannot discern differences in the change in support for specific policies when the economy sours. We recognize the limits of these data for differentiating between mechanisms and consequently turn to an experiment.

5 Experiment

We strengthen the internal validity of our basic finding and better identify the causal paths driving this regularity with the help of a survey experiments conducted with Amazon’s Mechanical Turk. The experiment confirms the basic result found in the observations data – voters punish left governments more for poor economic performance – and then demonstrates that parties’ association with *luxury goods* policies, not just leftness, drives this effect.

5.1 Data and design

To test our basic finding and the luxury goods mechanism, we conducted an online (Qualtrics) survey experiment on 264 subjects in the United States recruited via Amazon Mechanical Turk in the summer of 2015. We set a high qualification threshold (97% of previous tasks, a.k.a. HITs, approved) and included two attention checks in the survey to filter out (8) insufficiently careful respondents. Six other participants did not complete the survey and were also removed, leaving a sample of 250. The sample shows considerable variation in geographic location (IP address), income, partisan identification, ideological self-placement, education and sex (see summary statistics in the online appendix). This is consistent with research that has found Amazon “Turkers” to be more representative of the US population than both (a) the modal convenience sample in political science experiments (Berinsky, Huber and Lenz, 2012) and (b) at least one commonly used survey panel (Huff and Tingley, 2015).

Participants first read a vignette describing two parties, incumbent and opposition, and the policies they proposed. Neither party was explicitly identified as “left” or “right”, although the policies were similar to those often associated with left and right parties. The right party proposed cutting taxes and social spending while the left party proposed spending on either “basic” or “luxury good” social programs. Basic programs were listed as “workers compensation for injured workers, vocational training for the unemployed and better unemployment benefits” while luxury good programs examples were given as “the arts, programs for troubled teens and the reintroduction of native species to the local forests”. The explicit wording of the full vignette appears in online appendix. The basic design is 2×2 in which the incumbent government is either left or right and the left party proposes spending on either basic or luxury policies. There is only one type of right party and participants were randomly assigned to each of the four groups. We recorded the participants’ expressed likelihood of voting for the incumbent government on a nine-point scale at two times – before and after a randomly assigned recession treatment that informed treated participants that the economy had deteriorated under the current

government:

“Under the stewardship of the same governing party mentioned in the previous question, the economy goes into a DEEP RECESSION. The government still proposes fully funding the arts and programs such as those mentioned above. You earn enough to meet the needs of your family but you are not wealthy and have to monitor your budget closely. The economic slowdown has reduced your income and a friend of yours has lost his job as the unemployment rate has increased. Given the new economic situation and assuming that you will vote, how likely are you to vote for the governing party?”

In an actual election campaign during a recession it is unlikely that a party would actually emphasize its luxury goods agenda. Parties, however, have longstanding and slow-changing reputations for issue competence, priorities and credibility (cf., [Green and Hobolt, 2008](#)). Issue ownership is persistent and voters update changes in party positions very slowly ([Adams, Ezrow and Somer-Topcu, 2011](#)). The wording in the treatment vignette simulates this persistent association of parties with issues. Luxury goods parties, who likely gain from these issues during expansions, cannot flee from them in downturns.

The pre- and post-treatment measurement thus yields a $2 \times 2 \times 2$ design. The eight cells represent four conditions – left government with basic policies (N=60), left government with luxury goods policies (N=62), right government running against basic policy opposition (N=66) and right government running against luxury goods opposition (N=62) – each with a pre-treatment measure and a post treatment measure for each conditions’ (randomly chosen) treatment group. The core conceit is to vary the policy proposals associated with left governments – basic worker welfare v. luxury goods policies – and measure how “voters” respond to these two types of left parties before and after a recession treatment.

In order to avoid confounding with the punishment of the incumbent party during a downturn – the classic economic vote – we vary whether the left or right is in government. To preserve simplicity and limit the number of cells, we only vary the policies of left

governments. Right parties also espouse luxury goods policies but as such policies are considerably more common on the left, we find this a reasonable simplification. We also take care to ensure that the policies themselves rather than the extremity of the policies drives the results. All of the left’s proposals, be they worker welfare or luxury goods, are relatively moderate. Thus, this experiment addresses an ambiguity in the observational studies in the previous section, i.e., whether more extreme left parties are more severely punished during economic downturns because of the (a) the extremity of their positions, for example, redistribution or disarmament, or (b) their association with luxury goods. In our experiment, the left’s proposals remain moderate and only the association with luxury goods changes.

