



How party nationalization conditions economic voting[☆]



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ARTICLE INFO

Article history:

Received 18 March 2016

Received in revised form

21 November 2016

Accepted 22 November 2016

Available online 2 December 2016

Keywords:

Party nationalization

Economic voting

Retrospective and prospective voting

Regional politics

Multiparty systems

Latin america

Spain

ABSTRACT

In this article we analyze the conditioning effect of party nationalization, and in particular dynamic nationalization, on economic voting. While previous single-country and cross-national studies suggest a weak correlation between economic conditions and voting patterns, we argue that this relationship is conditioned by the degree to which parties are dynamically nationalized. Using both case study and large-n analysis, we show first that retrospective voting can be more nationalized than prospective voting. We then argue that national economic conditions cannot and do not relate to voting patterns, at least when weak dynamic nationalization is weak. The findings also call into question the well-known thesis about the clarity of responsibility as a conditional factor in explaining retrospective (economic) voting. There is imperfect correspondence between “clarity of responsibility” and dynamic party nationalization, but retrospective voting presumes that voters across the country respond in kind. This explains why the only evidence we find of a correlation of national economic indicators and voting is when there is high dynamic nationalization.

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1. Introduction

While it may seem uncontroversial that voters respond to incumbent governments based on their performance, single-country and cross-national studies of retrospective voting frequently find only weak correlations between economic conditions and voting patterns (Gunther et al., 1986; Lewis-Beck, 1988; Maravall and Przeworski, 2001). In part these results correctly show that voters are not singly focused on the national economy, sometimes because they are also influenced by their ideological biases (Healy and Malhotra, 2013). Others look at variance in institutional frameworks to explain the weak results for some countries (Powell and Whitten, 1993). In this paper we argue that a weakness in previous theories of economic voting is that in many countries voting patterns vary among regions –implying weak party nationalization– and this variance cannot correlate with a single national variable such as unemployment or the inflation rate. Strong party nationalization, and in particular dynamic

nationalization which we define below, then, is a condition for a consistent national response. In other words, correlations of economic and voting patterns rely on the regional composition of the electorate.

Traditional studies of retrospective voting focus on the link between voting preferences and objective measures of the economy or voters' evaluations of their personal economic situations. Such studies are also careful to control for other influences, such as partisanship, ideology, and socio-demographics. In their cross-national study that emphasizes context, Powell and Whitten (1993), for example, add that the clarity of governing responsibility, “ideological image” and the governing parties' political biases explain which countries generate the clearest links between economic conditions and vote choice. Like most other studies, however, their dependent variable is the vote (or change in the vote) for the incumbent party, with little consideration of the array of alternatives open to voters.

Another recent example of such a model is the work of Fraile and Lewis-Beck (2010, 2012), which focuses on Spain. These authors note that most studies of the Spanish case do not find solid evidence of retrospective voting based on economics because ideology is such a strong driver of the vote. Using survey responses as a subjective measure of the economy, however, these authors do find a clear link between economic evaluations and vote choice, but pay no attention to prospective voting or the differences in voting patterns across regions. Their findings are not necessarily

[☆] A previous version of this paper was presented at the *The Nationalization of Electoral Politics: Frontiers of Research panel* organized by Daniele Caramani and Ken Kollman in Zurich, September 2015. We thank the organizers and the conference attendees for their comments.

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surprising; if there is a representative link, then voters will throw out the incompetent elected officials when the economy declines. It is surprising, however, that they ignore geography in their analysis, since there are strong regional parties in Spain, and voting patterns vary substantially across the country. In ignoring this issue, they thus fail to consider variance in whom the voters choose over inept politicians. More generally, their analysis ignores prospective choices and how regional affinities condition voters' choices.¹

A major puzzle that has been left unattended within the subfield of political behavior is that the retrospective decision to oust an incumbent is not the same as the prospective decision of choosing an appropriate replacement. This is especially true in electoral contexts where local multiparty politics play a key role and there is a larger menu of party alternatives from which to choose. In such cases, a vote against the incumbent party does not necessarily imply a vote in favor of the most prominent national alternative. Introducing the concept of *party nationalization* to the study of economic voting can add clarity to previous theories of both retrospective and prospective voting. When there are two parties, there is no question of which party will gain when a voter turns away from the incumbent. But in most countries, voters in multiparty settings have a more complicated calculus. Party nationalization adds to this discussion because when parties are nationalized, voters are consistent in both their retrospective and prospective choices. However, in contexts where parties are not nationalized other voting patterns are also possible, especially on the prospective side. We use party nationalization, therefore, to argue for the importance of separating reflections on the incumbent and alternative choices. Based on case study evidence from Spain and Argentina, as well as a cross-country multivariate analysis, we focus on the *conditioning effect of party nationalization on economic voting*. On one hand, we argue that retrospective voting—as commonly measured via national trends—must be weak when support for the incumbent is not nationalized. On the other, we claim that even when retrospective voting is nationalized, prospective voting—which we define as the voters' choices over alternative parties—may not be. We find evidence supporting these arguments and show the conditioning effect of party nationalization on economic voting in multiparty settings.

The article is structured as follows. In Section 1 we define the concept of party nationalization with an emphasis on dynamic nationalization, and discuss its theoretical implications for economic voting. In Section 2, we discuss the Spanish and Argentine cases to illustrate how retrospective voting is more likely to be nationalized than prospective voting. While these country cases are highly suggestive that party nationalization is a prerequisite for economic voting, in Section 3 we carry out a cross-country analysis that shows that the link between economics and voting is much clearer in countries with highly nationalized parties. In the final section we conclude by discussing the implications of our findings and suggest some avenues for future research.

¹ Some recent studies do suggest that economic crises may negatively affect not only incumbents, but other “traditional” parties. [Bélanger and Nadeau, 2010a; b](#), for instance, find evidence that shows that support for third parties is negatively correlated with long-term income at the regional and at the national level in Canada. In a similar direction, [Tavits \(2008\)](#) shows that there is a positive relationship between unemployment rates in Eastern European countries and electoral support for new parties. Also, [Queirolo \(2013\)](#) argues that the rise of leftist parties in Latin America during the late 1990s can be explained as a punishment to established political parties that were unable to improve the economy and decrease the high unemployment rates. Hence, voters gave their support to those in the “untainted opposition,” which in most cases were leftist politicians.

