Coalition-Directed Economic Vote and the Finance Minister

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October 2019

Abstract

Recent experimental evidence finds that the decision maker in a collective decision making entity with proposal power attracts a disproportionate amount of the blame or reward by those materially affected by these decisions. In the case of coalition governments evidence suggests that voters have heuristics for assigning responsibility for economic outcomes to individual parties and that they tend to disproportionately direct the economic vote toward the Prime Minister party. This essay demonstrates that voters also identify the Finance Minister party as an agenda setter on economic issues depending on whether the coalition context exaggerates or mutes its perceived agenda power. We define cabinet context as the extent to which coalition parties take issue ownership for particular policy areas. We find that when decision making is compartmentalized, voters perceive the finance minister as having agenda power and hence it receives a relatively larger economic vote; in more “diffuse” cabinet contexts it is the PM Party that is attributed responsibility for the economy. Online survey vignette experiments in Ireland and the Netherlands confirm that subjects employ compartmentalization signals to identify, and hence punish, coalition parties with proposal power.
1 Introduction

The average member of the public, either as a voter, consumer, or investor, pays attention to how the government manages economic policy. As a result, we observe a correlation between economic evaluations and vote choice (Duch and Stevenson, 2008). The public’s concerns about economic policy management also shape consumer and investment decisions and, for example, have contributed to some of the post-2008 volatility in macro-economic outcomes (Baker et al., 2016). Either as voters or consumers, members of the public are observing government economic policy making and teasing out information about their performance. In forming their opinion about the economy, voters, who we focus on in this essay, will attribute responsibility for these economic policies. In countries with coalition governments, particularly when the Prime Minister and Finance Minister are from different political parties, attributing economic policy responsibility is challenging. Which party is responsible for economic policy management? We isolate one heuristic that clearly signals policy making responsibility to the general public: agenda setting power. Coalition governments differ with respect to agenda power and we demonstrate that this conditions whether voters hold the Prime Ministerial or Finance Party accountable for economic policy outcomes. Our point of departure is an extensive body of empirical findings suggesting that many voters are up to the challenge of identifying the requisite information from coalition government decision making.

Recent scholarship suggests that voters exercise an informed coalition-directed vote. We have made advances on four fronts with respect to the relationship between voters and coalitions. First, we have gained a much richer understanding of how coalitions function. In particular, there is a recent literature, typically based on extensive data collection, suggesting that coalition policy choices reflect the outcome of an ongoing, and often complex, process of compromise amongst governing parties (Martin and Vanberg, 2014) and how this coalition governance varies cross-nationally (Martin and Vanberg, 2011; Falcó-Gimeno, 2014). Second, an emerging body of theoretically motivated empirical work suggests that voters
do incorporate these features of coalition governance in their vote utility functions (Duch and Stevenson, 2008; Duch et al., 2010; Kedar, 2005; Bargsted and Kedar, 2009). Third, comparative scholars have also assembled persuasive evidence that voters, in countries with a history of multiparty coalition governance, are informed about important features of the coalition “landscape” such as the parties that make up the governing coalition, their ideological proximity, and the party allocation of crucial portfolios (Fortunato and Stevenson, 2013; Fortunato et al., 2016; Fortunato, 2017). Finally, we are gaining an understanding of the mechanism for this coalition-directed vote: voters are not hyper-rational but rather they employ heuristics that are ecologically rational, i.e., these decision making shortcuts are useful given the institutional and political context in which voters find themselves (Duch et al., 2015).

These insights into coalition-directed voting are the foundation for our conjectures regarding coalition party responsibility attribution for economic policy outcomes. When ownership within a coalition for particular policy areas is clear (compartmentalization is high) responsible parties effectively have proposal power (Falcó-Gimeno, 2014). In these institutional contexts, experimental results (Duch et al., 2015) suggest voters should rely on proposal power as a heuristic for assigning policy making responsibility. We have evidence that this is indeed the case: the PM party in a coalition government has been found to receive a disproportionately high economic vote (Debus et al., 2014; Duch and Stevenson, 2008; Duch and Sagarzazu, 2013; Williams et al., 2017). The conventional wisdom is that the PM party is (perceived as being) the main agenda setter among the parties that form a coalition, and this is why the lion’s share of the economic vote tends to be targeted toward this party.

Our results indicate that the Finance Minister party also shares some of the economic vote directed toward coalition governments when there are clear signals that this party is sharing agenda power. When the coalition government parties have clear ownership for particular policy areas voters perceive the party occupying the finance portfolio as having agenda power on issues concerning the economy. This increases the economic vote for the finance portfolio
party and lowers it for the Prime Minister party. When policy decision making in a cabinet is
diffuse, such that no single party has ownership for policy jurisdictions, the portfolio agenda
control heuristic is unlikely to be employed. We test this conjecture with data for 26 OECD
countries over the period 1987 to 2009.

Our claim here rests on the assumption that individuals interpret institutional compart-
mentalization as a signal of the agenda setting power of parties in coalition cabinets. We
implement vignette survey experiments in Ireland and the Netherlands that randomly assign
subjects to compartmentalized and collectivist coalition decision making scenarios. Subjects
respond to this institutional cue as expected: they tend to reward, and in particular, punish
Finance Minister Parties more strongly when they observe a compartmentalized coalition
decision making context.

The remainder of the paper is structured as follows: The next section briefly reviews
the literature on the attribution of responsibility for collective decisions and presents our
argument. In sections 3 and 4 we then describe our data, discuss the methodology, and
present the results. Section 5 hones in on the individual-level causal mechanism with results
from two online survey experiments conducted in Ireland and the Netherlands. Finally, the
last section summarizes the main contributions of the paper and concludes.\footnote{All of the replication material for this essay is available at: \ldots}

2 Responsibility attribution for coalition decisions

Recent empirical studies indicate that significant numbers of voters in coalitional contexts
engage in “coalition directed voting”, i.e., tactical voting for particular parties in order to
try to bring a preferred coalition to power. Kedar (2005) or Bargsted and Kedar (2009), for
example, find that voters in contexts with coalition governments engage in compensational
voting, meaning that certain voters vote for more extreme parties with the goal of shifting
the policy position of governing coalitions closer to their ideal points. Based on data from
86 election surveys conducted in 22 countries, Duch et al. (2010) find that in 75% of these
surveys more than 50% of voters make coalition-directed calculations. However, in order to exercise these coalition-directed votes, voters in coalitional contexts are faced with the challenge of mapping the observed distribution of responsibility (namely, seats won and cabinet positions held) into actual administrative responsibility within the cabinet. This presumes, first, that voters acquire information about the composition of a coalition government and, second, they translate observed characteristics of the governing coalition into shares of actual responsibility.

Voters are indeed informed about important or useful features of the coalition “landscape”. Fortunato et al. (2016) assess whether survey respondents correctly ordered their country’s various possible party dyads on a left-right continuum. They find that the historical importance of left-right in coalition formation in a country predicts their success with which respondents order the dyads on a left-right continuum. Fortunato and Stevenson (2013) demonstrate that cabinet membership is a useful voter heuristic for inferring the policy position of cabinet parties – their analysis of 58 election surveys conducted in 18 countries finds that voters perceive cabinet parties to be more ideologically similar than parties that do not serve together in cabinet. These authors convincingly argue that voters have “ecologically rational” heuristics that allow them to make “fast and frugal” inferences in situations in which doing so leads to correct predictions (on average, over populations).

An outstanding puzzle though is the precise decision making rule, or heuristic, that voters employ for allocating responsibility attribution to individual political parties in the governing coalition. What are these ecologically rational heuristics?

It is widely-accepted that individuals, generally, employ a proportionality heuristics – the number of votes you command in a decision making body, for example. Anderson (2000) analyses aggregate election statistics and finds that voters assign responsibility to the largest parties within the coalition: the larger the party in terms of seats the more voters can assume it was responsible for policy making in general. On the other hand, Bowler et al. (2016) find little support for the notion that voters employ Gamson’s Law of proportionality when
allocating responsibility to parties in the governing coalition. Angelova et al. (2016) come to a similar conclusion that proportionality does not seem to shape the coalition-directed vote of Germans, with results coming from the analysis of the German Internet Panel (2012-2015).

Responsibility attribution for collective decision making in fact focuses on proposal power. Duch et al. (2015) find that individuals disproportionately focus responsibility attribution on the agenda setter — the individual with proposal power. They conduct lab experiments designed to isolate the heuristics individuals employ for holding decision makers accountable when decisions are made collectively (in their case employing majority voting rules). While surprising, the result accords well with evidence that agenda-setting power influences outcomes in voting bodies (e.g. Weingast and Marshall, 1988; Cox and Magar, 1999) as well as policy outcomes in coalition governments (e.g. Laver and Shepsle, 1996).