5.2 Results

We estimate the recession treatment effects for the different government partisanship and policy type groups using difference-in-differences estimation. We control for each respondent’s previous vote, so that results are group averages of individual pre-post treatment differences. Table 3 in the online appendix reports the model estimates, which Figure 4 presents graphically.

Results suggest a notable luxury goods voting effect. When the left is associated with basic welfare state policies, both left and right governments are punished for a recession at the mean level for all governments (i.e., the classic economic vote, marked with a dotted horizontal line). When the left espouses luxury goods policies, however, it is punished more severely than other governments when in office while right governments are punished only lightly.

In more detail, the first point estimate in Figure 4 shows the recession effect for all left governments (basic and luxury good) and parallels our finding with the observational data: Voters punish left governments more severely than right governments in a downturn. The next two results separate left governments into “basic” and “luxury goods” policy types and show that there is indeed “double jeopardy” for left governments – punishment for

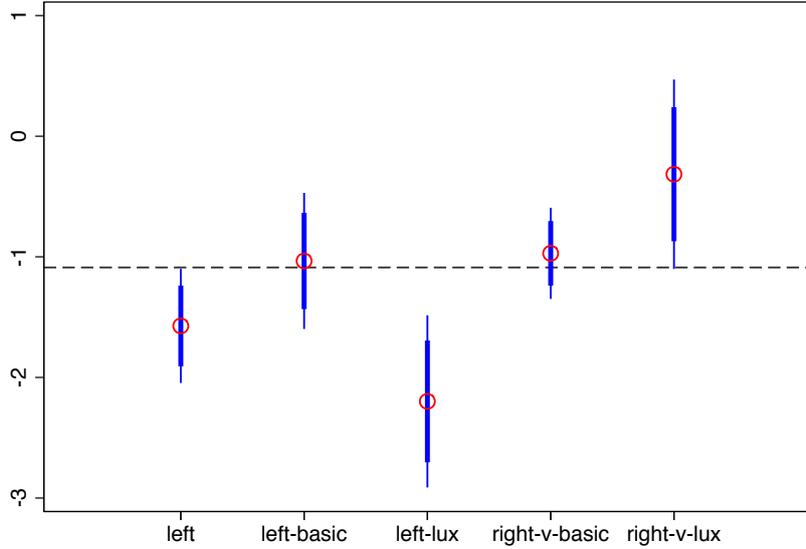


Figure 4: *Recession treatment effects on incumbent party vote preference. Difference-in-differences. Point estimates marked with circles; 95% confidence intervals indicated with thin blue spikes; 83.5% confidence intervals for the comparison of overlapping intervals with thick blue spikes. The dotted horizontal line indicates the mean effect of a recession for all government types. The first three estimates are for left governments (all, basic, luxury goods); the last two estimates are for right governments facing different types of left oppositions (basic, luxury goods).*

both their incumbency and their leftness – but particularly for one type: those associated with luxury goods policies. Left-wing governments associated with luxury goods policies are punished at fully twice the mean for all government (-2.2 vs. -1.1, respectively, on our nine-point scale) while those associated with traditional materialist policies are punished no differently from the mean. It seems that voter reactions to luxury goods policies associated with left parties drives the effect on all left governments that we observed in the observational data in Section 4. More luxury goods policies may shift a party’s perceived position more to the left. Right governing parties also seem to gain from competing against a left opposition associated with luxury goods policies. When competing against a left opposition associated with basic policies, right governing parties are punished at the mean for a downturn. When their opposition is associated with luxury good policies,

however, they are barely punished at all.

For our “tournament of theories”, what matters most is the difference in how participants punish the two types of left governments in response to the recession treatment. Figure 4 includes two types of confidence intervals, the standard 95% interval (the thin spikes) to test for the exclusion of a single value (usually the null) and a 83.5% interval (the thick spikes) which is the equivalent of a 95% interval for testing for the overlap of two confidence intervals. Not only did participants punish the left party associated with “luxury goods” at twice the magnitude of the left party with basic materialist policies, the difference is statistically significant.

Three possible mechanisms for the empirical regularity that voters punish left more than right governments during downturns survived the tests with observational data: *partisan accountability*, *issue ownership* and *luxury goods voting*. Comparing the recession treatment effects for the two types of left governments is informative for evaluating these remaining mechanisms.