2. Section 1. Economic voting and party nationalization in multiparty settings

2.1. Party nationalization and its dynamic component

The concept of *party nationalization* has been widely used in the academic literature ([Jones and Mainwaring, 2003](#); [Caramani, 2000, 2004, 2005](#); [Chhibber and Kollman, 2004](#); [Morgenstern et al., 2014](#)). In this work we focus on the conceptualization developed by [Morgenstern et al. \(2009\)](#), who break nationalization into two components. A party has a high level of *static* nationalization (SN) if its vote has consistent patterns across districts (or regions) and it has high *dynamic* nationalization (DN) if changes in support among the electoral district are consistent across time. For example, the US Democrats have low SN, because they win much more support in some districts than others. Their DN is not particularly strong either, since even in a year that produces a positive trend for the Democrats, their support falls in some districts (owing to variations in the levels of incumbency advantage and other local factors).

[Fig. 1](#) puts the two dimensions of party nationalization in the US into a comparative perspective. In each graph, each line represent the trajectory in the vote for the depicted party in one district. Static nationalization is the inverse of the degree to which a party's vote is spread vertically. A graph where all the lines are close together would thus indicate high SN. The degree to which the lines are parallel indicates DN; if the trends are similar in all districts, then the lines would be parallel and DN is high. If, however, local factors determine the vote, then the movement of lines would be inconsistent.

The graph for the United States uses 20 percent of the 435 districts to allow better visualization. That graph indicates that the Democrats have won between zero and 100 percent of the vote in different districts, and sometimes the support in one district changes sharply, even if other districts do not change much. The graph also shows how the party gains in some districts at the same it loses in others. This implies low levels of both static and dynamic nationalization. The pattern stands in contrast to Spain. For the People's Party (PP) there is a significant spread in the strength of the party's support, which indicates moderately low SN, but the range does not include zero or 100. Further, as the relative parallelism of the lines indicates, changes in support are similar in all districts. Its DN, thus, is relatively high. For the PRI in Mexico, there is also a wide spread in support (ranging from about 10 to 60 percent), but some of the districts move independently. Finally, the graph for the Argentine Peronists shows a vague consistency over time for most districts, but some districts have experienced different growth patterns than others. Overall, then, the Democrats have the weakest party nationalization on both the static and dynamic scales. The Peronists would be the next lowest in terms of DN, followed by the PRI and then the PP. Those three parties suggest relatively similar levels of static nationalization. Quantifying those values using a hierarchical model described by [Morgenstern et al. \(2009\)](#) confirms the eyeball values.² Specifically, the raw values for SN, where higher values indicate weaker nationalization, generate a rank ordering of the United States Democrats (450), Argentina's Peronists (209), Spain's PP (144), and then Mexico's PRI (73). For DN, the rank and values are: the Democrats (96), Peronists (108), PRI (49), and PP (8). Importantly, these values are indicative only for the tested parties; only where there are two parties would each party have the same value. Spain's Socialists, for example, have a higher level of SN than does the People's Party.

² The hierarchical model measures DN as the residual variance after accounting for variance in a party's electoral results across districts and time.

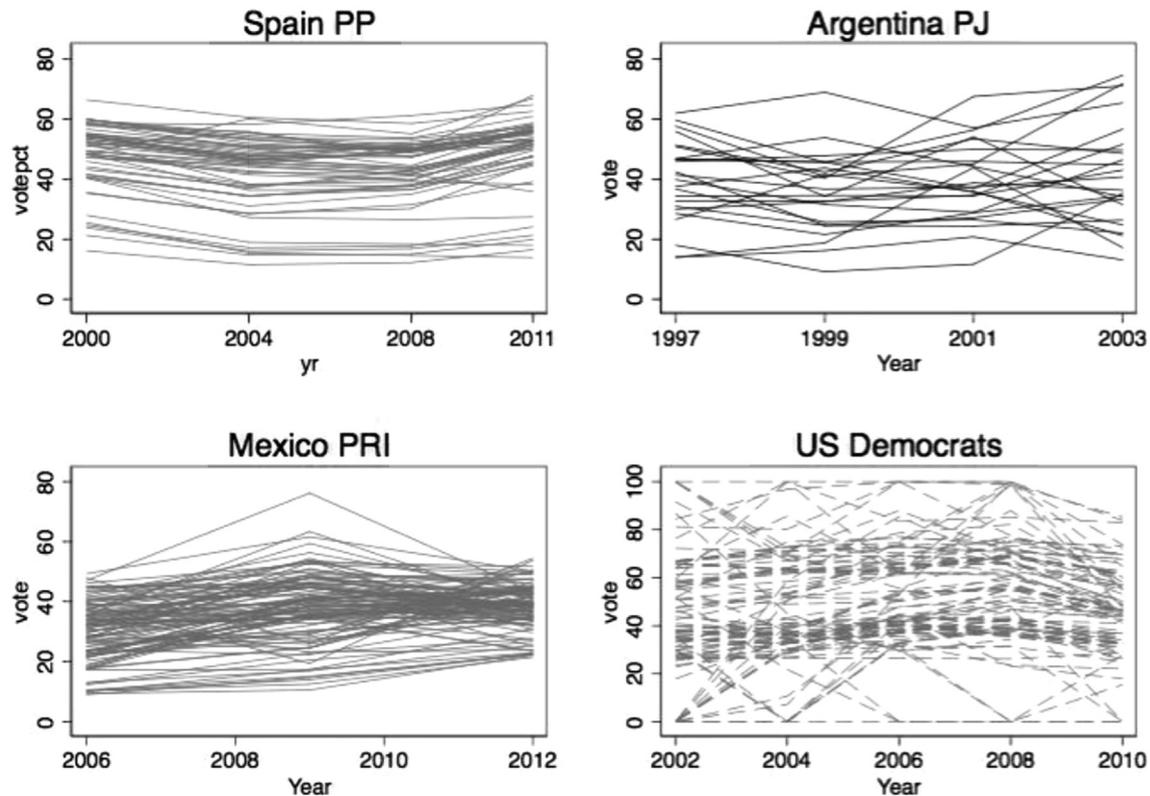


Fig. 1. Party nationalization in Spain, Argentina, Mexico and the United States.