This has important implications for how voters, and the public in general, assign responsibility for economic policy outcomes. Our conjecture is that responsibility for economic policy outcomes is attributed to the parties of the Prime Minister and Finance Minister that, depending on the context, share agenda setting power for economic policies in coalition cabinets (Jochimsen and Thomasius, 2014). What contextual features determine when the FM party is recognized as an agenda setter for economic policy? Although delegation of responsibilities to a strong FM is more common in single-party governments (Hallerberg and Von Hagen, 1999; Hallerberg et al., 2007, 2009), the FM party in a coalition often routinely drafts economic legislation and is the public spokesman for issues related to economic growth, trade balances, and budget balances.

Our working assumption here is that voters are informed about the role played by the FM party in economic policy management. We have indirect data on the public’s knowledge about the FM party from Module 4 of the Comparative Study of Electoral Systems (CSES) survey (2011-2016)(The Comparative Study of Electoral Systems, 2017). Respondents to the 2011-2016 round of the CSES were asked “Which of these persons was the Finance Minister before the recent election (the list of choices contained the correct name in addition
to three names of other cabinet ministers). Figure 1 summarizes the results for the nineteen countries in which the question was asked. In most developed countries the voting public is quite knowledgeable about the Finance Minister. The exception is Canada and the United States where less than one-third of the public could identify the Minister of Finance. Also less than half of the South Korean and Polish publics could identify the Finance Minister. On the other hand, for the other fourteen countries, at least 50 percent of the public, and sometimes as much as 90 percent, could identify the Finance Minister. This suggests that the public, particularly in contexts with multi-party governing coalitions, is informed about the Finance Minister and likely knows the party to which it belongs.

We’ve assembled three insights into the coalition-vote heuristic as it applies to economic

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2 Another illustration of the public’s knowledge of the FM party is Lin et al. (2017) who ask a sample of the Danish population to identify the party of the Finance Minister. Over seventy percent made the correct choice.
policy: agenda power guides the voter’s responsibility attribution; the FM party shares proposal power, sometimes, with the PM party; and voters are informed about the FM party. But when is this sharing of proposal power likely to happen?

Institutional context signals to voters when the FM party shares proposal power for economic policies. FM parties are more likely to share agenda setting power with the PM party when cabinets operate in a compartmentalized fashion. In a compartmentalized context, coalition parties decide policy in the jurisdictions over which they have ministerial control without interfering in their partners’ domains. At the other extreme, policies can be decided collectively by all coalition partners in all dimensions, regardless of the distribution of portfolios. Scholars disagree as to which of these styles prevail – some maintain that ministerial discretion is the rule and others consider it is the exception (see for instance the debate between Warwick (1999b,a) and Laver and Shepsle (1999b,a)). The internal governance of coalitions does not conform neatly into one or the other of these characterizations; rather, the extent to which decision making is ministerial or collective varies, with some coalitions tending towards the former and others the latter.

Falcó-Gimeno (2014) shows, that for coalitions with members that have tangential preferences, a log-rolling of parties’ ideal points is a simple way to resolve partners’ differences in emphasis (Luebbert, 1986; De Winter, 2002). When each coalition member intensely cares about a particular set of issues that do not overlap with each other, compartmentalization is preferable and more likely. Specialization of preferences therefore leads to the compartmentalization of decisions. By contrast, in cases where there is greater preference overlap between partners, a collective decision making arrangement in all policy dimensions will lead to results that partners prefer over compartmentalization.3

When the overall compartmentalization of the coalition is high, control over particular portfolios sends a strong signal as to who is responsible for particular policy areas. In these contexts, voters will have a crisper signal of agenda setting powers for economic policy

3It is beyond the scope of this paper to provide further explanation of this relationship between partners' preferences and coalition governance forms. Details are available in Falcó-Gimeno (2011, 2014).
attached to the party that occupies the finance portfolio. In other, more diffuse, coalitions where ownership for specific policy remits is more blurred, the conventional view that the PM party will be identified as the sole responsible for the state of the economy is more likely to apply.

This essay demonstrates how the agenda setting power of cabinet contexts affects the party economic vote. Employing surveys from multiple countries and over an extensive time period we identify how these agenda setting heuristics are employed by voters. We build on Falcó-Gimeno’s (2014) description of how cabinet context varies in a systematic fashion. We argue that when the cabinet is compartmentalized as described by Falcó-Gimeno (2014), the FM party should also be identified as the proposal maker on issues concerning the economy (and hence the party to be rewarded or punished for the state of the economy).

3 Data and variables

Responsibility attribution, our dependent variable, is measured by the economic vote for specific parties in governing coalitions. Our primary independent variables refer to the coalition parties’ agenda setting powers on economic matters, and the main moderating regressor measures the extent to which coalition members’ preference profiles are compartmentalized. The data cover the period 1987 to 2009.

**Dependent variable: The Party Economic Vote.** The Party Economic Vote (PEV) is based on Duch and Stevenson (2008). They generate a measure of economic voting for each governing coalition party that reflects the effect of perceptions of economic performance on vote preference for these political parties. The estimates of PEV in this study updates their original estimates using 297 voter preference surveys conducted in twenty-six western democracies from 1987-2009. The estimates are based on carefully specified statistical models of individual voting behavior for each $k$ election survey. These models include a measure of subjective retrospective evaluations of the economy ($X_{ik}$) along with a set of $j$ appropriate
control variables \((Z_{jik})\). Once obtaining estimates of the coefficients of well-specified vote choice models, we use the estimated coefficients (and variance-covariance matrix) from the model to produce predicted changes in support for each survey respondent \(i\) when economic perceptions became more negative by one unit.

The magnitude of a party’s economic vote (PEV) for this individual \(i\), and election survey \(k\) is simply the change in \(\pi\) produced by a given change in her economic perceptions (say, from \(X_{ik}\) to \(X_{ik}'\)):

\[
PEV_{ik} = \frac{e^{\hat{\beta}_{ik}(X_{ik}) + \sum_{j=1}^{J} \hat{\phi}_{jk}Z_{jik}}}{1 + e^{\hat{\beta}_{ik}(X_{ik}) + \sum_{j=1}^{J} \hat{\phi}_{jk}Z_{jik}}} - \frac{e^{\hat{\beta}_{ik}(X_{ik}') + \sum_{j=1}^{J} \hat{\phi}_{jk}Z_{jik}}}{1 + e^{\hat{\beta}_{ik}(X_{ik}') + \sum_{j=1}^{J} \hat{\phi}_{jk}Z_{jik}}}
\] (1)

Based on our assessment of the distribution of economic perceptions over individuals in the 297 surveys we used in our empirical analysis, we defined a typical change in economic perceptions as a move of one category in our three-category measure. In all the empirical analysis we report, we chose the direction of this change to reflect a worsening economy. To obtain an estimate of the average magnitude of the economic vote in the sample, we calculated Equation 1 for all individuals in the sample (i.e., using the measured values of \(Z_{jik}\) and \(X_{ik}\)), setting \(X_{ik}'\) to be one category worse than \(X_{ik}\). If the voter’s economic perceptions were already at the worst category, we did not change them. The economic vote for each individual was then averaged to produce an estimate of the average party economic vote in the sample, \(PEV_k\).

We also generate measures of uncertainty around these predicted changes. The predicted changes in support for each party are averaged over the sample to get an estimate of the average party economic vote (PEV) using the procedures outlined in King and Bruner (2000).

The 1,577 estimates obtained from these models (one for each party in the 297 voter preference surveys) are our measure of the \(PEV_k\) in each \(k\) voter preference survey. The values of the variable should be interpreted as follows: the more negative the values, the larger the economic vote for a particular party. Of particular interest in our analysis will be
the PEV for the party holding the PM and Finance portfolio. For the sake of readability, the PEV variable has been multiplied by 100. After the rescaling, our explanatory variable ranges from -16 to +15, approximately, for the final sample we work with (see details below).

**Main independent variables: PM and FM.** The principal independent variables measure the extent to which each party in the governing coalition is perceived as having proposal power over economic issues. Accordingly, our measure is simply whether or not the coalition party holds either the PM portfolio and the Finance portfolio through two binary variables: *PM Party* and *FM Party*, respectively. The original data comes from Seki and Williams’s (2014) Detailed Minister Summary dataset for the period 1991-2012. This contains information on ministers whose tenure started as early as 1987 and links ministers to portfolios which allows us to identify the parties holding the PM and Finance ministries.

**Moderating variable: Compartmentalization.** At the cabinet level, we measure the extent to which government partners focus their attention and efforts on the same issues as opposed to being “specialized” in their interests, i.e., compartmentalized. This variable measures the extent to which policy preference profiles of the parties sharing office are distinct: If the members of the coalition are intense in the same policy areas, then their preferences will be overlapping. On the other hand, when the primary policy concerns of coalition members do not coincide then we have a compartmentalized cabinet. This is a *moderating* contextual variable because our conjecture is that the effect of economic agenda power – i.e. the main independent variable – on the economic vote – i.e. the dependent variable – will be moderated by the extent to which coalition parties are in general “policy distinct”. This is in fact very much related to Narud’s (1996) contention that different partners should be held accountable for different policies depending on the extent to which voters relate government policy to the programmatic commitment of certain parties.

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4 The R code and original data for estimating these PEV is available from the authors. A description for the estimation is available in Duch and Stevenson (2008).