If the greater punishment of left governments during downturns arises from the partisan accountability mechanism (Powell and Whitten, 1993), we would expect both types of left governments to be similarly punished. In contrast, our experiment (Figure 4) shows that left governments associated with luxury goods policies are punished twice as severely. This result, plus the observation that left and right governments are not differently punished for a recession when the left is associated with basic and moderate welfare policies, suggests that *partisan accountability* cannot lie behind the observational results in the previous sections.

What if right parties “own” the issue of economic competence? We would expect to see voters eschew the left during downturns, as we do. *Issue ownership* that associates competence in managing the economy with parties of the right, however, does not distinguish between types of left parties. A right party reputation for competence managing the economy cannot explain the difference in punishment of left parties espousing luxury goods policies and those espousing basic materialist policies as shown in Figure 4. This

formulation of issue ownership also fails as a rival mechanism.

We examined five mechanisms in this paper – *clientelism, partisan accountability, issue ownership, class interests and luxury goods voting*. Only one mechanism is consistent with the data, both observational and experimental: *luxury goods voting*.

6 Funding preferences survey

Our experiment above cites three post-materialist and three materialist policies but they hardly cover the spectrum of issues present in an election. Does voters support decline for all or most luxury goods policies in hard times? How does this policy support compare to that for other types of policies, most notably materialist policies, in a recession? Luxury goods voting may be the only mechanism that the data does not refute but this mechanism itself draws on some assumptions, most notably that support for post-materialist policies drops when the economy falters.

To investigate this question we conducted a second study on 92 Mechanical Turk participants in the United States. As in the first study, we accepted only highly qualified workers (with a previous HIT acceptance rate of 97% or above) and removed any participants who failed an attention check. The sample descriptive statistics and more details are in the online appendix.

Each participant filled out a survey measuring their funding preferences for 17 distinct policy areas on a seven-point scale ranging from “decrease spending radically” to “increase spending radically” with zero marking no change. We then measured their funding preferences a second time after we exposed them to a nearly identical recession vignette as in the voting experiment in Section 5.1 above.

Figure 5 shows the mean changes in policy preferences across all 17 policy areas, ordered by the size of the mean change. Several patterns catch the eye. First, as predicted, participants’ support for luxury good, post-materialist policies such as international aid, the return of natural species to native habitats, arts funding, reduction of CO2 emissions and social inclusion programs declines markedly during a recession. The salience of post-

materialist issues wanes when the economy falters. Moreover, this is a broad pattern across multiple policy areas. This supports the mechanism for the luxury goods mechanism.

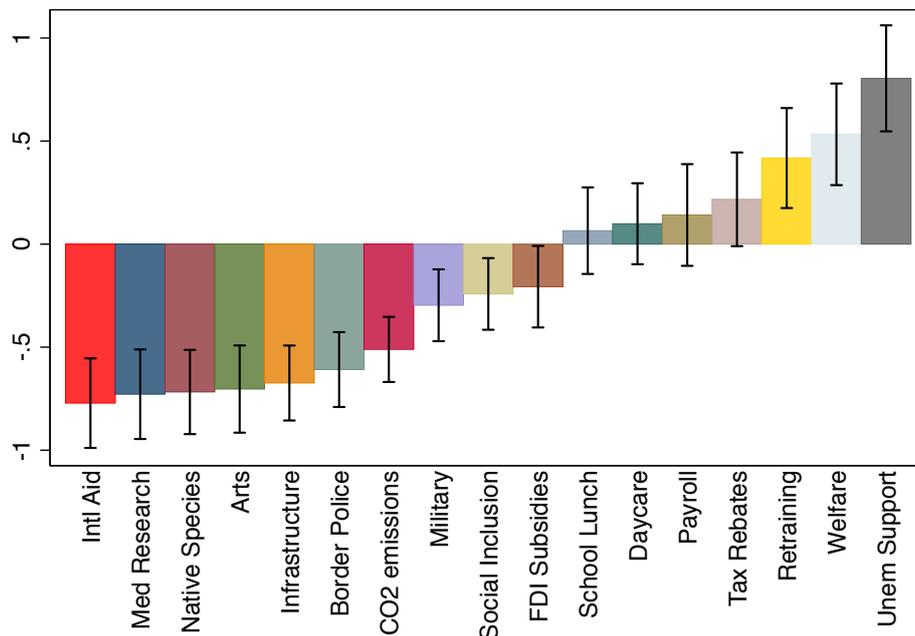


Figure 5: *Pre- vs. Post-recession differences in funding level preferences, by policy area with 95% confidence intervals. Positive values indicate a post-recession preference for greater spending.*