In this paper we focus on dynamic nationalization (occasionally dropping the adjective), and concentrate at the party rather than the system level. The level of DN is highly variable around the world, and in many cases it is also variable across time within countries. Most parties in Europe, for example, show higher levels of DN than are evident in legislative elections in Latin America (Morgenstern et al., 2009).³ Since there are just two parties in the US, there is no clear distinction between party and party system nationalization. However, in other countries, especially where regional parties operate, there can be a mix of party types, some of which have much more consistent support, across space or time, than others. It is possible, then, to have parties that are highly nationalized on either dimension operating within a system that is not nationalized.

We use the DN of individual parties in order to assess the degree to which voters across regions agree on their political assessments. A low level of DN with respect to the incumbent party necessarily signals that districts disagree as to their evaluation of the economic or political performance of the party in power. We illustrate, using both within- and across-country analyses that these inter-district disagreements effectively muddle the correlation between national economic conditions and vote choice. Because we are using a party rather than a system-level variable, we are also able to quantify the degree to which voters in different regions are consistent with respect to their prospective choices.

2.2. Economic voting in the light of party nationalization

To date, in spite of its focus on voting patterns, the literature on

party nationalization has not generally taken up the issue of economic voting.⁴ We find advantages in conjoining these two sets of literature. The earliest work on party nationalization did imply a relation with retrospective voting. The literature on that latter topic—with a long history in both the American and comparative traditions—departs from the idea that elections are referendums on incumbents' performance (Fiorina, 1981; Lewis-Beck, 1988). Findings have not always supported the theory and, as a result, the literature has wrestled with competing views that voters are driven by their ideological ties to parties and scholars have tried to measure the value of these ties (Lewis-Beck, 1988; Gunther et al., 1986; Maravall and Przeworski, 2001). Within this literature, an important debate has been about which institutions affect voters' abilities to sanction incumbents. Most notably, Powell and Whitten (1993) argue that the government and electoral structure affect the “clarity of responsibility,” thereby affecting voters' abilities to judge.

The idea behind the clarity of responsibility is that when governments are unified, voters can more easily cast blame (or offer credit) to the incumbent, and thus there should be a stronger

⁴ More recent literature on party nationalization has steered away from the issue of economic voting. Focusing on nationalization as a dependent variable, it uses development and the growth of urban areas (Caramani, 2000, 2004) or variance in federalism (Chhibber and Kollman, 2004) to explain cross-country differences in party system nationalization. Other work has sought to develop better measurement techniques (Jones and Mainwaring, 2003; Morgenstern and Potthoff, 2005; Alemán and Kellam, 2008; Bochsler, 2010). All of these works recognize the importance of party nationalization to policy, but to date relatively few have successfully tested these relationships. Hicken, Kollman and Simmons (2008), for example, argue that the degree to which party systems are nationalized should affect the provision of public benefits by governments. Castañeda (2013) uses nationalization to explain the propensity for countries to run budget deficits, and Lagos-Peñas and Lagos-Peñas, 2009 find that public spending is more rigid in nationalized party systems.

³ This statement refers to parties that compete nationally; the statement does not consider regional parties.

correlation between economics and voting. Powell and Whitten, measure clarity using an index based on several factors such as unified government and cohesiveness of parties. In a rejoinder to their article, Royed et al. (2000) proxy clarity based on whether or not a single party controls the government (which they measure at different points in time). Their analysis, using either measure, does not give much credence to Powell and Whitten's finding. In fact, they find more evidence for economic voting in the presence of coalition governments—where identifiability should be low—than in single party governments.

Why does the analysis of Royed et al. provide limited support for the “clarity of responsibility” thesis? The authors provide several justifications, including the idea that coalition governments can be highly identifiable. Here, we propose an alternative explanation that emphasizes the conditioning effect of party nationalization. In cases where dynamic nationalization is low, voters in some districts cannot be moved by national economic conditions in the same way as voters in other areas. This could result from the simple fact that the national economy performs unequally across the country's constituent regions. Alternatively, issues such as race or regional identity might supersede the importance of the economy in particular places. In instances like this national economic indicators cannot be highly correlated with national voting responses. Based on this insight, we argue that high DN is a necessary condition for uncovering a clear link between the economy and voting behaviors. We also argue, however, that even with nationalization, there is no necessary link of the economy and voting—voters could be moved by other factors. Showing common movements among voters among a country's regions, however, is a pre-condition for presumptions of common factors underlying national voting trends.

Another way to think about this is that by measuring whether voters are unified in their response to the government, DN results from the clarity of responsibility. Of course voters in different regions could hold the government responsible for different outcomes and thus vote differently, but if the hypothesis is that voters throughout a country respond to national economic indicators when there is clarity of the responsible party, then DN would show whether this is true or not.

This discussion yields our first hypothesis, that DN conditions economic voting. Where DN is low, at least some regions of a country vote against the economy, and thus relations between economics and voting cannot be strong.

A second goal of the paper is to discuss prospective voting patterns in the context of party nationalization, and we develop a hypothesis that retrospective voting can be more nationalized than prospective voting. We take exception to the literature that suggests that voting is simply an aggregation of the evaluation of incumbents, because voters must also consider their options and not all voters face similar choices. The voting patterns that party nationalization highlight provide purchase on this issue. By looking at disaggregated parties rather than an aggregation of the party system, we are able to consider the degree to which prospective judgments are nationalized, as well as how the political context affects that degree of nationalization.

There are several reasons why prospective voting may be less nationalized than retrospective voting. First, the economy can have different effects on different regions or different people, which is one reason why many recent studies use personal and subjective views of the economy as the independent variable rather than aggregate objective economic indicators.

Another problems with the economic voting literature are that it generally assumes a one-dimensional policy space (and circular indifference curves). In a multiparty context, however, voters choose based not only on traditional economic (left-right) issues, but also on regional issues such as autonomy. Parties promoting

regional autonomy, for instance, can support either left or right economic policies, suggesting that there is no necessary relation between these dimensions. Spatial models of vote choice that add a second dimension (i.e. Hinich and Munger, 1997) are much more complex because they force considerations of the tradeoffs between issue areas. All told, this discussion suggests that prospective and retrospective voting are not mirror images of each other; even if voters agree that they dislike the incumbent, voters will not necessarily agree on the best alternative.