5 This is in fact very much related to Narud’s (1996) contention that different partners should be held accountable for different policies depending on the extent to which voters relate government policy to the programmatic commitment of certain parties.
policy performances to the individual parties making up the coalition will be clearer in a compartmentalized cabinet (see Falcó-Gimeno, 2014).

The measure makes use of the 2014b Manifesto Project data (Volkens et al., 2014) and maps each preference category, namely, the share of the party election manifesto that refers to each issue, into the 13-policy categories scheme built by Bäck et al. (2011), that approximately correspond to ministerial jurisdictions commonly found in most countries.\textsuperscript{6} In order to obtain a government-level measure, the measure is created by calculating, for each jurisdiction, the standard deviation of the salience scores of the parties in the coalition and then taking the average across all jurisdictions. Then, for government $g$, compartmentalization is measure as:

$$Compartmentalization_g = \frac{\sum_{j=1}^{J} \sqrt{\frac{\sum_{p=1}^{P_g} (s_{pjg} - \bar{s}_{jg})^2}{P_g - 1}}}{J},$$  

where $J$ is the set of policy jurisdictions, $P_g$ the number of parties in the coalition, $s_{pjg}$, is party $p$’s salience on jurisdiction $j$, and $\bar{s}_{jg}$ refers to the average salience of the parties in government $g$ on jurisdiction $j$. $Compartmentalization_g$, therefore, takes a large (low) value when the parties put different (similar) emphasis on the different policy jurisdictions.

The salience approach assumes that a higher average standard deviation represents a more compartmentalized coalition. This measure, also called tangentiality, has already been applied in the study of oversight mechanisms in coalition governments: Falcó-Gimeno (2014) found that highly compartmentalized coalitions tend to need less cross-partisan junior ministers to prevent ministerial drift while, along the same lines, Klüver and Bäck (2018) showed that compartmentalization neutralizes the effect of ideological conflict on the comprehensiveness of coalition contracts for the same reason. Likewise, the same measure has been applied to the study of the duration of coalition formation processes: compartmentalization reduces the length of formation attempts and increase the likelihood of a successful formation, as the

\textsuperscript{6}These categories are: foreign affairs, interior, justice, finance, economy, defense, labor, education, health, agriculture, industry, environment, and social affairs.
distribution of policy responsibilities is anticipated to be less problematic and more clear-cut (Ecker and Meyer, 2017).

To give a stylized example, suppose that only two policies exist: X and Y. In a coalition cabinet formed by parties A and B, party A devotes 100% of its election programme to policy X (and 0% to policy Y) while the stated preferences of party B only focus on policy Y (0% to policy X and 100% to policy Y). The average policy standard deviation, i.e., the compartmentalization measure, will be 70.7. In another cabinet formed by parties C and D who both care only about policy X (100% to policy X and 0% to policy Y), the coalition would score 0 in the compartmentalization measure. In a third cabinet, party E preference profile is the same as party A and party C, but party F cares equally about both policies (50%-50% for X and Y). In such a case, the cabinet would score 35.4 in the compartmentalization scale, lower than the A-B cabinet but higher than the C-D coalition.\footnote{Specifically, $\frac{SD(PolicyX)+SD(PolicyY)}{3}$. For the first coalition, $\frac{70.7+70.7}{2}$; for the second coalition, $\frac{0+0}{2}$; and for the third, $\frac{35.4+35.4}{2}$.}

**Control variables.** We control for two other measures related to the potential agenda setting capacity of the party on economic issues. First, the variable *Party Size (% Seats)* refers to the party’s seat share (Anderson, 2000) – these data are from Döring and Manow’s (2011) ParlGov database.\footnote{We also employ this database to code our governments as coalitions or single-party cabinets.} This variable can also be interpreted as a proxy for the proportion of ministries controlled by each party in the coalition – hence controlling for a possible “Gamson’s Law” effect. We also explore the extent to which each parties’ economic profile in their public pronouncements and campaign rhetoric affects their economic vote. The variable *Economic Profile* measures the salience of the economy for each party in terms of the share of their manifesto referring to economic issues – these data are from the Manifesto Project (Volkens et al., 2014). We follow Bäck et al.’s (2011) strategy in measuring how much each coalition party is interested in issues related to economic policies.

Table 1 provides summary information of our sample, which contains a total of 592 party-government observations. This is the number of observations for which we have data...
Table 1: Descriptive statistics of the key variables

<table>
<thead>
<tr>
<th></th>
<th>Mean/Prop.</th>
<th>S.D.</th>
<th>Median</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full Sample</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Party Economic Vote</td>
<td>-0.172</td>
<td>3.573</td>
<td>0.036</td>
<td>592</td>
</tr>
<tr>
<td>Incumbent Party</td>
<td>0.453</td>
<td>0.498</td>
<td>0</td>
<td>592</td>
</tr>
<tr>
<td>Coalition Government</td>
<td>0.674</td>
<td>0.469</td>
<td>1</td>
<td>592</td>
</tr>
<tr>
<td>Party Size (% Seats)</td>
<td>0.224</td>
<td>0.174</td>
<td>0.177</td>
<td>592</td>
</tr>
<tr>
<td>Economic Profile</td>
<td>0.098</td>
<td>0.057</td>
<td>0.088</td>
<td>592</td>
</tr>
<tr>
<td><strong>Coalition Parties</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Party Economic Vote</td>
<td>-1.081</td>
<td>2.599</td>
<td>-0.535</td>
<td>195</td>
</tr>
<tr>
<td>No PM &amp; NO FM</td>
<td>0.487</td>
<td>0.501</td>
<td>0.000</td>
<td>195</td>
</tr>
<tr>
<td>No PM &amp; FM</td>
<td>0.138</td>
<td>0.346</td>
<td>0.000</td>
<td>195</td>
</tr>
<tr>
<td>PM &amp; NO FM</td>
<td>0.200</td>
<td>0.401</td>
<td>0.000</td>
<td>195</td>
</tr>
<tr>
<td>PM &amp; FM</td>
<td>0.174</td>
<td>0.380</td>
<td>0.000</td>
<td>195</td>
</tr>
<tr>
<td>Compartmentalization</td>
<td>2.992</td>
<td>1.370</td>
<td>3.087</td>
<td>195</td>
</tr>
<tr>
<td>Party Size (% Seats)</td>
<td>0.226</td>
<td>0.138</td>
<td>0.189</td>
<td>195</td>
</tr>
<tr>
<td>Economic Profile</td>
<td>0.103</td>
<td>0.050</td>
<td>0.104</td>
<td>195</td>
</tr>
</tbody>
</table>

for all the variables included our most complete model, which leverages information from different databases such as Seki and Williams’s (2014) on ministers or Volkens et al.’s (2014) MARPOR scores on party preferences. Given that the source surveys to generate the PEV are both pre-election and post-election, it bears mentioning that they were merged with the rest of the databases on the basis of the characteristics of the government being evaluated in vote intentions or recalls. Our final sample draws on information from 154 voter preference surveys conducted from 1988 to 2010 in 27 democracies, for 81 governments.

Government parties represent about 45% of the cases and opposition parties account for approximately 55%. About two-thirds of our cases belong to contexts where a coalition government is in office. Because both incumbent and opposition parties are included in the

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9Our sample includes governments from Australia, Austria, Belgium, Canada, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, and the United Kingdom.

10In the supplemental information we replicate our baseline models in an extended sample (N=700) without restricting on having information for all our variables. The results remain essentially unaltered.
sample, the average party economic vote is near zero. If we zoom in on incumbent parties in coalitions, we have information for 195 parties. The average economic vote for coalition incumbent parties is about -1.08 (a unit worsening of perceived economic performance, on average, reduces the likelihood of voting for a coalition incumbent party by 1.08 percent).

The descriptive summaries in Table 1 indicate that about one-fifth of our coalition parties control both the Prime Minister and the Finance minister. Nevertheless, 20% of the coalition parties in our sample occupy the PM without controlling the Finance Ministry. On the other hand, around 14% of these parties control the Finance Ministry but not the PM. Nearly half of our FM parties did not simultaneously occupy the Prime Ministership. This allows us to single out the FM and PM agenda power heuristics and empirically evaluate the hypothesized FM effect on the economic vote.

Regarding the main moderating variable, Table 1 shows that the average party in our sample belongs to a cabinet that is more “diffuse” than compartmentalized (value 3 in a range from 0 to 8.2), although there is substantial variation. Finally, our coalition parties command an average of 23% of the seats in parliament and devote around 10% of their election programs to economic issues.

4 Results

In this section we report estimates from random effects OLS linear regression models. To correct for the dependency between the units from the same survey (within any survey, the probabilities of voting for each party are likely to be dependent from each other), standard errors are clustered at the survey level. We also conduct a series of robustness checks on whether our findings are sensitive to the inclusion of controls for country and time effects.
Baseline model

We begin by demonstrating that the electoral fortunes of government parties are associated with the state of the economy, i.e., there is in fact an economic vote. Table 2 presents, in columns 1 and 2, the marginal effects of being a member of a single-party and a coalition government as compared to remaining in opposition; and, in columns 3 and 4, controlling the PM and the FM in a coalition government as compared to the rest of coalition partners. These estimates are based on the following two OLS regressions:

\[
PEV = \alpha + \beta_1 Incumbent\ Party + \beta_2 Coalition + \beta_3 PM + \beta_4 FM + \beta_5 Incumbent\ Party * Coalition + \beta_6 Coalition * PM + \beta_7 Coalition * FM + \beta_8 PM * FM + \beta_9 Party\ Size + \epsilon.
\]

Columns 2 and 4 include \[+\beta_{10} Economic\ Profile\].