No less interestingly, Figure 5 also reveals that participants *increased* support for several materialist policies. Policies that offered short-run material benefits – unemployment support, welfare, worker retraining and tax rebates – all witnessed a statistically significant increase in support. This again accords with our expectation, shown empirically elsewhere by Singer (2011), that economic issues gain salience in weak economies. It is notable here (a) that this salience translates into preferences for fiscal support (b) that – contrary to *class interests* – programs that directly benefit a few gain broad support and (c) that several long-run material investments such as infrastructure programs, medical research and subsidies to attract foreign direct investment (FDI) saw support drop. In summary, recession seems to increase time discounting. Support for materialist policies increases so long as they pay off in the short run.

How might these shifts in policy preferences influence elections? Materialist policy effects on voting are ambiguous because both the left (e.g., unemployment support) and the right (e.g., tax rebates) are associated with short-run material issues. Post-materialist luxury good issues, however, are predominantly associated with the left. When the economy deteriorates, many voters likely find themselves less supportive of issues that previously attracted them to the left, thereby weakening electoral support for left parties, especially those associated with luxury goods policies. These data are from US participants, but in other developed democracies where the center-right has become part of the welfare state coalition ([Gingrich and Häusermann, 2015](#)), the attraction of the right in downturns, as seen in our cross-national observational data, might be even stronger.

7 Discussion and conclusion

This paper, employing both observation and experimental data, offers the first individual-level evidence to demonstrate across multiple countries that voters drift away from the left in economic downturns. We find evidence for this phenomenon in a luxury goods model of voting but not in rival mechanisms such as clientelism, aversion to redistribution, partisan accountability or right-party reputation for economic competence. Voters, we argue, eschew post-material, luxury-good policies when the economy sours and material concerns gain salience. Leftist parties lose electoral support because they are more associated with luxury goods policies than are parties on the right. When voters associate parties of the left with material issues such as welfare or unemployment benefits rather than post-material, luxury good issues such as the environment, arts and international aid, they are punished only at the mean for all parties leading a government in downturns.

One of the most documented effects in the study of politics is the economic vote – the loss in electoral support that incumbents incur when the economy sours. This literature, however, ignores the ideology and policies of incumbent parties, remaining content to demonstrate non-partisan retrospective voting. As secure as this regularity is, however, voters are not purely retrospective; they also care prospectively about the policies that

a new government would introduce. We demonstrate that both effects matter: voters do punish the party of the governing executive for economic downturns but when the ruling party is from the left, it faces additional sanctions as voters shun parties associated with post-material policies at a time when material concerns dominate. Thus, the economy has partisan electoral consequences. Voters punish left governments associated with luxury good policies, unlike their counterparts on the right, doubly: once retrospectively via the economic vote and once prospectively via the luxury goods vote.

Political science has known about the effect of national income level on the emergence of “post-materialist” values and parties since the seminal work of [Inglehart \(1971\)](#). The similarity with our results are not coincidental as most post-material policies are luxury goods policies. As long established as post-materialism is in the study of parties, however, we believe that we are the first to connect it to short-run economic fluctuations and voting. Our primary focus is on the voting effects of short-run contractions rather than, as in Inglehart’s case, the long-run effects of wealth accumulation on values, democracy and party systems. Interpreting our results in terms of positive (e.g., decreasing unemployment) rather than negative economic change, yields results that look more similar to Inglehart’s. Left parties prosper from prosperity, not just in terms of policy mood ([Markussen, 2008](#)) but in voting. When voters’ material needs are satiated, their policy shift beyond the material, advantaging the left.

The focus of many parties of the left on values and post-material issues such as environmental protection, minority rights and international aid may have attracted new support from socio-cultural professionals and other left-libertarians ([Kitschelt, 1994](#); [Kriesi, 1998, 2010](#)) to replace some of that lost to the the erosion of class voting ([Evans, 1999](#)). We show here, however, that this move comes along with risks. When the economy falters, voters prioritize material issues.

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