Another limitation in the spatial literature is the presumption that voters have predetermined policy preferences based on the spatial positions of the parties. It seems more reasonable, however, to follow Magaloni's (2006) intuition and assume that voters update their views, and parties sometimes move their positions. Here we provide examples of economic crises, because difficult times are most likely to lead more voters to update their views of the parties, especially the incumbent. We model voters' choices with a two-stage model to describe voting behavior across two time periods. When voters are content with the incumbent, then there is little surprise that retrospective models correctly predict voters' actions. In these cases, unidimensional spatial models, which presume that voters choose parties that are closest to them ideologically, would be sufficient because they can ignore the alternative options open to the voters. However, when desperate situations lead voters who previously voted for the incumbent to shop for other options, such models are insufficient, assuming a system with more than two parties. These disenchanted voters would presumably move away from the incumbent on the left-right scale, but they may also reassess their views about other salient political dimensions, such as territorial autonomy. We therefore model individual vote choice in multiparty settings in two distinct steps; in the first the voter decides whether or not to move from the incumbent and in the second the voter considers the remaining options. For the second decision, we presume that voters are faced with tradeoffs between parties that are close to them on one-policy grounds (i.e. the economy) with other parties that are positioned more closely on a different dimension (i.e. regional autonomy).

Fig. 2 develops these ideas, based on a voter with preferences over the left-right continuum and over beliefs in the strength of the federal government vis-a-vis the country's regions.⁵ The “departing” point in the graph offers an example of a left-leaning voter who is moderate in terms of the national/regional balance. Following an economic crisis, the example suggests that the voter becomes disenchanted with the left position, and thus moves rightward (presumably the party is stable, at least in the short run). The voter then may or may not move in terms of the degree of autonomy that they prefer for their region, but the figure does presume that such a voter would not move towards less regional autonomy. In the figure, then, the voter moves directly to the right and perhaps upwards. Such a voter, however, could face a difficult choice if the alternatives were between a leftist that supported much greater autonomy and another party that was somewhat to the right but favored less regional autonomy.

This hypothetical example is reminiscent of the case of Spain, where the Socialist Party (PSOE) collapsed following an economic crisis in 2011. Several of Spain's regions have parties that only compete locally, and voters in those areas who had previously supported the PSOE thus faced a decision of whether to vote for the rightist People's Party (PP) that generally opposed regional

⁵ Of course this example would also work in one dimension, but the two dimensional model allows us to explore a more complex political environment. We also assume circular indifference curves here, but elliptical curves would not change the conclusions.

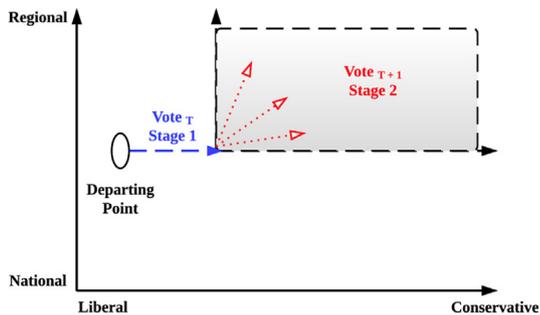


Fig. 2. Example of regional versus ideological incentives. Figure elaborated by the authors.

autonomy, or switch to a regional party that was untested with respect to national economic policies.

In this case it seems reasonable to assume that some percentage of voters would choose the regional party and others would opt for the national alternative. But, not all Spanish voters had this type of choice, since voters in many of the country's regions (autonomous communities) did not have the option of a regional party on their ballot. Thus even if voters around the country agreed to abandon the incumbent, they could not have agreed on the alternative. In other words, while an economic shock may have generated a high level of DN with respect to the incumbent, prospective voting could not be dynamically (or statically) nationalized.

2.3. Hypotheses and testing strategies

The preceding discussion includes two central hypotheses. First, the spatial model discussion suggests that different logics may affect prospective and retrospective voting; and that retrospective voting can be DN, even if prospective voting is not. This we demonstrate below through a discussion of Spain and Argentina.

The second hypothesis is that the correlation between economic voting and support for the incumbent party is conditional on DN. There are two means for testing this idea. First, we can examine subnational data and show that different parts of the country fail to respond in a positively correlated manner with economic change. Low DN, by definition, implies that this is the case. We then use a regression analysis on national economic indicators to show that high DN is necessary to generate a strong correlation between the economy and support for the government. It is possible that we could find a weak correlation if nationalization is low because if districts are moving in different ways, some must move in accord with the economy. If those districts predominate, then the regression could find the expected correlation. A complication is that severe economic crises can generate higher DN, and thus it is important to consider nationalization in the long term rather than at a particular point in time.

3. Section 2. nationalization and the varying impacts of economics on prospective and retrospective voting

3.1. Spain

This section provides more detail about the Spanish case in order to explore the idea that retrospective voting may be more nationalized than prospective voting. That finding allows us to emphasize the point that nationalization is a party rather than a system level concept.

Spain suffered a severe economic contraction, starting in the latter part of 2008. The depths of the crisis were signified by the

exceedingly high unemployment, which reached 24% in 2012. Youth unemployment reached double that rate. This awful economic performance drove the incumbent PSOE from power in 2011. Its loss was similarly heavy across the country, an average of 14 points with a standard deviation across the country's 52 districts of just 2.5, which indicates a high level of dynamic nationalization. But the effects on other parties were not so highly dynamically nationalized, with the PSOE's loss translating into varying gains across autonomous communities and their districts. This result is a function of the low static nationalization (highly variable support among districts) of other parties (low). Voters in Spain's Basque Country, for example, face different party options than do voters in Madrid. As a result, while the PSOE's loss was very consistent throughout the country, the range of the gain for the other major national party, the People's Party (PP), was from -5.7 to 18.9 points.

