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A Developmental Model of Heterogeneous Economic Voting in New Democracies

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I argue that information and trust in nascent democratic institutions are two important sources of heterogeneity in economic voting in transition democracies. Economic voting develops in postcommunist electorates as ambiguity regarding the link between government policy and economic outcomes declines. The link becomes less ambiguous as citizens become more informed about how democratic institutions function and gain increasing confidence or trust in the responsiveness of these institutions to public preferences. In the early period of democratization the conditions necessary for an effective agency relationship between voter and incumbent are not yet fully developed. Economic voting increases as these levels of information on, and trust in, government rise. The analysis that tests these propositions is based on a public opinion survey conducted in Hungary in 1997. The test is replicated with a 1997 Polish election survey.

The economic dislocation associated with recent democratic transitions has been portrayed as a serious threat to incumbent governments that could complicate the consolidation of political reforms (Diamond 1996; Diamond and Linz 1989; Finifter and Mickiewicz 1992; Haggard and Kaufman 1995; Linz 1978; Przeworski 1991, 1995). For the most part these arguments are founded on a sanctioning model of economic voting (Downs 1957; Fiorina 1978, 1981): Citizens respond to economic dislocation in a fairly homogeneous fashion by punishing the incumbent government. Yet, evidence suggests considerable heterogeneity in the political response of citizens to economic shocks. This essay proposes a developmental model of economic voting that accounts for this heterogeneity. It is hypothesized that as citizens become more informed about democratic processes they engage in higher levels of economic voting. Similarly, as they develop more trust in nascent democratic institutions, they are more likely to anticipate a responsive government and will be more likely to engage in economic voting.

To test these propositions, I draw on a survey of Hungarian public opinion that I conducted in December 1997. Hungary is an appropriate context because recent elections there in some sense typify the paradox of economic voting in postcommunist societies. The country experienced serious economic problems in 1994, and the defeat of the incumbent government, led by the Hungarian Democratic Forum (Magyar Demokrata Fórum—MDF) conforms nicely to the economic voting model. The 1998 elections conform less well to the standard model: The incumbent Hungarian Socialist Party (Magyar Szocialista Párt—MSZP) coalition was defeated despite an improving economic situation. The Hungarian analysis was replicated in Poland employing the Polish Public Opinion Research Center Election Study of June 1997.

THE ECONOMIC VOTE IN CONSOLIDATING DEMOCRACY

The standard economic voting model posits that citizens make electoral decisions based on their perceptions of economic performance. Voters punish incumbents who fail to deliver acceptable economic outcomes and reward governments that meet their expectations. This model assumes an agency relationship between voters and politicians. Voters are the principal and have the power to sanction or reward their agents. Politicians are the agent and are subject to voter oversight and sanctions. Elections are essentially a referendum on the economic performance of the incumbent government. Typically, support for the model rests on evidence of a correlation between economic outcomes, or perceptions of them, and voting behavior; that is, positive outcomes lead to support for the incumbent, and negative outcomes favor the challenger.¹

For the most part, aggregate-level models of economic voting treat the voters as homogeneous in their reaction to economic performance (Goodhart and Bhansali 1970; Haller and Norpoth 1994; Mackuen, Erikson, and Stimson 1992; Stigler 1973). Even much of the individual-level research treats the population as rather homogeneous in this regard (Fiorina 1978, 1981; Kinder and Kiewiet 1979, 1981; Lewis-Beck 1988; also see Lanoue 1994; Nannestad and Paldam 1994; Norpoth 1996). An important consequence of such treatment is the expectation that citizens in a wide variety of

¹ As Powell and Whitten (1993) and others point out, there is considerable variation in the ability to identify clearly the incumbent. In a two-party parliamentary system, as in Britain, the identity of the incumbent is usually obvious. In the case of coalition governments, certain parties may bear more responsibility for economic outcomes than others. In semipresidential systems, as in France and Poland, responsibility for economic outcomes can shift from the president to the prime minister, depending upon who controls the legislature.
national contexts will respond to economic fluctuations in a fashion consistent with this sanctioning model of economic voting (Paldam 1991; Whitten and Palmer 1999).

Building on the notion that economic voting can be widely generalized, researchers have extensively applied the model to the study of citizen responses to the economy at varying stages of democratic development. The literature on postcommunist regimes typically assumes a traditional economic voting specification. There is support in this research for the notion that perceptions of economic performance condition evaluations of, or likelihood to vote for, the incumbent government (Duch 1993, 1995; Mishler and Rose 1994, 1996; Przeworski 1991). The success of former communist opposition parties in Hungary in 1994 and in Poland in 1993, for example, tends to support the referendum model of economic voting (Markowski and Toka 1998). Apparently, voters responded to serious economic dislocation by rejecting the incumbent government. The notion that the classic economic voting model applies to countries at varying levels of democratization is also supported by Remmer’s (1991) work on Latin America. Her cross-national analysis of election results during the 1980s suggests that economic voting is not sensitive to a country’s democratic maturity.

A number of recent works on nascent democracies question the appropriateness of the conventional economic voting model. Przeworski’s (1996) analysis of support for incumbents and for economic reform in Poland yields results that are at odds with the conventional model: Although unemployment reduced support for the incumbent, higher inflation favored the incumbent, which is exactly the opposite predicted. Reinforcing this finding is the Powers and Cox (1997) analysis of a mass public survey conducted immediately after the September 1993 parliamentary elections in Poland. At best, they argue, economic evaluations (change in living standards) had a weak effect on vote choice. A much more important factor was whether voters attributed responsibility for declining living standards to state socialism or to policies adopted by the reformers. Tucker (1999a, 1999b) tested the model in five East and Central European nations and concludes that voters do not so much reward or punish incumbent parties as vote for (or against) parties with reform or antireform policy credentials. Dominguez and McCann (1996) find little support for the economic voting model in Mexico. These studies suggest that voters in a transition context may not respond to economic outcomes according to the conventional model, that is, by voting for the incumbent when times are good and vice versa.

Other studies suggest that individuals in both mature and nascent democracies respond to the economy in a heterogeneous and nuanced fashion. Hibbs (1982) demonstrates that class or occupational groupings respond differently to fluctuations in consumer prices and unemployment indicators. Mackuen and Mow (1995), Krause (1997), Rivers (1998), Duch, Palmer, and Anderson (2000), and Smith (1998) show the extent to which responsiveness to economic performance varies significantly among different subgroups of the U.S. electorate. Recent efforts to understand public support for structural reform in Mexico, Peru, and Poland (Buendia 1996; Kaufman and Zuckermann 1998; Przeworski 1996; Stokes 1996) indicates the heterogeneity of group responses to the economy. It appears the model must recognize that various segments of the population respond differently to economic outcomes. The question is why.