Recall that the dependent variable here is the magnitude of the economic vote for the individual parties in the coalition. The marginal effects reflect the change in the vote probability for the party associated with a one unit decline in subjective economic evaluations, as a consequence of the government/opposition status and the role played in a coalition government.\(^{11}\) Hence a negative estimate for a given party characteristic in the model indicates the variable increases the PEV. Not surprisingly, the first two columns reveal that being in the government, as opposed to staying in opposition, increases a party’s economic vote. However, the effect is different for single-party versus coalition governments. Consistent with previous literature, we find that incumbent parties in single-party governments receive a significantly larger economic vote than those that share office in a multiparty cabinet (Duch and Stevenson, 2008).

Though weaker than for single-party governments, the negative marginal effects for joining a coalition government, which are highly significant, confirm our expectation that the coalition parties are held responsible for economic outcomes – as the economy worsens, incumbent coalition parties are punished. Other postestimation analyses from these models suggest that non-incumbent parties benefit from bad economies, both if under the rule of

\(^{11}\)The estimates in columns 3 and 4 are calculated at \textit{Incumbent Party} = 1 and \textit{Coalition} = 1.
Table 2: Baseline Model: Marginal Effects of Government Participation on the Economic Vote

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<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
</tr>
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<tbody>
<tr>
<td>In a Single-Party Gov.</td>
<td>-6.14***</td>
<td>-5.63***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.72)</td>
<td>(0.71)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In a Coalition Gov.</td>
<td>-1.14***</td>
<td>-1.11***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.24)</td>
<td>(0.24)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PM in a Coalition Gov.</td>
<td></td>
<td>-2.42***</td>
<td>-2.41***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.52)</td>
<td>(0.52)</td>
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<td></td>
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<tr>
<td>FM in a Coalition Gov.</td>
<td></td>
<td>-1.12**</td>
<td>-1.13**</td>
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<td>(0.47)</td>
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<td>✓</td>
<td>✗</td>
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</tr>
<tr>
<td>N</td>
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</tr>
</tbody>
</table>

Standard errors in parentheses
* p < 0.10, ** p < 0.05, *** p < 0.01

As part of our effort to “unpack” this average collective responsibility attribution for economic outcomes when there is a multiparty government in office, but the economic vote clearly persists.

It is the case, though, that the Finance Minister party is also singled out as responsible for
economic outcomes. On average, controlling the FM significantly increases the economic vote on top of what a party receives as a result of occupying the Prime ministership. Although clearly smaller than for the PM (about half the magnitude), the estimate is negative and reaches conventional levels of statistical significance. Holding the PM provides voters with a strong signal as to who sets the agenda for economic policy decisions, while occupying the finance portfolio sends a similar, although possibly weaker, signal.

The effect of compartmentalization

The results presented in Table 2 do not take into account the coalition decision making context. Our earlier conjecture is that features of coalition government decision making can affect responsibility attribution. We claim that the FM party effect varies by these coalition features. Accordingly, we add the Compartmentalization variable to the OLS model above. First, on average, and contrary to our expectations, we find that the members of a compartmentalized coalition (where it is clear which issues are going to be managed by which party) receive an economic vote that is similar to that received by the members of more “diffuse” coalitions. However, our conjecture goes further than this “on average” correlation.

Our claim is that compartmentalization conditions the extent to which coalition parties are held responsible for economic outcomes. Accordingly, we explore whether the effects of controlling the PM and the FM are conditioned on compartmentalization. To accomplish this we include the variable Compartmentalization and its interaction with incumbent status, PM, FM, and the three-way interaction with PM*FM to our baseline model above. Figure 2 shows the marginal effect of PM and FM roles in coalitions at different values of compartmentalization.\textsuperscript{12} As the left-hand side plot shows, this specification suggests that in fact the FM party in certain contexts is seen as having proposal power over the economy. The marginal effect of occupying the finance portfolio ceases to be statistically significant for coalition compartmentalization values below the bottom quartile. The additional economic

\textsuperscript{12}Where Incumbent Party and Coalition are set to one.
vote received by FM parties is essentially zero in a coalition in which agenda setting power is shared across coalition parties, i.e., a “diffuse” coalition. But as the agenda setting power in the cabinet becomes more compartmentalized, the economic vote for the FM party increases (becomes more negative).

Conversely, holding the Prime ministership leads to a larger economic vote irrespective of how agenda power is shared by coalition partners. However, as compartmentalization rises to high values (above 6), their economic vote falls to the point of being indistinguishable from zero. At this high level of compartmentalization the perception of agenda power over the economy seems to “transfer” from the PM to the FM. That is, in “diffuse” coalitions voters essentially blame the PM party for poor economic outcomes, while in compartmentalized coalitions voters cease to see the PM party as solely responsible and focus more attention
on the FM party.

Figure 3 further illustrates the importance of agenda power heuristics by presenting predicted values rather than marginal effects. This essay proposes a novel view of voter reasoning in contexts where parties share responsibility for policy making. We focus on one policy concern that shapes vote choice – specifically, the economic vote. Does this novel agenda setting argument provide much added value? If we ignore the agenda setting context then we have the conventional assessment of the economic vote magnitude that is summarized in the first graph of Figure 3. Here we simply estimate the economic vote for incumbent and opposition parties in single-party versus coalition government contexts. Clearly parties that govern alone have a very large economic vote compared to those who share power in a coalition government (over five times larger).

But our argument is that the relatively small coalition party economic vote masks considerable contextual variation in responsibility attribution. Our contention is that voters employ information and decision-making short-cuts in order to determine how to allocate responsibility amongst parties in a governing coalition. Once we incorporate the agenda setting heuristic into the vote utility function, we obtain a much richer characterization of the economic vote. The remaining frames of Figure 3 illustrate the extent to which the economic vote is conditioned on the agenda setting heuristic. A party’s agenda setting power is determined by the portfolios it controls and the cabinet’s decision making process.

The second frame illustrates the importance of portfolio control in coalitions. We see that, the largest economic vote is accorded to coalition “super-parties” that control both the Prime ministership and the Finance Ministry in the cabinet. Voters consider these parties responsible for the economy irrespective of the type of coalition to an extent equivalent to an incumbent party in a single-party government. At the other extreme are coalition parties that neither control the PM nor the FM. For these parties the economic vote is effectively zero. On the other hand, controlling the finance portfolio, by itself, attracts a certain level of economic voting. Although weaker than for the PM, it is certainly present. In short, there
Figure 3: Predicted Party Economic Vote by type of government and role in coalition (95% confidence intervals)

Note: Opp-Sp – opposition party facing a single-party government; Opp-Coal – opposition party facing a coalition government; Gov-Sp – party in a single-party government; Gov-Coal – party in a coalition government; noPM-noFM – coalition party that does not control the PM or the FM; noPM-FM – coalition party that does not control the PM but controls the FM; PM-noFM – coalition party that controls the PM but not the FM; PM-FM – coalition party that controls both the PM and the FM. Compartmentalization values: very low = 0.14 (two SD below the median); low = 1.59 (one SD below the median); median = 3.04; high = 4.49 (one SD above the median); very high compartmentalization = 5.94 (two SD above the median).
is ample variation in the economic vote for parties in coalitions that is obscured if coalition context is ignored.

The second row of frames in Figure 3 illustrates the importance of cabinet compartmentalization. It shows the predicted economic vote received by coalition incumbent parties that play different roles within the cabinet, under various coalition decision making contexts. Specifically, the five frames refer to different compartmentalization levels: two and one standard deviations below the median (very low and low, respectively), the median, and one and two standard deviations above the median (high and very high, respectively). When policy decision making in a cabinet is diffuse such that no single party has ownership for particular policy areas, responsibility attribution is focused on the PM party. The PM party has a large economic vote while the FM is completely relieved from responsibility over the economy by voters.

The third, fourth, and fifth frames in the bottom row illustrate how an increasing compartmentalization of cabinet decision making increases the economic vote of parties controlling the Finance Ministry. In the third frame where compartmentalization assumes moderate values, parties controlling the Finance Minister, but not controlling the Prime Ministership, see a quite dramatic rise in their economic vote. Finally, in the fourth and fifth graphs, where compartmentalization is high, controlling the FM or the PM appears to have similar implications for a party’s economic vote. As a result, the economic vote for parties controlling the FM but not the PM is high, and similar to the economic vote for parties controlling the PM but not the FM. In fact, for very high values of compartmentalization – two standard deviations above the median – occupying the FM alone does lead to a substantially larger economic vote than for a coalition party that controls the PM but not the FM. Clearly the agenda setting heuristic matters for vote choice and it is conditional on the compartmentalization of the cabinet.