In order to depict the levels of static and dynamic nationalization, Fig. 3 provides the voting trajectory for the PSOE and PP parties.⁶ As above, each line in the graphs represents one of Spain's 52 electoral districts, with the districts from three of the autonomous regions highlighted. There are some interesting differences over time and between the parties with respect to both types of nationalization, but the most emphatic distinction is evident in 2011. In response to the crisis, voters in all districts reacted in a highly similar way, with respect to the incumbent PSOE. Voters were less consistent in their decision about entrusting the PP, however. DN was thus extremely high in terms of a retrospective vote, but it was much less so with respect to the voters' prospective choice.

This divergent pattern is, at least in part, a result of the different choices facing voters in different regions of the country. As noted, voters in Madrid, for example, did not have regional party options as did citizens in some of the autonomous communities. In Madrid the choice was between the PP and some new but untested parties, while in Catalonia, the Basque Country, and Galicia voters' choices included parties that were built around nationalism and autonomy for that particular region. The PP, meanwhile, had always opposed regional autonomy. Thus, while voters everywhere turned against the PSOE, the varying choices for the voters—which might be construed as their prospective choice set—led to inconsistent responses about the alternative to the PSOE. For this reason, while retrospective voting generated high DN for the incumbent, the degree of (static or dynamic) nationalization with regards to prospective voting was low. Even more generally, while DN was high for one party, the level for the system as a whole was not.

The variable changes for the PP were a function of the choices open to voters in the different "autonomous communities."⁷ In many districts the PP did gain significantly, but voters elsewhere showed preferences for different parties. As an example, in Madrid the PSOE lost 13 points, but the PP gained only 2.5 percent with the rest going to a small leftist party (*Izquierda Unida*) and a new rightist party, the UPyD. In the three autonomous communities with nationalist parties, there were three different patterns. There are four electoral districts in the Basque Country, and while the PSOE again dropped precipitously (an average loss of 15.6 points) the PP actually lost a bit of ground in three of the districts and only gained 1% in the fourth. The big winners in these districts were the parties supporting Basque nationalism. Parties favoring regional autonomy also did well in Catalonia, but voters showed a strong preference for one of the two Catalan parties over the other. Finally, in Galicia, voters reacted in another way, with more angry voters

⁶ Several authors quantify the results. See, for example, Morgenstern and Potthoff (2005).

⁷ Spain has 17 autonomous communities, divided into the 52 districts.

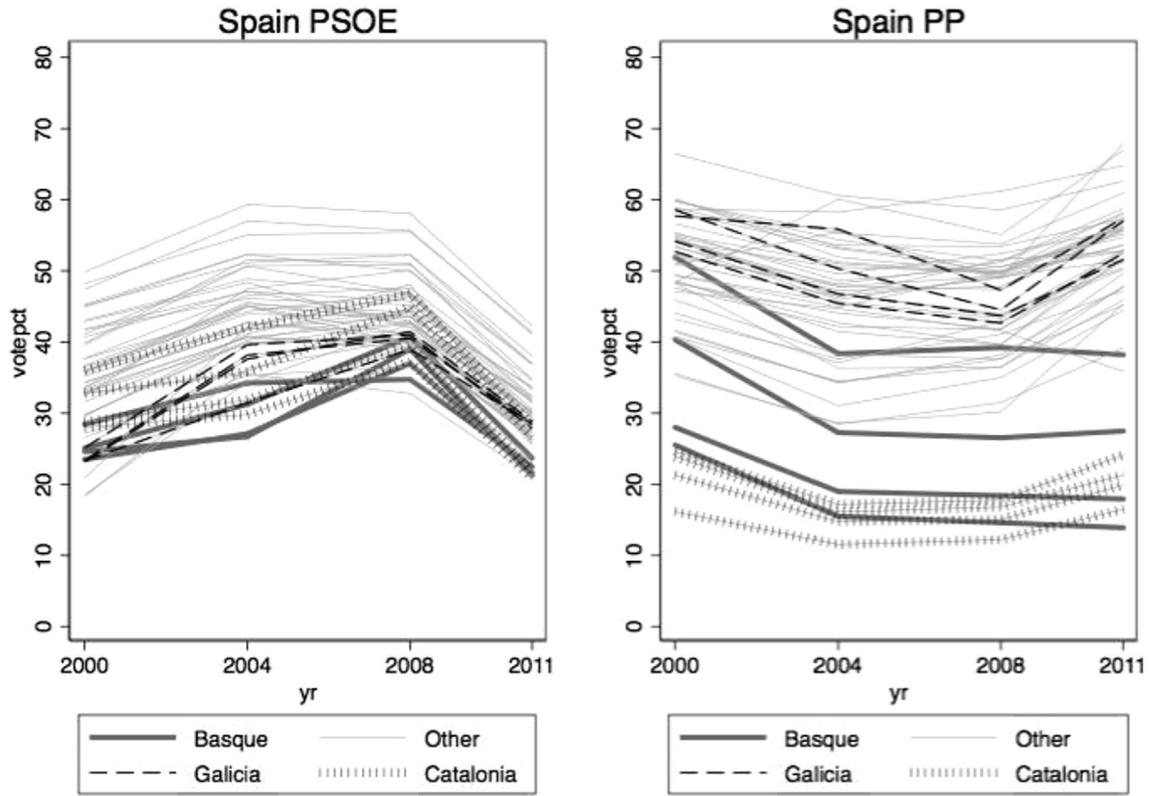


Fig. 3. District Level vote in Spain. Data from Spain's Ministry of the Interior. Available: <http://www.infoelectoral.mir.es/min/>. Figure elaborated by the authors.

(8–13 percent) choosing the PP in each of the four districts of that autonomous community. Overall, the prospective voting patterns showed that voters facing different options made different choices.

Fig. 4 provides an example of votes transferred in one autonomous community, Catalonia between the 2008 and 2011 elections. Consistent with our theoretical depiction, PSOE voters who remained with the party were those who were less enamored with autonomy and further to the left ideologically. The PP, which

increased from 11 percent to 24 percent of the total vote share, found its voters even further to the right than in 2008. Its 2011 voters were equally opposed to autonomy as were its voters in 2008. The Convergence and Union party (CIU) also gained fifteen percent, and its voters looked very similar in terms of the autonomy question to those who supported it in the earlier election. A significant number of PSOE voters, thus, moved to the right and/or towards more autonomy.