I argue that information and trust in nascent democratic institutions are two important sources of heterogeneity in economic voting in transition democracies. Economic voting develops among postcommunist electorates as ambiguity regarding the link between government policy and economic outcomes declines. The link becomes less ambiguous as citizens become more informed about how democratic institutions function and gain increasing confidence or trust in the responsiveness of these institutions to public preferences. In the early period of democratization the conditions necessary for an effective agency relationship between voter and incumbent are not yet fully developed.

Information

The referendum model presumes that voters, or at least a preponderance of them, are reasonably well informed. If these principals are poorly informed about politics and the economy as well as how their political choices affect economic outcomes, then they cannot effectively monitor their agents, incumbent governments. Without effective monitoring they cannot sanction or reward incumbents for economic outcomes. The importance of this information assumption is widely recognized by scholars. In summing up the literature on democracy and accountability, Manin, Przeworski, and Stokes (1999, 23) note:

Thus, although we end up with a vague sensation that what governments do has some connection to what citizens want, the modality of this connection remains opaque. . . . Yet there are some things we have learned. Perhaps foremost is the importance of information—a theme pervasive in most contributions. The main difficulty both in instructing governments what to do and in judging what they have done is that we, citizens, just do not know enough.

This is reiterated by Fearon (1999), who formally demonstrates the extent to which the information requirements of the referendum model of democratic accountability undermine its applicability for explaining voting decisions.

There is considerable empirical evidence, particularly from mature democracies, that political information varies significantly within populations and has important implications for political behavior in general and for economic voting in particular. Zaller (1992) and others (Delli Carpini and Keeter 1996) persuasively demonstrate that the reception of messages regarding policy outcomes (and their causes), such as economic performance, is highly contingent upon the level of political information, which varies considerably.
within the population around a fairly low mean value. Krause (1997, 1192) finds that the uninformed are less likely to employ evaluations of economic performance in their vote decision, although Zaller (2001) argues exactly the opposite.

Moreover, there is a tendency for the less informed to rely more on personal financial circumstances as opposed to overall economic conditions in their vote decision (Conover, Feldman, and Knight 1987; Delli Carpini and Keeter 1996; Krause 1997; Weatherford 1983; but see Hetherington 1996). They also are less likely than the informed to perceive correctly the actual trends in economic performance (Conover, Feldman, and Knight 1987; Krause 1997). Finally, Suzuki (1992) suggests that the informed segments of the electorate are affected by the political business cycle differently from the uninformed. Thus, a significant body of evidence suggests that information affects the level and nature of economic voting.

Information is significant for economic voting in new democracies because the development of an informed citizenry is a critical part of the process. During this formative stage, the populace adapts to the novel information opportunities and demands of a democratic polity. Inglehart (1977) points out that a principal correlate of democratization is what he labels cognitive mobilization, which essentially is defined as the growing political awareness of citizens. It reflects the increasing supply of information and messages in democratic contexts and also the rising mass demand for information that is critical for the fulfillment of citizen responsibilities in a democratic polity. In the early stages of democratization, political information levels are likely to be less well developed than in more mature democracies.

In former communist regimes, voters are particularly affected by the novel information demands and opportunities associated with democracy. They are exposed to increasingly numerous, heterogeneous, and conflicting messages regarding both the economy and politics. They also face a much broader set of political choices for which this information is relevant. During the transition period, they learn how to employ the messages they receive, such as those about the economy, in translating preferences into political choices. Within postcommunist regimes there are significant differences in the level of political information, particularly between major urban areas and rural settings. Jones, Willerton, and Sobel (1998) point to this as one explanation for the fact that the major urban centers of Russia (Moscow and St. Petersburg) respond to macroeconomic crisis, whereas the response is much more muted in the more rural parts of the country.

In successive elections, these information barriers are overcome as voters become better informed about politics and the economy. This results from observation and experience as well as improved media coverage (see Goidel and Langley 1995; Hetherington 1996 discusses the effect of media coverage on economic evaluations). As voters become more knowledgeable about the political process, ambiguities regarding the link between government policy and economic outcomes decline, and their level of economic voting rises.

Trust

A second element of the economic voting model that is particularly relevant to new democracies is trust in political actors and governmental institutions. Political trust is typically conceptualized as an indicator of the basic ethical qualities of public officials, the efficiency of government, and the correctness of its decisions (Hetherington 1998, 791). Distrust in government can be viewed as expecting a relatively high level of shirking or rent seeking on the part of elected officials. Hetherington (1998, 1999) demonstrates that trust, or lack of it, shapes voter attitudes toward incumbents and basic democratic institutions. Voters with a relatively high level of trust are likely to believe that rent seeking by politicians can be controlled through the threat of electoral defeat (Ferejohn 1986). They expect that replacing incumbents who perform poorly can lead to the implementation of better economic policies.

Voters with a low level of trust in political actors and governmental institutions believe that a pure sanctioning strategy may result in the election of agents with a penchant for rent seeking or shirking regardless of whether they are incumbents or challengers. Replacing the incumbent has a high probability of producing just as much if not more rent seeking, but reelecting incumbents only rewards those who are already shirking. To the extent that these distrustful voters are able to discern political actors who engage in less rent-seeking behavior, they may opt for nonsanctioning strategies, such as the selection of “good” (or less bad) representative types, as argued by Fearon (1999). This implies that economic voting, which is a pure sanctioning strategy, will be more prevalent among citizens with a higher, as opposed to a lower, level of political trust.

In nascent democratic regimes, a low level of political trust may inhibit voters from employing sanctioning strategies that are critical for the economic voting model. If trust is low, voters who supported an incumbent party in the previous election may be unwilling to elect the opposition, even in the case of poor economic outcomes. Although the sanctioning model predicts that voters will abandon the incumbent, the risk associated with voting for the opposition may simply outweigh the pay-offs associated with sanctioning the incumbent (Przeworski 1991). Morgenstern and Zechmeister (2001) demonstrate that risk-averse individuals in Mexico are less likely to sanction the incumbent for poor economic performance, whereas risk-acceptant individuals are significantly more likely to engage in economic voting. They note that voter uncertainty with the opposition parties declines over time, which reduces the risk of employing a sanctioning strategy.