Coalition governance style affects the heuristics voters deploy for holding incumbent parties responsible. When coalition parties equally share responsibility for policy areas
voters tend to attribute responsibility for the state of the economy to the PM party. By contrast, in compartmentalized coalitions, where ownership for policy jurisdictions among parties can be singled out more easily, voters appear to see the coalition as more minister-led and perceive the minister in charge of the economy, i.e. the FM party, as equally, if not more, responsible for the economy than the PM party.

**Robustness checks**

Variation in our dependent variable could be the result of temporal, geographic, or institutional variation that may undermine the robustness of the main findings. The economy could be of increasing or decreasing importance over time in the vote utility function and this trend could be confounded with trends in compartmentalization. This could be either a general tendency or a country-specific one. Trends in compartmentalization may also be confounded with changes in coalition governance that result when the saliency of the economy in elections shifts in response to economic shocks in specific years. Another concern here is unaccounted for country-level heterogeneity as, according to the 'clarity of responsibility hypothesis' (Powell and Whitten, 1993), some institutional contexts affect the capacity of voters to cast an economic vote (e.g. bicameralism, system of committees, etc.). As long as there is sufficient within-country variation in compartmentalization, we have the leverage necessary to identify its effect.

Table 3 presents the results of a series of robustness tests designed to address these issues. Models 2 to 6 take the random effects model summarized in Figure 2 and add a common time trend, country-specific time trends, year fixed effects, and country fixed effects in different combinations. The estimates refer to the marginal effect of occupying the Prime ministership and the finance portfolio at a low and high level of compartmentalization (one standard deviation below and above the median), which captures the influence of the coalition decision making context on the agenda setting heuristics we are interested in. A comparison of these models indicates only small changes in the results. In particular, note that the
Table 3: Robustness Check: Marginal Effect of holding the PM and FM in a coalition, with different model specifications

<table>
<thead>
<tr>
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<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
<th>(6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PM (low compartment.)</td>
<td>-2.43***</td>
<td>-2.43***</td>
<td>-2.16***</td>
<td>-2.34***</td>
<td>-2.18***</td>
<td>-2.19***</td>
</tr>
<tr>
<td></td>
<td>(0.61)</td>
<td>(0.61)</td>
<td>(0.65)</td>
<td>(0.63)</td>
<td>(0.65)</td>
<td>(0.66)</td>
</tr>
<tr>
<td>FM (low compartment.)</td>
<td>-0.22</td>
<td>-0.22</td>
<td>0.01</td>
<td>-0.12</td>
<td>-0.01</td>
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<td>(0.47)</td>
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<td>(0.47)</td>
<td>(0.47)</td>
<td>(0.46)</td>
<td>(0.47)</td>
</tr>
<tr>
<td>PM (high compartment.)</td>
<td>-2.21***</td>
<td>-2.21***</td>
<td>-2.01***</td>
<td>-2.00***</td>
<td>-2.05***</td>
<td>-1.91***</td>
</tr>
<tr>
<td></td>
<td>(0.64)</td>
<td>(0.64)</td>
<td>(0.66)</td>
<td>(0.64)</td>
<td>(0.66)</td>
<td>(0.66)</td>
</tr>
<tr>
<td>FM (high compartment.)</td>
<td>-2.74***</td>
<td>-2.74***</td>
<td>-2.71***</td>
<td>-2.84***</td>
<td>-2.72***</td>
<td>-2.71***</td>
</tr>
<tr>
<td></td>
<td>(0.90)</td>
<td>(0.90)</td>
<td>(0.94)</td>
<td>(0.90)</td>
<td>(0.95)</td>
<td>(0.96)</td>
</tr>
</tbody>
</table>

Common Time Trend  | ✓       | ✓       | ✓       | ✓       | ✓       | ✓       |
Country Time Trend  | ✓       | ✓       | ✓       | ✓       | ✓       | ✓       |
Year FE             | ✓       | ✓       | ✓       | ✓       | ✓       | ✓       |
Country FE          | ✓       | ✓       | ✓       | ✓       | ✓       | ✓       |

N 592 592 592 592 592 592

Compartmentalization values: low = 1.59 (one SD below the median); high = 4.49 (one SD above the median). Standard errors in parentheses

* p < 0.10, ** p < 0.05, *** p < 0.01

estimate for the FM under high compartmentalization is always negative and statistically significant at a 99% confidence level, and always larger than the PM estimate. This confirms that the higher cabinet compartmentalization results in a larger economic vote for the FM party.

In the supplemental material to this article we also control for a series of characteristics that have been found to condition responsibility attribution for economic outcomes and that might not be accounted for with temporal trends or year and country fixed effects (e.g Hobolt et al., 2013). Factors such as the minority/majority status of the government, the difference in the size between coalition members, ideological cohesion within government, the presence of a separate ministry for economic affairs, or the independence of the central bank may limit the finance minister capacity to influence the economy and correlate with compartmentalization. Again, the comparison between low and high compartmentalization
contexts yields remarkably similar results.

Our main findings are therefore robust to a variety of alternative model specifications; the effects are not dependent on other differences between governments or countries driving the results nor are confounded with temporal trends or specific shocks. We can confidently say that the agenda setting heuristic is relevant for voters’ assessment of the economy in their vote choice when there is more than one party in the driver’s seat and that is conditioned, as expected, on the compartmentalization of the coalition cabinet decision making process.

5 Experimental evidence

Our analysis of the economic vote based on survey data confirms that the economic vote for the FM party is, consistent with the experimental evidence, conditional on signals regarding the FM party’s agenda setting power. And this is very much consistent with the experimental evidence that the agenda setter is held responsible for collective decisions (Duch et al., 2015). A missing link at the micro-level is the identification of the causal effect of a signal regarding compartmentalization on responsibility attribution. Does compartmentalization signal the strength of a party’s agenda setting power?

The goal is to isolate the effect of a compartmentalization signal on a subject’s decision to hold FM parties responsible for economic outcomes. We implement a simple vignette experiment in order to assess the plausibility that individuals respond, as conjectured, to the agenda setting signals. The attraction of the vignette experiment is that random assignment to treatments should provide insights into whether signals regarding compartmentalization versus collective decision making in a coalition cabinet condition responsibility attribution. Vignette experiments have been used extensively to try to tease out causal factors shaping vote choice (e.g., Kayser and Graffstrom, 2019; Healy and Lenz, 2014). There is evidence that these vignettes accurately reflect public attitudes (Hainmueller et al., 2015). But there is also considerable evidence suggesting that, while vignette experiments may accurately
capture individual opinions and norms, they do a poor job of actually accounting for vote choice (Boas et al., N.d.; Banerjee et al., 2014; Incerti, 2019). Hence our claims here are modest – we believe the treatments in our vignette experiment can lend credence to our claim that individuals respond to a compartmentalization signal when they engage in attribution responsibility. We isolate this treatment effect with hypothetical decisions. In the actual vote decision, of course, a variety of competing signals come into play and could very well moderate the treatment effects we observe here.

These vignettes are introduced with subjects being informed that they can earn money by reading a short scenario and then responding to a few questions. Each scenario begins with the following information: “There are three political parties in this short scenario. The three parties share power equally in a coalition government – each party has an equal number of cabinet portfolios. Party Alpha is the party of the Prime Minister. Party Beta is the party of the Finance Minister. And Party Gamma is the party of the Minister of Foreign Affairs.”

Subjects are then randomly assigned to one of four coalition decision making scenarios. These scenarios vary on two dimensions. Most importantly for our conjecture, they differ in terms of compartmentalization. One scenario is of collective coalition decision making: “The Government, consisting of Party Alpha, Beta, and Gamma, commits to one overarching goal that is promoting growth and creating jobs. They jointly draft government tax and spending policies that they collectively agree to implement. These government priorities of promoting growth and creating jobs are then announced to the public by the Prime Minister from Party Alpha.”. A second scenario has a “compartmentalized” frame: “The Finance Minister from Party Beta commits to one overarching goal that is promoting growth and creating jobs. The Finance Minister drafts government tax and spending policies to be implemented. These government priorities of promoting growth and creating jobs are then announced to the public by the Prime Minister from Party Alpha.”. Our expectation is that FM party accountability for the economy will be higher overall in compartmentalised scenario than collective scenario.
There are two versions of both the compartmentalized and collective treatments – each has a version in which the Prime Minister Party announces the policy priorities and one in which the Finance Party announces the priorities. Random assignment to these two versions tests whether subjects simply respond to the messenger prime or whether in fact compartmentalization is driving their responsibility attribution. Including the messenger prime treatment will increase our confidence in the robustness of any observed compartmentalization treatment effect (Dafoe et al., 2018).

There are thus four versions of the scenario to which subjects are randomly assigned (compartmentalized/FM messenger; compartmentalized/PM messenger; collective/FM messenger; collective/PM messenger). After each scenario, subjects are asked to evaluate each of the three parties given that the economy performs either above or below expectation. The expectation is that subjects will hold FM most responsible for economic outcomes in the compartmentalized treatment, regardless of who announces the economic policy.