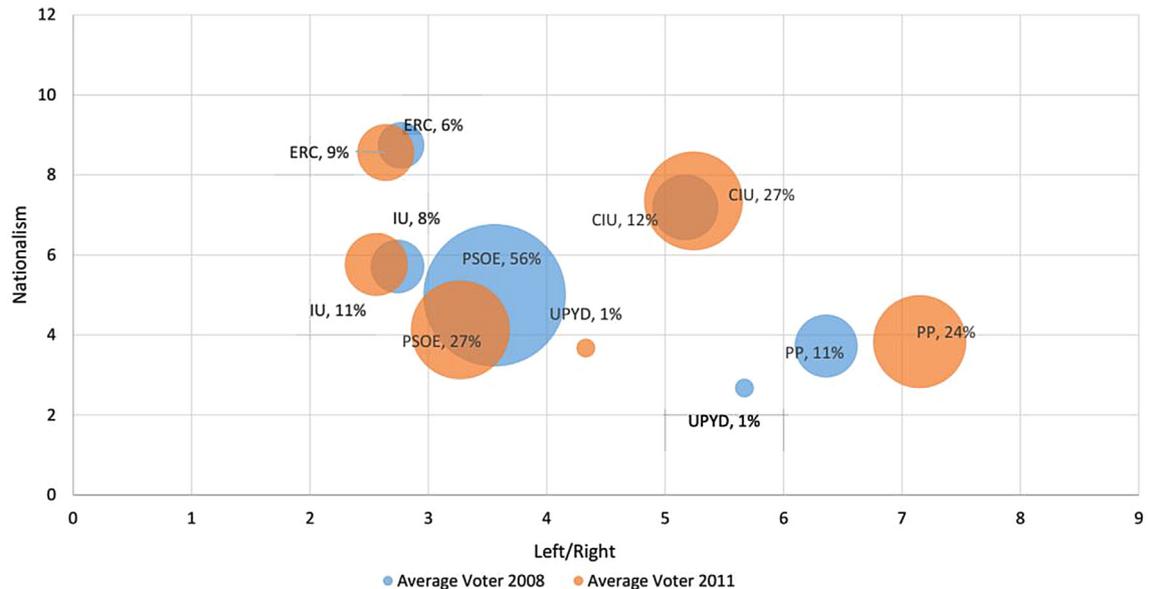


Fig. 4. Two Dimensions of Voting in Catalonia 2008 and 2011. Different sized circles are based on vote percentage. Figure elaborated by the authors.

This experience suggests 1) explaining the voting patterns should consider the degree to which the incumbent party and the party system are nationalized, and that 2) studies of retrospective voting should not ignore the prospective choices. In two-party systems the opposition will clearly gain if the incumbent loses. But in the case of Spain and many other countries, voters in different regions or districts face different contexts in which to make their choices. Overall, the results also suggest that 3) even when retrospective voting is nationalized, prospective voting may not be.

3.2. Argentina

Argentina provides another example where a crisis generated high levels of DN with respect to the incumbent, even while not nationalizing the prospective vote. In 2011 Argentine voters were asked to consider another four year term for incumbent president Cristina Fernández de Kirchner of the Peronist or Justicialista party (PJ). In that year voters in most provinces responded positively to the president. In 12 of the country's 24 provinces, the voters were particularly enthusiastic, giving the PJ at least 10 percent more votes, and in some cases 20 percent more, than they had four years earlier. The election was affected by multiple factors, including the death of the leading candidate, who happened to be the husband of the president and a former president himself. Further, while the economy had suffered during Fernández de Kirchner's presidency, it was in recovery during the electoral season. Overall, then, the national-level result was not particularly surprising. Notwithstanding this outcome, four provinces' voters behaved in a contradictory fashion, giving less support to the PJ than they had in 2007. The Argentine example thus shows that when DN is generally low, national-level conditions cannot not foretell outcomes in all areas.

Argentine elections, especially that of 2003, also confirm the pattern we uncovered in Spain, where DN is much higher with respect to the incumbent than towards alternatives. Argentina suffered a tremendous economic crisis in 2001, and the 2003 election therefore devastated the incumbent UCR. Because the voters blamed all politicians, the crisis also hurt the Peronists (PJ), and the party splintered internally. The PJ still ended up winning the 2003 election, as they came in second in the first round and the first place candidate, a former PJ president who now represented a new party, withdrew from the second round competition. But as told in Fig. 5, the levels of static and dynamic nationalization for the PJ were not high, at least as compared to the UCR. In that year the range in the vote for the PJ was from under 2 percent to over 70 percent, with a standard deviation of over 17. The level of SN, therefore was very poor. The level of DN for the PJ was similarly poor; the standard deviation of the swing to the party was over 14 points, with the party enjoying a positive swing in four provinces and suffering a loss of at least 10 points in ten other provinces.

4. Section 3: multivariate tests on national level data

The subnational data confirms the idea that retrospective voting requires high DN (at least with respect to the incumbent party), because if it is low some districts must not react to economic (or other national) conditions in the same way as others. Prominent studies of retrospective voting, however, use national level data in their tests. Our study implies that finding a correlation of (national level) economics and voting requires a high level of DN (although this is still an insufficient condition). Here we are particularly interested in the prominent studies that show that retrospective voting also requires that voters can clearly identify who is responsible for national policy or conditions.