A key characteristic of the democratization process is the development of trust in political actors. In the early stages we expect low levels of political trust, due to a relatively high level of uncertainty as well as unfamiliarity with different political parties and with the process itself. An extensive empirical literature
establishes that this is the case. Mishler and Rose (1997) and Rose, Mishler, and Haerpfer (1997) document the extent to which political trust is underdeveloped in the postcommunist regimes of East and Central Europe. Inglehart (1990) demonstrates the extent to which trust is strongly correlated with democratization and is higher in more mature democracies.

In sum, in nascent democracies there is likely to be a high percentage of low-trust individuals, and the correlation between economic performance and voting behavior will be weaker than in democracies with relatively high trust levels. As trust increases and the expectation of rent-seeking behavior by politicians declines, citizens are more likely to engage in economic voting.

Reform Policies

A simple sanctioning model may not be appropriate for postcommunist regimes, which often implement painful economic structural reforms. Sanctioning incumbents for short-term fluctuations in economic outcomes may not be a dominant strategy. Information deficiencies may make it virtually impossible for voters to determine the extent to which short-term economic outcomes are the fault of policy initiatives as opposed to macroeconomic forces beyond the control of the national government (such as International Monetary Fund or European Union dictates). The rational strategy may be for voters to entrust politicians, who have policy perspectives close to theirs, with the mandate of making correct decisions. Given the complexity of the macroeconomy and information asymmetries, some argue that voters can do no better than adopt this equilibrium strategy (Fearon 1999).

There is strong evidence that reform policy preferences shape the manner in which voters in transitional postcommunist regimes react to the macroeconomy. Tucker (1999a, 1999b) argues, for example, that anti-reform parties are likely to benefit from poor economic performance, whereas proreform parties will do well during periods of good economic performance. The aggregate-level evidence from Tucker (1999b) and Pacek (1994) suggests this is likely to be the case. Powers and Cox (1997) also find that including controls for blame attribution (the "first-wave" reformers versus the anti-reform postcommunist parties) significantly reduces the effect on vote choice of economic evaluations.

These studies make it quite clear that the economic calculus that shapes postcommunist voting decisions likely includes concerns regarding short-term fluctuations in the economy as well as the party's stance on economic reforms. It is critical that the model correctly capture this economic calculus. A decision to support the incumbent, which happens to be an anti-reform party, despite a negative economic evaluation could have two interpretations. It may simply reflect an absence of economic voting. Alternatively, it may reflect the fact that anti-reform parties benefit from a bad economy because respondents blame economic reforms for bad economic outcomes and express their dissatisfaction by supporting parties with anti-reform credentials (in this case the incumbent). The appropriate model specification should include both an evaluation of economic outcomes and a measure that controls for the extent to which the voter agrees with the incumbent party's stances on economic reform.

In the Hungarian case this specification is complicated by the fact that the parties' traditional positions regarding economic reform shifted considerably, particularly as the 1998 election approached. The MSZP, in spite of its communist heritage, moved increasingly in a pro-reform direction, particularly during its 1994–98 tenure in government. During that tenure, the MSZP essentially championed virtually all the economic reform policies advocated by the International Monetary Fund and to some extent imposed on Hungary by the European Union, especially following the formal invitation to begin accession talks in 1997.

In contrast, the leading opposition parties of the center and center-right were increasingly critical of many of the economic reforms enacted by the socialists. In its populist campaign in 1998, for instance, the Federation of Young Democrats–Hungarian Civic Party (Fiatal Demokraták Szövetsége-Magyar Polgári Párt—FIDESZ-HCP) often took what seemed to be a more traditionally leftist position than the MSZP on several issues. On nationalist issues, the coalition of the FIDESZ-HCP and the Smallholders' Party remained more traditionally rightist than the MSZP. But with regard to several well-politicized economic issues—such as the socialist-imposed university fees, higher pensions, and fiscal support for families—the FIDESZ was more redistributive than the MSZP. This complicates the specification of an economic reform measure in a model of support for the incumbent. Given the parties' shifting positions, voters could have very different perceptions of where the parties stood on the reform issue. An individually calibrated measure to deal with this problem is described below.

DATA AND MEASURES

Economic Voting in Hungary

Hungary fits two essential criteria for testing the different perspectives on economic voting. First, it is a young postcommunist democracy that held two sets of democratic elections (1990 and 1994) before the survey employed in this analysis. This is a context in which we would expect meaningful variation in attitudes toward nascent democratic institutions and in levels of knowledge about politics under the new regime.

Second, given the mixed economic signals experienced by Hungarians in 1997, we can expect considerable variation in economic evaluations. In 1993, the overall economic indicators in Hungary began to recover from the negative economic shock that accompanied postcommunist reforms. Real GDP essentially stopped declining, and both industrial production and gross investment experienced real positive growth rates. Yet, indicators that matter for the average household continued to suggest serious economic dis-
location. Consumer prices rose at about 20% per year up to the period during which the survey was conducted, and the unemployment rate remained in the 10% range (compared to 1.9% in 1990). Between 1990 and 1995 there was only one year of positive real growth in net wages. In 1996, personal consumption continued to decline at a rate of 10%, and real disposable income did not begin expanding until 1997. Added to this was the decrease in government subsidies and social benefits proposed as part of the “Bokros Package” of liberal economic reforms (Morlang 1999; Rac 2000).

There is, in fact, considerable variation in Hungarians’ evaluations of economic performance as revealed in the December 1997 survey. It clearly indicates a response to improvements in the economy. The proportions expressing negative retrospective evaluations of both personal finances and the national economy (respectively, 48% and 37%) are about twice the proportions expressing similar prospective assessments (respectively, 26% and 18%). Moreover, those with positive expectations about their future financial situation (26%) are double those who indicated their personal financial situation had improved over the past 12 months (12%). Although about one-third of the respondents expect overall economic conditions to improve, most are relatively unsure or expect things to remain basically the same; almost one-fifth of respondents expect the situation to worsen. With respect to personal economic conditions, the level of optimism is even lower: Approximately half the sample believes things will remain the same, 25% expect an improvement, and an equal proportion expects a deterioration.

The statistical analysis employs individual-level data from the 1997 Hungarian Public Opinion survey conducted as part of the Markets and Democracy Project. Appendix A explains the sampling and interviewing strategies. Appendix B provides details on explanatory variables, which are discussed below.

Measures

The standard prospective and retrospective economic evaluations of personal finances and the national economy, summarized above, are employed in the Hungarian economic voting model. The two variables capturing level of democratic development at the individual level are Political Trust (generated from a factor analysis of four trust items) and a measure of Political Knowledge (generated from a factor analysis of responses to three factual questions about Hungarian politics).