Subjects make decisions in two rounds of this vignette experiment – one in which the economy improves and one in which it deteriorates. In each round, subjects are randomly assigned to one of the four vignettes treatments described above. Of interest here is whether the compartmentalization effect exhibits any asymmetry since there is some evidence in the literature that economic voting is stronger in response to a deteriorating economy (Park, 2019).

We conduct these online experiments in Ireland and the Netherlands, different national contexts where subjects are likely to have some familiarity with government coalitions. The incentivized experiment is conducted with two subject pools: the Nuffield CESS Online subject pool in Ireland (N=97); and the Respondi subject pool in The Netherlands (N=80).

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13 The question was: “As a voter how would you evaluate Party Alpha [Beta/Gamma], the Prime Minister’s [Finance Minister’s/Minister of Foreign Affairs’] Party, for an economy that performs above [below] expectations?”

14 In the positive [negative] version subjects are told: “We are interested in how voters would react to this government when the economy performs above [below] expectations – so when GDP growth is much higher [lower] than normal and unemployment rates drop [rise] to very low [high] levels.”

15 Details of the implementation of the survey experiment are provided in the online supporting information.
Randomization worked properly; in each country we have roughly equal numbers in the 8 treatments – in the online supporting information we present balance statistics for the treatment groups.

The results are mixed although there is clear evidence supporting our conjecture regarding the compartmentalization signal. One striking result is the difference between the economic performance conditions (subjects made decisions for both an improving and deteriorating economy). For the improving economy condition we find very little treatment effects in both countries – these results are presented in Figure E1 and Table E1 in the supporting information.

There is evidence supporting our conjecture for the negative economy condition. These results for Ireland and The Netherlands are summarized in Figure 4. The party responsible for Foreign Affairs is always attributed the least responsibility for economic outcomes; the Finance Minister party is consistently held most accountable; and the Prime Minister’s party is consistently accorded levels of responsibility that fall between the Finance Minister party and the Foreign Affairs party.

Irish results for the negative economic condition are all consistent with our expectations. The Finance Party receives the most negative evaluations in the first two rows of graphs with the compartmentalized treatments. And amongst these two compartmentalized treatments, the scenario in which the Finance Party announces the policy, generates the most negative evaluation of all four scenarios. The Irish results on balance confirm that when voters observe signals that coalition cabinet decision making is compartmentalized, they are more likely to hold the Finance Minister Party accountable for economic outcomes.

For the Dutch negative condition, the magnitudes of the evaluations across the three parties are as expected – the Finance Party tends to get most of the blame; Foreign Affairs gets the least blame; and the PM party falls in between these two. The one treatment in which we expect the Finance Party to receive the most blame – the compartmentalization-FM announcer treatment – in fact does receive the lowest evaluation across all parties and
Figure 4: Compartmentalization Treatment Effects: Ireland and Netherlands 2019

Note: Reported here are the results for the Irish (left graph) and Dutch (right graph) Treatment Effects. These are the results of the negative economic scenario. N=97 for Ireland and N=80 for The Netherlands.
treatments. On the other hand, overall, the punishment for the FM Party in the compartmentalization treatment is not as significantly different than the collective one as we would have expected, and as we observed in the Irish case.

Table 4: Compartmentalization Treatment Effects for Negative Economic Outcomes: Ireland and The Netherlands

<table>
<thead>
<tr>
<th></th>
<th>Rating of Finance Minister Party</th>
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<tbody>
<tr>
<td></td>
<td>Ireland</td>
<td>Netherlands</td>
<td>Pooled</td>
<td></td>
</tr>
<tr>
<td>Collective: PM Announcer</td>
<td>0.125</td>
<td>-6.796</td>
<td>-2.806</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(7.38)</td>
<td>(8.65)</td>
<td>(5.59)</td>
<td></td>
</tr>
<tr>
<td>Compartamentalized: PM Announcer</td>
<td>-2.098</td>
<td>1.099</td>
<td>-0.397</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(7.54)</td>
<td>(8.10)</td>
<td>(5.48)</td>
<td></td>
</tr>
<tr>
<td>Collective: FM Announcer</td>
<td>(ref.)</td>
<td>(ref.)</td>
<td>(ref.)</td>
<td></td>
</tr>
<tr>
<td>Compartamentalized: FM Announcer</td>
<td>-13.65*</td>
<td>-10.71</td>
<td>-12.67**</td>
<td>(6.00)</td>
</tr>
<tr>
<td></td>
<td>(7.67)</td>
<td>(9.77)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Effects (Netherlands)</td>
<td></td>
<td></td>
<td>15.87***</td>
<td>(3.86)</td>
</tr>
<tr>
<td>Constant</td>
<td>31.94***</td>
<td>48.18***</td>
<td>32.12***</td>
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<td></td>
<td>(5.80)</td>
<td>(6.43)</td>
<td>(4.68)</td>
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<tr>
<td>R²</td>
<td>0.052</td>
<td>0.031</td>
<td>0.131</td>
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<tr>
<td>N</td>
<td>97</td>
<td>80</td>
<td>177</td>
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</table>

Standard errors in parentheses
* p < 0.10, ** p < 0.05, *** p < 0.01

Table 4 reports the OLS regression results with the evaluation of the finance minister party as the dependent variable and treatments as the independent variables – i.e, estimating the treatment effects illustrated in Figure 4. Again, the Irish results are most consistent with our expectations – the FM party is more strongly punished for a deteriorating economy under the compartmentalization condition, even in the case when the vignette messenger is the PM Party. Note that, given the reference category, the negative effect of the treatment compartmentalized-FM announcer is due to compartmentalization alone. In the Dutch case, we see a similar negative treatment effect in magnitude, although not statistically significant.
When we increase power by pooling both the Irish and Dutch samples, we see that, holding the announcement by the FM constant, compartmentalization significantly reduces the rating of the finance minister party (13 points in a 100-point scale, p < .05).

We claim that compartmentalization of coalition cabinet decision making increases responsibility attribution directed at the Finance Minister Party. This implies that voters respond to signals regarding the compartmentalization of coalition cabinet decision making. The vignette experiment simply explores whether these signals regarding compartmentalization in fact trigger higher levels of blame or approval for, at least in this case, parties responsible for economic outcomes. The results from these vignette experiments confirm that subjects particularly in Ireland, but also, to a lesser extent, The Netherlands, respond to signals regarding compartmentalized versus collective decision making in a fashion consistent with our overall argument. A caveat that possibly speaks to the ongoing debate regarding asymmetric economic voting (Park, 2019), we only find large treatment effects for the vignette scenarios in which the economy is doing poorly.

6 Conclusions

Comparative politics has made significant advances in our understanding of how coalition governance functions but also with respect to how voters hold coalition parties accountable for outcomes. This essay builds on these rich insights. We focus specifically on the coalition-directed economic vote: how voters hold coalition parties accountable for economic policy outcomes. Our contribution to this growing literature is to demonstrate how voters deploy an agenda setting heuristic in order to attribute responsibility in coalition contexts.

A challenge in the literature on coalition-directed voting is identifying those ecologically rational heuristics deployed by the average voter (Fortunato et al., 2016). Duch et al. (2015) provide experimental evidence suggesting that agenda power is an important heuristic for responsibility attribution. The decision maker in a collective decision making entity with
proposal power tends to attract a disproportionate amount of the blame or reward from those who are materially affected by these decisions.

The interesting puzzle is determining whether this agenda setting heuristic is useful for, and hence deployed by, the average voter. First, we provide empirical support for the conjecture that voters accord agenda setting power to specific coalition parties. The Duch et al.’s (2015) experimental results suggest that a party’s economic vote should be shaped by its ability to control the agenda for economic outcomes. Our results suggest that the PM party is perceived as having agenda power; but they also suggest that voters perceive the party in charge of the Finance Ministry as an economic policy agenda setter.

Our second contribution is novel in that it explores how the coalition context can condition responsibility attribution. We argue that there are features of coalitions’ decision making that can either exaggerate or mute responsibility attribution accorded to the agenda setters. Building on Falcó-Gimeno (2014) we argue that cabinet decision making can be structured in a compartmentalized fashion where coalition parties take issue ownership for particular policy areas. In this case we conjecture that the proposal power that accrues to individual ministers is enhanced and we expect to see the FM party receiving a relatively large economic vote. By contrast, in the case where coalition decision making is collective and parties have an overlapping association with policy areas, the agenda setting power heuristic attached to the FM role is reduced which results in a smaller economic vote for this party.

Our empirical results confirm the initial conjecture. In all coalitions, irrespective of the particular context, the Prime Ministerial party receives the largest economic vote, especially when it simultaneously occupies the Finance ministry. Controlling the finance portfolio by itself, though, does also increase the economic vote, which endorses the idea that agenda setting power over economic issues is shared between different parties in coalition governments. Moreover, cabinet contexts in which responsibility is compartmentalized, provide voters with an even clearer signal regarding the agenda power of the party controlling the
Finance Ministry. Accordingly, we find that in compartmentalized coalitions Finance Minister parties that do not control the PM have a high economic vote. In fact, it appears that as compartmentalization rises, voters’ perception of the Finance Minister party’s economic responsibility increases at the expense of the Prime Minister party’s responsibility.