Table 1 defines the conditional relation between clarity or

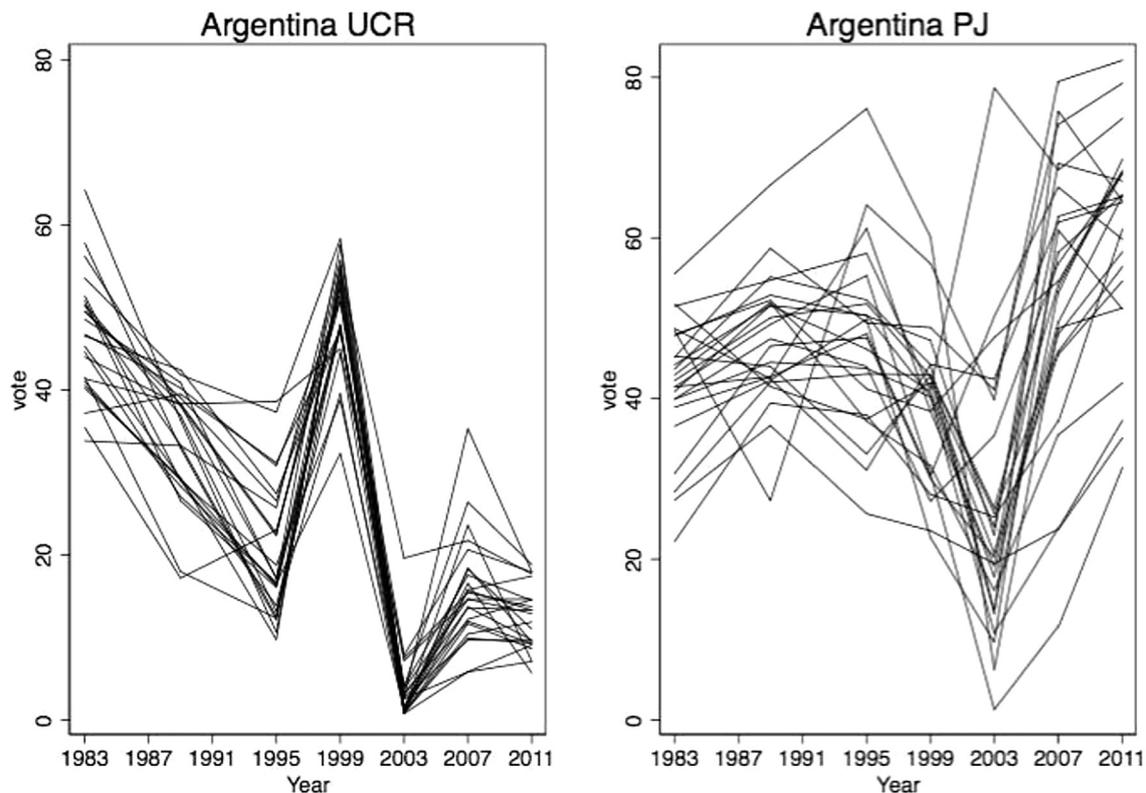


Fig. 5. Nationalization of Presidential Elections in Argentina. Figure elaborated by the authors.

Table 1
Clarity and dynamic nationalization: Hypotheses.

	Clarity High	Clarity low
Dynamic Nationalization High	Retrospective voting; correlation of economics and voting (supports Powell and Whitten)	Voters move together, implying problem for coding of clarity of responsibility or that voters are moved by factors other than the economy. y
Dynamic Nationalization Low	No retrospective voting (contradicts Powell and Whitten; suggests voters lack clarity or unity)	No retrospective voting (supports Powell and Whitten)

Table 2
Correlation of clarity and dynamic nationalization.

	Clarity		Total	Royed		
	Powell and Whitten	Non Clear		Single Party	Coalition	Total
High DN	56	56	122	57	55	112
Low DN	3	19	22	9	13	22
Total	59	75	134	66	68	134

responsibility, DN, and retrospective voting. The top left quadrant implies that when both DN and the Powell and Whitten variable, clarity of responsibility, are high, then there should be a strong relation of economics and the national-level vote. If DN is low, however, then such a relation cannot be strong. The southwest box suggests a problem for the clarity of responsibility thesis, because that box implies that not all voters are responding together, in spite of a coding that suggest that they attribute responsibility to a singular agent. As noted earlier, there could be a weak correlation of voting and economics in this condition, if the districts moving with the economy dominate those that move in other directions. There is also the possibility that different regions have different experiences, which they all attribute to the same incumbent government, but this would be inconsistent with the basic model.

The right column of boxes shows the conditionality where institutions should not make the responsible party clear to voters. First, if DN is high but clarity is low (northeast box), then districts move together in spite of a coding that suggests that voters do not all attribute national conditions to the incumbent. This seems unlikely, and thus would have to imply either a problem with the coding of clarity of responsibility or that voters respond to factors other than the economy. Finally, in the southeast corner, there should not, and could not, be much evidence of retrospective voting.

To test these relations, we start with the Royed et al. dataset, and add DN coding it by applying Morgenstern et al.'s (2009) hierarchical model. We then classify the parties as high or low DN, based on different cutoff points, which we vary for robustness checks.

Before beginning the multivariate tests, it is first useful to examine the correlation of the clarity of responsibility and nationalization variables. Neither the Powell and Whitten measure of clarity, nor the single party/coalition proxy shows a strong relationship. A cross tab (Table 2) shows a poor fit; there are many cases where voters move together (high DN), in spite of a clarity coding suggesting that they should not. The reverse is somewhat less true, where clarity is low, DN is usually low (but not always), too. These data foretell a likely problem for the hypothesis—there are many cases where voters lack unity in spite of an identifiable government, while the expectation is that voters respond in kind to a particular stimulus.

While these data seem to speak against the clarity of responsibility hypothesis, it is still useful to apply the ideas to the multivariate model. Using a variety of specifications, Royed et al. test the Powell and Whitten model by regressing the change in the incumbent's party vote as a function of several economic variables,

plus an indicator of whether the government is rightist, the lagged support of the incumbent, and the previous swing to the incumbent party. They test the clarity of responsibility hypothesis first by splitting the sample and then by including a dummy variable plus the relevant interaction terms. They do this for both proxies that measure the clarity of responsibility, and find, at best, weak evidence in favor of the idea that voters responding and economics are related when clarity of responsibility is high. The dataset (available through ICPSR) includes 142 cases across 19 countries, including the United States, Canada, Japan and most of Europe, between about 1967 and 1993.