To tap attitudes toward market reform, I use a measure that captures the policy distance between the respondent and the incumbent party based on the respondent’s location of both the incumbent party and herself in the economic reform issue space. Specifically, respondents were asked to locate the political parties on the issue of state control of industry (0 = support for strong state control, 10 = strong opposition to state control). The market reform variable (Distance from MSZP on Market) in the incumbent support model is constructed by taking the absolute value of the difference between the respondent’s placement of self and the respondent’s placement of the MSZP.

The Workers Party scored highest on state control (a mean value of 3.53). The members of the governing coalition scored next highest; the MSZP mean was 4.30, and the Alliance of Free Democrats (Szabad Demokraták Szövetsége—SZDSZ) received a mean value of 4.68. The centrist parties were given middling scores: the independent Smallholders Party (Független Kísérleti Közösség—FKK), 4.93; the Christian Democratic People’s Party (Kereszténydemokrata Néppárt—KDNP), 5.01; the MDF, 5.04; and FIDESZ, 5.12. The right-wing nationalist Hungarian Party of Trust and Justice (Magyar Igazság És Élet Pártja—MIEP) received a mean score of 4.77, placing it slightly to the right of the socialists but clearly to the left of the centrist parties. Even with the shifting party positions on economic reform, public perceptions of stances on state control conform reasonably well to historical patterns.

A second variable, Democratic Satisfaction, measures a more general sentiment toward the functioning of democratic institutions in Hungary (1 = not satisfied, 4 = very satisfied). This controls for the possibility that a respondent’s enthusiasm for democratic political reforms may be confounded with assessments of economic performance.

It is important that the sanctioning of an incumbent’s economic performance not be confounded with the collective economic situation of particular groups within the electorate. For example, the constituents of the incumbent parties may be a favored group relative to others (say, white-collar workers as opposed to pensioners). Controlling for socioeconomic status reduces the possibility of confusing the intelligentsia’s favored economic status with an economic vote that responds to short-term economic fluctuations. Efforts to explain vote choice in postcommunist regimes as a function of socioeconomic cleavages have yielded mixed results (Evans and Whitefield 1993; Toka 1996). Nevertheless, there is a sense that such voting occurs to varying degrees in East and Central Europe and is increasing (Duch 1998; Mateju, Rehakova, and Evans 1999; Shabad 1999).

Intention to Vote for Incumbent Parties

The dependent variable, has three values. A 0 indicates an intention to vote for any one of the opposition parties; 1 indicates an uncertain response (don’t know) or the intention not to vote; and 2 indicates an intention to vote for one of the two incumbents (MSZP or SZDSZ). Uncertain voters and nonvoters are treated as a middle category between support for incumbent and support for challenger. According to the eco-

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2 This categorization assumes that uncertain respondents are indifferent between voting for an incumbent or an opposition party. I evaluated the possibility that they simply represent likely nonvoters by examining the relationship between “uncertainty” and voting in the last election. Among those coded “uncertain,” 84% voted in the
nomic voting model, as perceptions of economic performance improved in Hungary, respondents should be more likely to indicate an intention to vote for the governing coalition, so these two parties are predicted to have a higher score on the incumbent vote measure. Ordered probit models (for an exposition of this method, see Greene 1999) of the respondents’ vote intention are employed here.

RESULTS
The developmental model of economic voting proposes the following propositions. First, economic evaluations (of the overall economy and of personal finances) are correlated with voting behavior. Positive evaluations lead to support for the incumbent, and negative assessments lead to support for the challenger. Second, there is a positive interaction between trust in government and economic evaluations. That is, economic voting is contingent upon level of trust, and a higher level of trust generates a stronger relationship between the economy and vote choice. Third, information interacts with economic evaluations. A higher level of information generates a stronger relationship between the economy and vote choice. Two alternative explanations are also evaluated. Economic voting may result from preferences regarding economic reform policies or from socioeconomic cleavages.

The economic voting model tested here is a pure sanctioning model: To what extent is the voter’s decision to oppose (or support) the incumbent government motivated by an evaluation of economic performance? A pure referendum model of economic voting predicts that people with pessimistic views of the economy are much less likely to support the current government. My model suggests that those who are better informed and those who are more trusting of government are more likely to engage in this sanctioning behavior.

Table 1 presents the bivariate relationship between retrospective evaluations of the national economy and intention to vote for the incumbent parties (i.e., the MSZP or SZDSZ) versus a vote for one of the challenging parties. The traditional model predicts that as we move from the left side (bad economic perceptions) to the right side (good economic perceptions) of the table, the percentages support for incumbents should rise and the percentage of support for challengers should drop. At the extreme left there should be a large net difference in favor of the challenger; at the extreme right, a large net difference in favor of the incumbent.

Table 1 compares the effect of economic perceptions on intended vote choice (incumbent versus challengers) for the high versus low information and high versus low trust types. First, there is clear evidence that, regardless of information/trust type, respondents with negative economic assessments were unlikely to vote for either incumbent party. Among the 37% who expressed a negative (a lot or somewhat worse) retrospective assessment of the economy, 87% indicated they would not vote for incumbents. Second, high information and trust types respond much more to economic conditions than do low information and trust types. In Table 1, the increase in support for incumbents as economic perceptions go from bad (left side) to good (right side) is considerably steeper when information or trust is high rather than low. For example, among low information voters, 89% of the economically dissatisfied indicated a preference for a challenging party, compared to 60% among the economically most satisfied. For those with a high level of political knowledge, the difference in challenger support between the economically most dissatisfied and most satisfied is considerably greater: 89% versus 45%. Among those with a low level of political trust, 90% of
the most economically dissatisfied will vote for a challenging party, compared to 70% of the most economically satisfied. For those with a high level of political trust, the split is 87% versus 36% between the negative and positive economic perception groups.

Note that when information or trust is high, those in the most positive economic evaluation category strongly favor incumbents over challengers, which is what the economic voting model predicts. But this is not the case when information or trust is low: At the most positive extreme of the economic evaluation scale, support for challengers continues to outweigh support for incumbents. In other words, for high information and trust individuals, positive economic evaluations are more likely to lead to support for the incumbent; low information and trust types are less likely to reward incumbents for good economic performance.