Our analysis of extensive survey data identified cabinet compartmentalization as a signal that voters likely employ in order to determine whether a party has agenda setting power. A missing element here is the causal effect of the compartmentalization signal at the individual level. We implement online survey vignette experiments in Ireland and the Netherlands that isolate the causal effect on coalition party evaluations of this compartmentalization signal. While hardly definitive, the results from these online experiments, particularly in the Irish case, support our conjecture that compartmentalization signals to voters the agenda setting power of governing coalition parties. More generally, though, they suggest a direction for efforts to causally identify how institutional factors condition the economic vote.

This evidence that agenda setting signals condition responsibility attribution — as opposed to other heuristics that voters might deploy — has important implications for understanding coalition politics. On a very general level it suggests that coalition parties can anticipate different electoral consequences from economic shocks depending on the compartmentalization of coalition policy making. When the Finance Minister and Prime Minister are from different parties, one might expect a certain electoral damage control on the part of the PM. In fact, as we show, the likelihood that the FM Party bears the brunt of responsibility for an economic shock is very much conditional on whether it is perceived as the agenda setter. We know that during recent economic shocks many incumbent governments were relatively unscathed in post-recession elections (Kayser and Peress, 2012). Speculating here, the proposal power of Finance Ministers may help explain when coalition government parties are, or are not, punished electorally for serious economic shocks.

A strong agenda setting signal should bring fiscal policy into closer alignment with voter preferences. More so than other parties in the governing coalition, the Finance Minister
Party, when the agenda setting signal is strong, has an interest in positive macro-economic outcomes. This can lead to more sound fiscal policies. As many have pointed out, the increased diversity of groups represented in coalition governments tends to inflate budget spending (Bawn and Rosenbluth, 2006; Persson et al., 2007). The agenda setting signal may constitute one of the institutional features of cabinet governance that moderates these inherent pressures in coalition government (Martin and Vanberg, 2013). On the other hand, a Finance Minister (subject to a strong agenda setting signal) can benefit from electorally opportunistic fiscal policies. Again, speculating, variations in this agenda setting signal may contribute to the unique Political Business Cycles that characterize cabinet governments (Fortunato and Lofts, 2018).

We have portrayed the agenda setter context as being relatively static. It might not be, particularly during an economic crisis. As Herzog and Jankin Mikhaylov (2020) demonstrate in the Irish case, financial crises that seriously constrain government budgets can shift proposal power from the Finance Minister to the Prime Minister. Hence, we may in fact observe opportunistic public spending occurring as a result of economic shocks that undermine the agenda setting power of the Finance Minister.

All of this is to suggest that, being perceived as an agenda setter, can be advantageous for Finance Minister parties, although this depends on the economic and political circumstances. Also a strong agenda setting context with the Finance Minister and Prime Minister from different parties can be incentive compatible with responsible fiscal policies. But again this will likely be contingent on political and economic circumstances. Our contribution is simply to make a strong case for including the agenda setting context as an important contributing factor to these outcomes. Clearly further research is required to better understand how perceived proposal power shapes the Finance Minister’s management of economic policy.
References


or, why legislatures, like firms, are not organized as markets.” The Journal of Political Economy 96:132–163.

Supplemental Material for “Coalition-Directed Economic Vote and the Finance Minister”

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B Replication on the extended sample  
C Inclusion of further controls  
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A Complete regression tables

Table A1 and Table A2 present the results of estimating the linear regression models employed to generate the marginal effects estimates and predicted values in Table 2, Figure 2, Figure 3, and Table 3.

Table A1: Baseline models and interaction with compartmentalization: OLS estimates

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Standard errors in parentheses
* p < 0.10, ** p < 0.05, *** p < 0.01
Table A2: Robustness checks of the main models: OLS estimates

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| Party Size (% Seats) | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     |
| Economic Profile      | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     |
| Common Time Trend     | x     | ✓     | x     | x     | x     | x     |
| Country Time Trend    | x     | x     | ✓     | x     | x     | x     |
| Year FE               | x     | x     | x     | ✓     | x     | ✓     |
| Country FE            | x     | x     | x     | ✓     | ✓     | ✓     |

N 592 592 592 592 592 592

* Standard errors in parentheses
* p < 0.10, ** p < 0.05, *** p < 0.01
B  Replication on the extended sample

Table B1 and Figure B1 replicate the analyses in Table 2 and the two upper panels in Figure 3, respectively, in an extended sample of observations. This extended sample does not restrict on having information for all variables in our full model that includes the *Compartamentalization* variable (N=592). Hence, our baseline models can be run on a sample of 700 party-government observations when we only control for party size and 628 when we add preference salience for economic issues. It can be seen that both the marginal effects’ estimates and the predicted values are very similar to those presented in the main text.

Table B1: Baseline models on the extended sample: Marginal effects of government participation on the economic vote

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Standard errors in parentheses
* p < 0.10, ** p < 0.05, *** p < 0.01
Figure B1: Predicted Party Economic Vote by type of government and role in coalition on the extended sample (95% confidence intervals)

Note: Opp-Sp – opposition party facing a single-party government; Opp-Coal – opposition party facing a coalition government; Gov-Sp – party in a single-party government; Gov-Coal – party in a coalition government; noPM-noFM – coalition party that does not control the PM or the FM; noPM-FM – coalition party that does not control the PM but controls the FM; PM-noFM – coalition party that controls the PM but not the FM; PM-FM – coalition party that controls both the PM and the FM.
C Inclusion of further controls

Model 1 in Table C1 presents the estimates of the marginal effects of occupying the Prime ministership (PM) and the Finance portfolio (FM) under low and high levels of government compartmentalization, when the values of incumbent party and coalition government are set to 1. The full specification of the baseline OLS model: \[ PEV = \alpha + \beta_1 Incumbent\ Party + \beta_2 Coalition + \beta_3 PM + \beta_4 FM + \beta_5 Incumbent\ Party \times Coalition + \beta_6 Coalition \times PM + \beta_7 Coalition \times FM + \beta_8 PM \times FM + \beta_9 Compartmentalization + \beta_{10} Incumbent\ Party \times Compartmentalization + \beta_{11} PM \times Compartmentalization + \beta_{12} FM \times Compartmentalization + \beta_{13} PM \times FM \times Compartmentalization + \beta_{14} Party\ Size + \beta_{15} Economic\ Profile + \epsilon \] (see model 1 in Table A2).

The Online Appendix I provides additional views of the analyses provided in the main text along with a set of additional robustness checks on the model specifications. Columns 2-6 of Table C1 provide a set of additional robustness checks on the model specifications. These columns present the estimates of the same model above but controlling for various governmental and contextual characteristics that might confound the effect of compartmentalization. To this end, we add the control variables and their interaction with our key governmental role indicators to the OLS model above: \[ \beta_{16} CONTROL + \beta_{17} Incumbent\ Party \times CONTROL + \beta_{18} PM \times CONTROL + \beta_{19} FM \times CONTROL + \beta_{20} PM \times FM \times CONTROL. \]

In each of the columns the variable CONTROL is one of the following:

**Minority Government:** Dummy variable that takes value ‘1’ when government parties do not command a majority of seats in Parliament and ‘0’ otherwise.

**Size Imbalance:** Standard deviation of the seat share contribution to the government of governmental parties. Higher values indicate a larger difference in sizes and lower values indicate that the government is composed of similarly sized parties.

**Ideological Divisions:** Distance between rightmost and leftmost party in government in MARPOR’s RILE (left-right) scores (Volkens et al., 2014). Higher (lower) values indicated
Table C1: Robustness Check: Marginal Effect of holding the PM and FM in a coalition, with the inclusion of further controls

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<td>(0.67)</td>
<td>(0.64)</td>
<td>(0.58)</td>
<td>(0.67)</td>
</tr>
<tr>
<td>FM (high compartment.)</td>
<td>-2.74***</td>
<td>-2.47***</td>
<td>-2.36**</td>
<td>-3.19***</td>
<td>-3.19***</td>
<td>-2.62***</td>
</tr>
<tr>
<td></td>
<td>(0.90)</td>
<td>(0.90)</td>
<td>(0.98)</td>
<td>(1.00)</td>
<td>(0.81)</td>
<td>(0.98)</td>
</tr>
</tbody>
</table>

Minority Government  | ✓      | ✓      | ✓      | ✓      | ✓      | ✓      |
Size Imbalance        | ✓      | ✗      | ✓      | ✓      | ✓      | ✗      |
Ideological Divisions | ✓      | ✗      | ✓      | ✓      | ✓      | ✗      |
Different Minister of Economy| ✓ | ✗         | ✓      | ✗      | ✓      | ✗      |
Central Bank Independence | ✓ | ✗         | ✓      | ✗      | ✓      | ✓      |

N  | 592    | 592    | 592    | 592    | 592    | 549    |

Compartmentalization values: low = 1.75 (one SD below the median); high = 4.43 (one SD above the median). Standard errors in parentheses

* p < 0.10, ** p < 0.05, *** p < 0.01

...
presented in the main text: controlling the PM generates a larger economic vote that ranges between -1.6 and -2.6 PEV units, irrespective of compartmentalization. The marginal effect for the FM, on the other hand, very much depends on compartmentalization. While the effect of occupying is statistically indistinguishable from zero when compartmentalization is low (sometimes even positive), it escalates to similar, if not larger, figures than for the PM (from -2.4 to -3.2) when compartmentalization is high.
D  Online vignette survey experiment: Screen shots

Experiment Introduction

We will ask you to make a number of decisions in this experimental session. These decisions will all be totally anonymous and you will earn money based on the decisions you make. You will be informed of your earnings for this module at the end of the experiment. The exchange rate is: 1000 ECUs = 1 €

Figure D1: Introduction

Module 1: RET

In this Module, you will work on an Adding Numbers task. You will be asked to compute a series of additions in one minute. Your earned income depends on how many correct answers you provide. You will get 100 ECUs per correct answer.