To add tests for the role of DN, we begin by reproducing the Royed et al. results with the dummy variable for the clarity of responsibility.⁸ We cannot produce nationalization scores for all cases, so this reduces our number of cases from 142 to 134, across 18 countries.⁹ Running the Royed et al. model on the reduced dataset produces substantively similar results, with insignificant coefficients on the main variables of interest, the unemployment and inflation rates, as well as the interactions of those variables with high clarity. But, if we reverse the scale of their key variable of interest, coalition versus single-party government, the unemployment rate does show significance (Table 3: Regression 1). As suspected, however, the linear combination with the interaction term shows that the clarity variable is not significant and using CLARIFY to test for substantive significance shows that a 10 percent inflation rate, a 10 percent unemployment rate, and single party government yields a *positive* (but statistically insignificant) increase in the government's vote.¹⁰

We next dropped the insignificant inflation variables from the model under the assumption of possible collinearity and to aid parsimony (Regression 2). Unemployment is still significant as is the single party government variable, but the model again fails to find that a single party and a 10 or even a 20 percent unemployment rate drops support of the incumbent, as we confirmed with the CLARIFY program. These results generally agree with Royed et al. who argue that the statistics give only weak support for the retrospective voting model conditioned by the clarity of responsibility.

We now add the DN condition to the model. Regression 3 tests an interaction model, and only produces a significant coefficient for the unemployment variable. Again, CLARIFY fails to find a significant relation between economics and voting, however.

A simpler test is to split the sample based on nationalization. Using just 112 high nationalization observations yields similar results, with unemployment, rightist government, and the interaction of these variables significant (Regression 4). CLARIFY uncovers for this regression a weak but significant relation of unemployment and the vote in the expected relation; a 10 percent hike in

⁸ We begin with their model 21.

⁹ The model requires three elections with consistent district boundaries. Some countries change boundaries too frequently to allow these tests. Further, while we made attempts to calculate DN for the time of the economic variables, in some cases we were forced to use electoral data from other time periods.

¹⁰ As verified with the `lincom` command in STATA.

Table 3
Regression analysis.

	Reg 1	Reg 2	Reg 3	Reg 4	Reg 5
Unemployment	-0.62*** (-4.26)	-0.57*** (-3.97)	-0.58*** (-3.99)	-0.50** (-3.28)	-1.65 (-1.76)
Inflation	0.19 -1.37				
Right Gov	0.23 -0.11	-1.69 (-1.13)	-2.45 (-1.43)	-4.167* (-2.20)	-7.13 (-0.68)
Single Party	-2.06 (-1.08)	-2.84* (-2.02)	-3.058* (-2.06)	-2.95 (-1.89)	-2.62 (-0.54)
Right Gov*Unem	0.54* -2.61	0.52* -2.61	1.25 -1.97	0.70** -3.06	1.41 -0.86
Right Gov* Infl	-0.30 (-1.61)				
puremin	2.41* -2.57	2.443* -2.60	2.33* -2.44	1.53 -1.46	4.40 -1.67
Single Party * unem	0.48* -2.32	0.39 -1.95	0.67 -1.02	0.33 -1.60	0.84 -0.75
Single Party* Infl	-0.16 (-0.88)				
Lagged Incum support	-0.06 (-1.36)	-0.07 (-1.76)	-0.07 (-1.78)	-0.09 (-1.89)	-0.26 (-1.06)
Lagged Swing	-0.21** (-2.93)	-0.19** (-2.71)	-0.18* (-2.56)	-0.13 (-1.71)	-0.39 (-1.77)
High DN			0.73 (-0.48)		
DN*Sinle*Unem			-0.27 (-0.44)		
DN*Rgt*Unem			-0.67 (-1.17)		
Constant	1.46 -0.49	3.23 -1.21	2.82 -0.94	4.26 -1.48	17.49 -0.91
N	134	134	134	112	22

t statistics in parentheses.

*p < 0.05, **p < 0.01, ***p < 0.001.

unemployment lowers voting for the incumbent by 1.3 points. Note, too, that variable measuring the clarity of responsibility (single party) is nearly significant, but the linear combination of the variable its interaction with unemployment is not. Using CLARIFY, it is clear that this variable does not affect the strength of the relation between economics and voting.

On partial exception to this finding is when we run the regression without the interaction of single party and unemployment. That regression (not shown) does not yield a significant t-score for the single party variable, but CLARIFY shows that change the expected loss to the incumbent party rises from 1 point to 2 points if there is a single party in control.

The next regression, where DN is low, provides the necessary comparison to substantiate the role of dynamic party nationalization. It shows, and CLARIFY confirms, that none of the economic (or other) variables are correlated with voting (Regression 5). In sum, though the relations of economics and voting are weak even if DN is high, that does appear as a necessary condition for the hypothesis.

5. Conclusion

It should not be surprising to find that voters consider economic and other issues when determining whether they will continue to support the incumbent. It is surprising, however, that the scores of studies that focus on this question ignore tremendous variation in regional differences among retrospective voters and questions about where voters turn when they decide to turn away from the incumbent. For this reason our paper conjoins the issues of party nationalization and retrospective voting.

We have several findings. First, retrospective voting may be more nationalized than prospective voting. That is, even where there is consensus about throwing out the incumbent, voters may

make dissimilar choices about where to turn. This would be a case where national issues drive retrospective voting, but prospective voting is driven by local factors. This point suggests, second, the theoretical importance of distinguishing between system-level and party-level nationalization in multiparty electoral contexts. Whereas in a two-party system, a vote against the incumbent typically implies a vote in favor of a single alternative, in multiparty settings this correlation does not necessarily hold. If party nationalization is high, then there would be similar vote transfers in all regions, but where it is low, politics must revolve around local rather than national campaigns, personalities, and issues. The result would be variable regional outcomes, which implies that focusing on retrospective voting would do little when trying to foretell which parties would gain when the incumbent falls. This lesson is consequential for our third point, which is that variable regional outcomes with respect to political party support necessarily imply a weaker correlation between vote choice and national economic conditions.

The preceding suggests a fourth lesson, that elections are more nationalized in some countries than in others, and there may also be variance in the level of nationalization among parties in every country. We also emphasized that there are two types of party nationalization: static and dynamic. These types of variation suggest the need for future studies of retrospective voting consider nationalization as a variable, which may help to explain differences in voters' responses to different parties and types of elections.

Finally, while it has been expected and unsurprising to show that, at least in advanced democracies that there will be a relation of economics and voting, we find that the relation is weak, even when adding our condition of high consistency among a country's voters (which we measured through dynamic nationalization). This implies, perhaps, that factors such as identity, partisanship, incumbency, and prospective alternatives may sometimes be stronger factors than economics in determining the vote.

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