A final point regarding Table 1 is worth mention. At the very negative extremes of perceived economic performance there is little response to variation in economic perceptions, compared to the positive ex-
tremes of economic performance. As economic perceptions improve from “a lot worse” to “somewhat worse” to “remained the same,” there is relatively little increase in incumbent support. Support for the incumbent responds much more aggressively to a movement from “remained the same” to “somewhat/a lot better.” There appears to be a certain asymmetry in how economic perceptions shape vote choice. Moreover, this applies to both information and trust types. These are simply bivariate relationships, but they indicate that levels of information and trust in democratic institutions condition the extent to which voters reward incumbents for good economic performance. The next section explores this argument using multivariate specifications.

Table 2 presents the ordered probit regression results. The dependent variable is the trichotomous measure of intended support for either of the two ruling coalition parties in 1997. The first column presents the results for the standard economic voting model, which predicts positive and statistically significant coefficients on the economic perception variables. Both retrospective and prospective national economic evaluations are significant in the equation. The personal finance terms are not statistically significant. This is consistent with many of the individual-level economic voting models. These typically find that the perceptions of overall economic performance shape voting decisions, but personal finances tend not to be as important (Kinder and Kiewiet 1979).

The coefficients on the economic perception variables establish that the conventional sanctioning model of economic voting applies in the Hungarian context. In order to distinguish this sanctioning behavior from voting decisions motivated by preferences regarding economic reform policies, I measured the extent to which the policy preferences of the respondent differ from the perceived MSZP’s position on economic reform. The coefficient of −1.1 indicates that as the respondent’s position diverges from that of the MSZP, the likelihood of voting for the incumbent parties declines. The significant coefficient for the economic reform variable suggests that the policy positions of the incumbents and challengers played an important role in the voters’ decision calculus.

The equation includes terms designed to calibrate the respondents’ engagement in the nascent democratic process in Hungary: political trust, democratic satisfaction, and political knowledge. These control variables ensure that sanctioning for economic performance is not confounded with enthusiasm for, or engagement in, the democratic process. Two of the variables, satisfaction and trust, are correlated with support for the incumbent parties.

Table 2 suggests that the incumbent government was favored by white-collar segments of the electorate, which many argue the MSZP went to some lengths to cultivate (Morleng 1999), and also by older voters, many of whom may have supported the predemocratic incarnation of the MSZP.

The developmental economic vote model proposes that the economic voting effect, identified in equation 1, is depressed among those with a lower level of political information and trust in government. I test this proposition in equation 2 by including interaction terms that are the product of political information and trust, on the one hand, and the retrospective and prospective overall economic assessments, on the other (see Appendix B for measurement discussion). In constructing these interaction terms, I dichotomized information and trust (1 = high level, 0 = low level). Significant positive coefficients would suggest that the economic voting effect is higher for those with high levels of information and trust. Both interactions (trust and political information) with retrospective evaluations of the national economy are positive and statistically significant. In addition, the interaction between trust and prospective national economic evaluations is positive and significant. Note that the likelihood ratio test statistic, which evaluates the constrained model (without the interaction terms) against the saturated model (including the interaction terms), is statistically significant. The significant interaction terms, the positive signs on the coefficients, plus the likelihood ratio test lend strong support to the developmental economic voting model.  

Table 1 suggests an asymmetry in the relationship between the economic evaluation terms and voting behavior: There are only small differences among those with neutral or negative economic evaluations but large differences between those with neutral versus positive retrospective evaluations. This possible asymmetry is tested in equation 3 of Table 2 by including separate interaction terms for positive versus negative retrospective and prospective evaluations of the economy. The **Negative Retrospective National Economy** and the **Negative Prospective National Economy** variables have values of −2 and −1 for those responding, respectively, “a lot worse” or “somewhat worse,” and 0 otherwise. The **Positive Retrospective National Economy** and the **Positive Prospective National Economy** variables have values of 2 and 1 for those responding, respectively, “somewhat better/a lot better” or “about the same,” 0 otherwise. Equation 3 of Table 2 confirms that there is asymmetry in the interaction effects. The only interaction terms statistically significant in this specification are those involving positive economic evaluations. This

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3 Some argue that if those least supportive of democratic institutions do not vote, the results I identify may be relatively insignificant in an actual election because this would mean the more informed and trusting citizens would shape election outcomes. If actual voters have a higher level of information and trust and hence are likely to engage in economic voting, then incumbents in effect will be rewarded or punished for their management of the economy. A simple strategy for empirically testing the argument is to estimate the model using only likely voters. If the criticism outlined above is correct, then the significant interaction of trust and information with economic evaluations (shown in Table 2) should not be statistically significant when the sample excludes likely nonvoters. The Hungary 1997 survey included a question that asked respondents to indicate the likelihood they would vote if an election were held next Sunday. The developmental economic model from Table 2 was estimated on a subsample that excluded likely nonvoters. The results are essentially exactly the same when estimated with (N = 1,498) and without (N = 1,172) likely nonvoters. Most important, the interaction effects hold up when the likely nonvoters are dropped from the analysis.
is the case with political knowledge and retrospective evaluations and with trust and prospective assessments of the economy. The trust and positive retrospective interaction term is not quite significant at the .05 level. Note that none of the negative interaction terms is statistically significant.

These results, combined with the patterns revealed in Table 1, suggest two asymmetries in the reaction of voters to the economy. First, in general, if respondents have negative perceptions of economic performance they are likely to vote for challengers, and their vote is unresponsive to incremental improvements in the economy. Second, and this essentially follows from the first point, the interaction effect with information and trust is more evident among those with positive economic evaluations. Thus, political information and trust primarily condition the voting behavior of those with relatively positive economic perceptions. Those with positive economic evaluations and high political information or trust are much more likely than any other group to reward incumbents with their vote. These asymmetric results indicate that in Hungary there is a high economic performance threshold required for incumbents to reap the rewards of incremental improvements in the economy. Below this level, voters are so discouraged with the performance of incumbents that they overwhelmingly support challengers, and this support does not vary by relatively small perceived differences (at the negative end of the continuum) in economic outcomes.

Figure 1 illustrates the effect on the probability of voting for the incumbent of incremental differences in national retrospective economic assessments by respondents who score high on the political information measure (similar results obtain when the trust interaction is modeled).

The difference between thinking the economic situation "stayed the same" versus "improved/improved a lot" is an increase of almost 8% in the probability of voting for the incumbent parties. This contrasts with no significant differences in vote probabilities between low information respondents who fall in these two evaluation categories (not shown). The confidence intervals on the predicted probabilities give us strong assurances that the predictions are significantly different from zero and suggest how they would likely range in the repeated sampling.