Figure D2: Real Effort Task

Module 2 Picture Puzzle

In module 2 you will see a picture puzzle for 30 seconds. You can earn money by indicating how many cows are in the picture. Once the 30 seconds pass, the picture will disappear.

After the 30 seconds you will see a pull-down menu. The number of cows you select on the pull-down menu will earn you money. Your earnings will be 100 ECUs times the number you select in the pull-down menu. So, for example, if you select two cows you earn 200 ECUs. Press the button to start.

Figure D3: Cow Puzzle
Puzzle

Figure D4: Cow Puzzle

How many cows did you find in the picture? You will get 100 ECUs times the number you select on the pull-down menu.

Submit

Figure D5: Cow Puzzle
Module 3. The Vignette Task

Now you will earn money by reading two short paragraphs about politics and then helping us classify the stories. Please read these two short paragraphs that describe a typical political scenario. After you read the paragraphs you will be asked to answer four questions. You will then be paid for answering these four questions about the stories. You can earn up to 300 ECUs answering these questions.

Scenario

There are three political parties in this short scenario. The three parties share power equally in a coalition government – each party has an equal number of cabinet portfolios. Party Alpha is the party of the Prime Minister. Party Beta is the party of the Finance Minister. And Party Gamma is the party of the Minister of Foreign Affairs.
The Government, consisting of Party Alpha, Beta, and Gamma, commits to one overarching goal that is promoting growth and creating jobs. They jointly draft government tax and spending policies that they collectively agree to implement. These government priorities of promoting growth and creating jobs are then announced to the public by the Prime Minister from Party Alpha.

We are interested in how voters react when the economy performs below expectations – GDP growth is much lower than normal and unemployment rates rise to very high levels.

1. As a voter how would you evaluate Party Alpha, the Prime Minister’s Party, for an economy that performs below expectations? On the left is “very bad” and on the right is “very good”.

- [ ] very bad  
- [ ] very good  

Value: 50

2. As a voter how would you evaluate Party Beta, the Finance Minister’s Party, for an economy that performs below expectations? On the left is “very bad” and on the right is “very good”.

- [ ] very bad  
- [ ] very good  

Value: 50

3. As a voter how would you evaluate Party Gamma, the Minister of Foreign Affairs’s Party, for an economy that performs below expectations? On the left is “very bad” and on the right is “very good”.

- [ ] very bad  
- [ ] very good  

Value: 50

4. Which of the three parties do you think is primarily responsible for the low GDP growth rates and higher unemployment levels?

- [ ] Party Alpha  
- [ ] Party Beta  
- [ ] Party Gamma

Figure D8: Vignette I Attribution Decision

Figure D9: Vignette I Attribution Decision
Please roll the Virtual Die

Your payment for answering these four questions will be determined by the toss of this electronic die. You receive 25 ECUs for each die digit you report-- so 25 ECU if you roll a 1; 50 ECUs if you roll a 2; up to 150 ECUs if you roll a 6.

Please click the electronic die to toss.

This virtual dice is a fair dice, all faces have the same probability of appearing. If you want confirm this, you can roll the die as many times as you want, we only ask you to report the result of the first release. Alternatively, you can roll the dice that is on your desk. Please remember only your first throw will be recorded!

Figure D10: Vignette I Decision Payment

Scenario

There are three political parties in this short scenario. The three parties share power equally in a coalition government – each party has an equal number of cabinet portfolios. Party Alpha is the party of the Prime Minister. Party Beta is the party of the Finance Minister. And Party Gamma is the party of the Minister of Foreign Affairs

Figure D11: Vignette II Frame Payment
The Government, consisting of Party Alpha, Beta, and Gamma, commits to one overarching goal that is promoting growth and creating jobs. They jointly draft government tax and spending policies that they collectively agree to implement. These government priorities of promoting growth and creating jobs are then announced to the public by the Finance Minister from Party Beta.

We are interested in how voters would react to this government when the economy performs above expectations – so when GDP growth is much higher than normal and unemployment rates drop to very low levels.

1. As a voter how would you evaluate Party Alpha, the Prime Minister’s Party, for an economy that performs above expectations? On the left is “very bad” and on the right is “very good”.

   - Very bad
   - Very good
   - Value: 50

2. As a voter how would you evaluate Party Beta, the Finance Minister's Party, for an economy that performs above expectations? On the left is “very bad” and on the right is “very good”.

   - Very bad
   - Very good
   - Value: 50

3. As a voter how would you evaluate Party Gamma, the Minister of Foreign Affairs’ Party, for an economy that performs above expectations? On the left is “very bad” and on the right is “very good”.

   - Very bad
   - Very good
   - Value: 50

4. Which of the three parties do you think is responsible for the high GDP growth rates and lower unemployment levels?
   - Party Alpha
   - Party Beta
   - Party Gamma

Figure D12: Vignette II Attribution Decision

Figure D13: Vignette II Decision Payment
Could you answer three additional questions about the scenarios you just read? You will earn 100 ECUs for each correct answer:

What party controls the Prime Ministership? Paid 100 ECUs for correct answer.
- Party Alpha
- Party Beta
- Party Gamma

What party controls the Finance Ministry? Paid 100 ECUs for correct answer.
- Party Alpha
- Party Beta
- Party Gamma

What party controls the Ministry of Foreign Affairs? Paid 100 ECUs for correct answer.
- Party Alpha
- Party Beta
- Party Gamma

Figure D14: Vignette II Decision Payment
Result

Your payment in module 1: 100 ECUs
Your payment in module 2: 1200 ECUs
Your payment in module 3: 350 ECUs

You will be redirected to a short survey in 5 seconds.

Figure D15: Final Payment
E  Experiment: Supplemental figures and tables

Figure E1: Compartmentalization Treatments (Positive Economy): Ireland and The Netherlands 2019

Note: Reported here are the results for the Irish (left graph) and Dutch (right graph) Treatment Effects. These are the results of the positive economic scenario. N=98 for Ireland and N=80 for The Netherlands.
Table E1: Compartmentalization Treatment Effects for Positive Economic Outcomes: Ireland and The Netherlands

<table>
<thead>
<tr>
<th>Rating of Finance Minister Party</th>
<th>Ireland</th>
<th>Netherlands</th>
<th>Pooled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collective: PM Announcer</td>
<td>9.638</td>
<td>3.804</td>
<td>5.729</td>
</tr>
<tr>
<td></td>
<td>(8.08)</td>
<td>(6.48)</td>
<td>(5.17)</td>
</tr>
<tr>
<td>Compartmentalized: PM Announcer</td>
<td>3.341</td>
<td>1.922</td>
<td>1.203</td>
</tr>
<tr>
<td></td>
<td>(8.43)</td>
<td>(6.48)</td>
<td>(5.32)</td>
</tr>
<tr>
<td>Collective: FM Announcer</td>
<td>(ref.)</td>
<td>(ref.)</td>
<td>(ref.)</td>
</tr>
<tr>
<td>Compartmentalized: FM Announcer</td>
<td>12.50</td>
<td>-6.939</td>
<td>1.836</td>
</tr>
<tr>
<td></td>
<td>(8.85)</td>
<td>(6.03)</td>
<td>(5.29)</td>
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<tr>
<td>Fixed Effects (Netherlands)</td>
<td></td>
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<td>-5.008</td>
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<td></td>
<td></td>
<td></td>
<td>(3.69)</td>
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<tr>
<td>Constant</td>
<td>66.73***</td>
<td>68.67***</td>
<td>71.00***</td>
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<tr>
<td></td>
<td>(6.76)</td>
<td>(4.17)</td>
<td>(4.45)</td>
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<tr>
<td>R²</td>
<td>0.0298</td>
<td>0.0402</td>
<td>0.0231</td>
</tr>
<tr>
<td>N</td>
<td>98</td>
<td>80</td>
<td>178</td>
</tr>
</tbody>
</table>

Standard errors in parentheses
* p < 0.10, ** p < 0.05, *** p < 0.01
References in supplemental information