**Calibrating the Electoral Consequences of the Economy, Information, and Trust**

The developmental model of economic voting suggests that as democratic values mature the electoral fortunes of incumbents will increasingly correlate with economic performance. In 1998, however, after a widely noted improvement in economic performance, the incumbent government in Hungary was defeated. This may seem at odds with the maturity argument, but the survey data show that a majority of respondents did not perceive any improvement.

As Table 1 makes clear, those with negative perceptions of economic outcomes, regardless of their information/trust type, are overwhelmingly likely to support challengers. The multivariate results in Table 2 strongly suggest that negative economic sentiment in Hungary contributed to the declining electoral fortunes of the two incumbent parties, whose vote share dropped from 53% in 1994 to 40% in 1998. The
standard economic voting model suggests that this decline could have been moderated by a more positive perception of macroeconomic performance. In my model, any electoral pay-offs for incumbents from positive economic sentiment will be disproportionately higher among the high trust and information types, so their distribution in the population will affect the outcome.

We can calibrate the magnitude of this “developmental” effect with a hypothetical example based on a set of population assumptions similar to those employed in Figure 1. I assume that before the 1998 elections the incumbent parties were able to improve the mean evaluation of the Hungarian economy by about a standard deviation, from a score of 2 (no change) to a score of 3 (some improvement and a lot of improvement). The actual mean value for the retrospective national economy variable was 1.8. The estimates in Table 2 are based on a construct that categorizes half the sample as having a high level of trust in democratic institutions. If we maintain the distribution at 50%, the hypothetical improvement in economic evaluations would add approximately 4 percentage points to the incumbent coalition’s popular vote, raising it to 44%. If the proportion of “trusting” respondents were at 75% of the population, the incumbents’ share of the popular vote would have stood at 46%.

Other factors played a role in the defeat of the MSZP-SZDSZ government. As Morlank (1999) points out, the Bokros Package of liberal economic reforms adopted by the government alienated key MSZP constituents, who abandoned the party in the 1998 election. The results in Table 2 suggest that the coalition parties were not favored by the working class (note the positive coefficient for white-collar respondents). In addition, the significant negative coefficient on the market reform policy measure suggests that dissatisfaction with reform initiatives played a major role in undermining support for the government. Nevertheless, some of its loss in vote share can be attributed to
its inability to translate real economic improvements into votes. Both a low level of trust and the individual-level finding that most respondents did not perceive economic improvements were important factors in the MSZP-SZDSZ defeat.

A Comparative Perspective on Economic Voting in Postcommunist Regimes

I argued earlier that the interaction between trust and information, on the one hand, and economic voting, on the other, is likely to have significant implications for postcommunist democracies because a relatively low level of trust and information marks the early periods of transition. If so, then results similar to those in Hungary should be found in other postcommunist democracies. As a step in that direction, I examined a similar period in Poland, just before the 1997 legislative elections. My “out-of-sample” replication employs the Polish Public Opinion Research Center Election Study of June 1997.

The items in the Polish survey permit the estimation of a model that is reasonably similar to the Hungarian model (details are presented in Appendix C). The dependent variable is intention to vote for one of the two incumbent coalition parties, the Polish Peasants Party (Polskie Stronnictwo-Ludowe—PSL) and the Democratic Left Alliance (Sojusz Lewicy Demokratycznej—SLD), coded 2; those who indicated they would not vote or were uncertain were coded 1, and those who indicated they would vote for any of the challengers were coded 0. A direct measure of trust was not available in the survey, but Confidence in the Political System serves as a proxy. This measure is based on a question that asked respondents whether the political system is good and requires no change or is bad and requires significant change. To construct the confidence interaction term, this variable was dichotomized (1 = good; 0 = bad) and multiplied by the retrospective and prospective national economic evaluation variables. A measure of political information also was not available in the Polish survey. Education is employed as a proxy in creating an information interaction term for the retrospective and prospective national economic evaluation variables. The other variables in the equations are similar to the Hungarian specification (see Appendix C).

The Polish economic voting model estimates are presented in equation 4 of Table 3. The extent of economic voting in 1997 is indicated by the coefficients on the four economic evaluation variables. None has significant coefficients. The developmental model proposes that an absence of economic voting is confined to respondents with low levels of trust and political information, but in this case both the confidence and the information interaction terms are not statistically significant. As we might expect, confidence in the political system on its own has a positive effect on the likelihood of supporting the incumbents, but democratic satisfac-

3 The wording of the 1997 Hungarian question is: “In your opinion the government...is run by a small number of people who are looking out for themselves, or is run for the benefit of the whole nation?” The 1990 regional question is: “Generally speaking, would you say that this country is run by a few big interests looking out for themselves or that it is run for the benefit of all the people?”

4 For a detailed account of factors in the socialist defeat in 1998, see Racz 2000.
levels of trust. In both surveys, 16% indicated that the government can never be trusted, and 56% believe that it can be trusted sometimes. At best, trust in government did not increase in Hungary during the transition period and may have eroded.6

In Poland and most other postcommunist countries the trends in institutional confidence are similar to those in Hungary. Attitudes can be gleaned from the 1990 and 1995–97 World Values surveys, which ask a series of questions about the degree of confidence in a set of social and political institutions. (Details on the surveys can be found in Inglehart 2000.) Since the political trust item was not asked in the 1990 World Values survey, expressions of confidence in parliament and the civil service are substituted as measures of support for nascent democratic institutions. Over this relatively short time, confidence in parliament declined by more than 40% in Poland and Lithuania, by 12% in Slovenia, by 22% in Russia, and by 6% in Bulgaria. Confidence in the civil service decreased by 12% in Slovenia and Bulgaria, by 15% in Lithuania, and by 40% in Poland; it remained constant in Russia. Clearly, faith in these central institutional features of democracy is faltering, which is consistent with Toka’s (1996) empirical findings from the region. These transition regimes have a large number of low-trust individuals, and the individual-level results of this study suggest that low trust tends to moderate economic voting.

CONCLUSION

The results reported here speak to the importance of understanding the heterogeneity of economic voting in consolidating democracies. There are systematic differences in how voters respond to the economy, and these can have important aggregate-level political implications. For new democracies in particular, limited information and skepticism about democratic institutions undermine economic voting.

It is widely accepted that even in new democracies there is a correlation between economic perceptions and political outcomes. Many observers view this as a potential barrier to the adoption of painful economic reforms considered critical to the long-term success of these regimes. It is widely expected that governments will face serious electoral penalties when voters are unhappy with the economic dislocation caused by reform. This presumes that political accountability in new democracies follows the classic principal-agent relationship, with voters sanctioning incumbents for economic outcomes. The results of this study suggest that there may be significant divergences from the standard model, at least for large segments of postcommunist societies. People with limited information and little faith in democratic institutions respond to economic performance in a fashion somewhat different from those who are knowledgeable and trusting. The poorly informed and the democratic “ cynics” are less likely to reward incumbents for good economic outcomes. Consistent with democratic theory, as people gain more information and greater trust in political institutions, their evaluations of incumbents may be more responsive to the performance of government.

Another intriguing finding is that the economic effects on support for incumbents are asymmetric. The Hungarian evidence suggests that among those with generally negative economic assessments, small differences in perception have no significant influence on their vote. To the extent that the economy matters in new democracies, it matters most for individuals with relatively positive views about economic performance (in addition to the information and trust criteria). Attitudes toward democracy and levels of political information moderate economic voting only if citizens have relatively positive assessments of the economy. As Table 1 makes clear, moving from feeling “a lot worse off” to “somewhat worse off” has little effect on likely support for incumbents. In transition democracies, particularly postcommunist societies, expectations or hopes may be fairly high, and unless clear improvements are seen, people do not respond positively to the economic efforts of incumbent governments.

These results confirm the essence of economic voting theory and the work on heterogeneity in economic voting. Kramer’s (1971) important theoretical contribution was to highlight the importance of linking vote preferences to economic outcomes that were unambiguously associated with government policy. This notion is perfectly consistent with the results reported here. Economic voting emerges in postcommunist electorates as ambiguity regarding the link between government policy and economic outcomes declines. The link becomes less ambiguous as citizens gain information about how democratic institutions function and develop confidence or trust in the responsiveness of these institutions to public preferences.

Recently, a number of contributions to the literature focus on the heterogeneity of economic voting (Duch, Palmer, and Anderson 2000; Krause 1997; Mackuen and Mowu 1995; Rivers 1998; Smith 1998; Zaller 2001). These build on Kramer’s notion that an ambiguous link between economic outcomes and government policy reduces economic voting. The work on heterogeneity identifies segments of the population for whom this ambiguity is relatively high or low and points to self-interest and information costs as important factors. In the case of transition regimes, ambiguity is determined by the level of knowledge about nascent democratic institutions and the extent to which they are viewed as responsive.

These findings highlight key challenges confronting many regimes in transition: Promote confidence in democratic institutions and disseminate information about the political process as well as economic performance. These steps are important for consolidating nascent democracies. Consistent with theory, as the democratic character of the population grows, economic voting will increase, and incumbents will be increasingly rewarded for good economic performance. Although there have been a number of successful consolidations, many nations either are in the early stages or have not yet begun the transition to democ-

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6 Toka (1994) finds levels of dissatisfaction with democracy in Hungary to be high compared to other democracies. He also points to a variety of explanatory factors, in addition to economic concerns.
racy. Those that choose to implement democratic reforms are likely to face economic shocks associated either with internal policy initiatives or with trends in the global economy. Efforts to understand the political implications of these shocks are typically based on a very simplistic generalization of the classic notion that voters sanction incumbents for bad economic outcomes. The results reported here suggest that the relationship between the economy and voting also depends on political attitudes.

An important implication is that high-risk strategies that promise large positive economic pay-offs are a dominant choice in these circumstances. Although the political cost of failure is high, it should be kept in mind that very large numbers of citizens already have a negative economic evaluation; my results suggest that incremental improvements that might make individuals slightly less negative than the next person do not have any appreciable effect on support for incumbents. If the risky policies yield a very positive pay-off, however, a substantial number of people may alter their negative assessment, which significantly benefits incumbents, especially if accompanied by a higher level of trust and political knowledge. This may partially explain the receptiveness of some postcommunist governments to the fairly draconian economic policies advocated by various international organizations.

In order for incumbent governments in new democracies to reap the political benefits of an improved economy, they simultaneously need to promote the development of democratic aptitudes. A sequential strategy of first improving the economy and then attending to aptitudes is clearly suboptimal. Resources should be devoted to accelerating an education in democracy. Of course, this strategy has a potential political risk. If efforts to improve the economy fail but levels of trust and information rise, then incumbents will be punished.

The unpleasant irony is that nascent democracies with the least sound economic policies tend to be regimes in which information and trust are least developed, and incumbents are the least likely to garner political rewards for any small improvements. Examples are some of the new regimes in Africa, Latin America, and Asia in which education levels are low and democratic aptitudes are still underdeveloped. The absence of rewards for small (but possible) economic improvements may encourage rent seeking on the part of incumbents rather than sound economic policies.

APPENDIX A: THE 1997 HUNGARIAN PUBLIC OPINION SURVEY

The 1997 Hungarian Public Opinion survey interviewed 1,544 respondents between November 26 and December 8. The questionnaire was designed by Raymond Duch, translated and administered by the Social Research Informatics Center of Budapest (TARKI), and funded by NSF Grant # SBR 9600306. The survey codebook and data can be accessed at www.uh.edu/democracy. TARKI (www.tarki.hu), a consortium of nine academic organizations, has been conducting and archiving survey data for more than ten years. The probability sample was selected in multiple stages. In the first stage, localities were divided into eight strata, and 71 localities were selected from these strata with simple probability sampling (without proportional stratification). In the second stage, the number of individuals to be sampled from each stratum was set according to the proportion of the adult population in that stratum. These proportions were modified according to the projected dropout rate. The presumed dropout rate for each stratum was determined on the basis of 1996 Census characteristics. The names and addresses of individuals were acquired from the Central Registration and Election Office with simple probability sampling.

The original sample was designed so that, after dropouts, the final sample size would be 1,700, but the dropout rate was higher than expected. The overall response rate was 55.6% (i.e., 2,775 addresses were visited). The average interview length was 58 minutes.

The demographic characteristics of the survey sample match those of the adult population relatively closely. Women constituted 54.7% of the sample, compared to 53.1% in the 1996 Census, and 20.5% of respondents reside in Budapest and 43.0% reside in towns (the rest in villages), compared to 19.4% and 43.7% in the 1996 Census. The sample was slightly older and less educated, however, than the adult population. In terms of age, 33.5% of respondents were 18–39 years old and 45.7% were 50 or older (39.9% and 40.1%, respectively, in the 1996 Census). Similarly, 11.8% of respondents are college or university educated, and 13.9% have less than an elementary school education (13.0% and 11.7%, respectively, for the adult population).

APPENDIX B: CODING OF EXPLANATORY VARIABLES FROM THE 1997 HUNGARY SURVEY

Education is the respondent's highest education qualification. Coding is as follows: 0 for did not attend school and less than elementary school, 1 for elementary school, 2 for vocational training, 3 for secondary school with a final examination, 4 for college degree, and 5 for university degree. Age cohort is coded as follows: 1 for 18 through 25 years, 2 for 26 through 40, 3 for 41 through 70, and 4 for more than 71. Income is self-reported after-tax household income—either actual amounts in Forints or one of six income categories—and the analysis combines these two responses into a single six-category indicator. Occupation consists of four dummy variables: unemployed, pensioners, self-employed, and white collar (managers and nonmanual). All other occupations are captured in the intercept.

Intention to vote for incumbent parties was measured by: “If the general election was held on the upcoming Sunday, which party would you vote for?” Responses were coded 2 for the two government parties from 1994–97, the MSZP and SZDSZ; 1 if the respondent was unsure; and 0 if the respondent named any challenger party or did not plan to vote.

The fact that the survey was conducted six months before the election could affect the response of the average voter. As the following table indicates, however, vote preferences in the survey are reasonably close to the actual outcome, although support for the incumbents (MSZP and SZDSZ), is higher and support for the winner (FIDESZ) is somewhat understated.
National economic evaluation was based on two items, retrospective—“How do you think the economic situation of the country has changed in these last 12 months?”—and prospective—“In the next twelve months to come, do you expect the economic situation of the country will improve a lot, improve somewhat, remain the same, worsen somewhat, or worsen a lot?” Responses were coded from 0 for “worsen a lot” to 3 for “improve somewhat” and “improve a lot” (the two categories were collapsed because of the small number of observations in the highest category); “don’t know” responses were coded 2 (i.e., the same as “remained the same”).

Personal financial evaluation, both retrospective and prospective, was measured by “How did your and your family’s financial situation change in the last 12 months?” and “Think of your future. Will your and your family’s situation a year from now improve a lot, improve somewhat, remain the same, worsen somewhat, or worsen a lot?” Responses were coded from 0 (“worsen a lot”) to 3 (“improve somewhat” and “improve a lot”; (these two categories were collapsed because of the small number of observations in the highest category); “don’t know” responses were coded 2 (i.e., the same as “remained the same”).

The Political knowledge variable is based on the scores resulting from the factor analysis of three variables that tap the respondent’s factual knowledge about politics. Political sophistication is the interviewer’s assessment of the respondent’s general level of information about politics (0 = “very low,” 4 = “very high”; “Cannot decide” was coded 2). Knowledge of the composition of the governing coalition was coded 2 if the respondent named either the MSZP or the SZDSZ; 1 if the respondent named any other Hungarian political party; and 0 if no party was named or for “Don’t know.” Knowledge of the party responsible for unemployment policy in the coalition was coded 2 if the respondent named either the MSZP or the SZDSZ; 1 if the respondent was able to identify any of the other Hungarian political parties; coded 0 if no party was named or for “Don’t know.” Political knowledge is represented as a dummy variable; factor scores less than 0 were coded 0, and those greater than 0 were coded 1.

Political trust is based on the scores resulting from the factor analysis of four questions. (1) “How often do you feel that you can trust the government to do the right thing?” (2) “How do you think the people working for the government use the money of the taxpayers?” (3) “In your opinion the government. . .is run by a small number of people who are looking out for themselves, or is run for the benefit of the whole nation?” (4) “In your opinion the government includes. . .a lot of dishonest people, some dishonest people, or no dishonest people at all?” For the analysis reported here, the variable is represented as a dummy variable; factor scores less than 0 were coded 0, and those greater than 0 were coded 1.

Distance from MSZP on market economy is the perceived distance (on an eleven-point scale) between the respondent’s issue position on state control of the market economy and his or her placement of the major governing party, the MSZP. At the low end of the continuum the statement reads: “The state should play an important role in controlling the market economy.” The high end of the continuum reads: “The state should not control the market economy.” Respondents who did not place themselves and/or did not place the MSZP on the issue continuum were given the mean distance score for the sample, 2.15.

Democratic satisfaction is measured by responses to “How satisfied are you about the way the Hungarian democracy is working?” Coding ranged from 1 (“not satisfied”) to 4 (“very satisfied”), with “Don’t know” categorized as the sample mean of 2.34. In this analysis, democratic satisfaction is recoded into a dichotomous variable with values of 1 and 2; “Don’t know” was coded 0, and 3 and 4 were coded 1.

Asymmetric interaction terms include positive retrospective and prospective national economic evaluations coded 0 for the two negative categories (0 and 1), 1 for the neutral category, and 2 for the positive category. Similarly, for negative retrospective and prospective national economic evaluations, the coding was: 0 for the neutral and positive categories, −1 for the “worse” category, and −2 for the “much worse” category.

APPENDIX C: POLISH PUBLIC OPINION RESEARCH CENTER ELECTION STUDY, JUNE 1997

The Polish study in June 1997 is based on a stratified representative random sample of 1,500 adult respondents. The response rate was 74%. Details on the sample design and fieldwork are available at http://www.cbos.pl/ENGLISH/cbos.en.htm.

Incumbent vote is based on: “If a parliamentary election were held next Sunday would you vote? Which party would you vote for?” Responses were coded 2 for one of the incumbent governing coalition parties (the Polish Peasants Party or the Alliance of Democratic Left), 1 for “Don’t know” or “Uncertain,” and 0 for a challenger.

Retrospective national economic evaluation is based on: “How do you evaluate the economic situation in Poland?” Responses ranged from very bad (0) to very good (4). Prospective national economic evaluation is measured by: “In the next year will the economic situation improve or deteriorate?” Responses ranged from strongly deteriorate (0) to strongly improve (4).

Retrospective personal financial evaluation is based on: “How do you evaluate your and your family’s living conditions?” Responses ranged from very bad (0) to very good (4). Prospective personal financial evaluation is measured by: “Do you think that a year from now you and your family will be doing. . .?” Responses ranged from much worse (0) to much better (4).

Confidence in political system is based on items that ranged from “political system is bad and needs changing” (0) to “the political system is good” (3).

Education ranged from across eight categories, from “less than primary” to “college.”

The Combined confidence and education dummy was coded 1 for those with both a high level of confidence and information, 0 for all other respondents.

The income question asks for per-capita household income, and occupation consists of dummy variables for pensioner, skilled worker, white-collar employee, self-employed, and unemployed.
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