The Electoral Politics of Vulnerability and the Incentives to Cast an Economic Vote

by

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Dissertation submitted in partial fulfillment of
the requirements for the degree of Doctor
of Philosophy in the Department of
Political Science in the Graduate School
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2007

ABSTRACT

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Abstract

The relationship between economic performance and support for the incumbent government varies across voters and electoral contexts. While some of this variation can be explained by factors that make it easier or harder to hold politicians accountable, an additional explanation is that the electoral importance of economic issues varies systematically across groups and contexts. Because issues that are personally important tend to be more easily accessible when voting, we prose that exposure to economic shocks generates higher incentives to place more weight on economic conditions when voting.

We test this hypothesis using archived and original survey data from Argentina, Mexico, and Peru. The analysis demonstrates that economic vulnerability enhances the economy's salience. Specifically, poverty generates incentives to cast an egotropic vote while wealth, insecure employment, informal employment, and exclusion from governments welfare programs enhances sociotropic voting because these groups have greater stakes in the national economy. By implication, elections in developing countries with large numbers of vulnerable voters should be more strongly contested over economics despite the weak institutional environment that potentially undermines the ability of voters to hold politicians accountable. Aggregate elections returns and the CSES survey support this proposition and demonstrate that economic voting is

substantially more common in Latin American than in Western Europe or North America. Thus variations in economic voting provide opportunities to not only learn about the conditions under which elections can serve as mechanisms of accountability but also a laboratory to model the process of preference formation and the demands voters place on their representatives.

Acknowledgements

This project began with two papers written, it feels, a long time ago. Its immediate start was a paper I wrote on cross-national variations in economic voting in Europe that Karen Remmer let me do for her seminar and elections and markets in Latin America. I promised her I would get back to the course's topic eventually; I now consider that deal fulfilled. The other start was my experience working with the KBYU exit poll and its then directors Kelly Patterson and David Magleby on questionnaire design and data analysis. While my paper on voter differences in issue concerns has echoes in this analysis, the experience of exploring public opinion data and getting my hands dirty with its generation and analysis is what can be blamed for me choosing this career path and is thus somehow responsible for this project's generation. Dan Nielson and Kirk Hawkins also deserve thanks for convincing me to keep my interest in Latin America.

While at Duke, I have benefited from having great advisors who seem to agree about very little. Karen Remmer was a great mentor, providing advice, constant constructive criticism of my ideas and writing, access to her web of contacts and friends, financial support, and the freedom to work on my own projects on her research account's time. Thanks for recognizing that even when I was working on other research projects that I would eventually return to this one. Herbert Kitschelt has always pushed

me to reach for the big questions and then been patient when I preferred to provide increasingly specific answers to smaller ones. I have also benefited from his constant inclusion of me in his various conferences over the years that have provided experience, contacts, and great food. John Aldrich's feedback was always helpful, even when it resulted in me finding articles he had written on parts of my dissertation question two decades ago. Guillermo Trejo had been a constant sounding board on poverty, welfare, and politics in Mexico as well as someone who always sees the positive in my work. Many other faculty members at Duke, UNC, and BYU have provided great instruction, examples, friendship, and food over the years and I look forward to at least paying for meals soon.

This project could not have been completed without various groups providing financial assistance to fund fieldwork and the inclusion of questions on various surveys in 2005-2006. I am especially grateful to the Ford Foundation and the Latin American and Caribbean Studies Center for the Doctoral Dissertation Research Fellowship in the Areas of Democratic Governance and Human Welfare in South America, which funded the fieldwork in 2006. Preliminary fieldwork in Argentina in 2005 was made possible with funding from the Walter Milano Endowment, and the Duke University Graduate School, and the Department of Political Science at Duke University. Finally, I am grateful to the Duke University Graduate School for the Bass Instructorship that allowed me to be in residence in Durham while finishing writing.

While in the field, I have also had the good fortune to have many people help me gain access to their surveys. I especially thank Carlos Fara, Manuel Mora y Araujo, Luciana Grandi, Maria Jose Gentili, Santaigo Lacase, Nicolas Solari, Sergio Berensztein, David Sulmont, Fernando Tuesta, Luis Benavente, Ulises Beltran, Federico Estevez, Alejandro Moreno, and Raul Jorrat for their help (and generosity) in compiling the necessary data within my budget constraints, for their comments on the project, and for the good company as we discussed public opinion dynamics in these countries. APOYO Opinión y Mercado S.A. (now part of IPSOS) also generously provided me access to their archived survey reports, which allowed me to add observations to data I had compiled from the Library at the Instituto de Estudios Peruanos in compiling the presidential approval series analyzed in Chapter 5.

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I have been lucky to have great parents. My parents provided the confidence that I could achieve whatever I wanted to as well as the necessary support and encouragement to reach my goals. Their support of my trip to Mexico in elementary school started my fascination with the region and their support of my missionary service

in Mexico from 1996-1998 compltede it. I am grateful for their continued support and willingness to jet around the hemisphere to visit their grandkids wherever I drag them to. My in-laws have been generous with their space and affection, allowing me to take over the basement computer to work every time I am in town and to let me drag their daughter to far off states and countries.

Finally, this project could not have been possible without the support of my wife and children. Cara accepted me despite knowing (or maybe not knowing) that meant 6 years of poverty while in graduate school, me never taking vacations because there was always a paper to be working on, me taking off for weeks at a time for fieldwork, and complete uncertainty about where we would end up. Through it all she has always been patient and supportive, has managed life craziness, and has been the best friend that I could have ever hoped for. Mary, Andrew, and Whitney have also been great sources of joy, even if they must think it weird that daddy goes to work down in the basement. The highlight of fieldwork in Argentina was having my family with me for trips to the bakery, park, and market and to experience a new place together. I love coming home each day to you and dedicate this project (or at least the interesting parts) to you.

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1. The Contingent Effect of Economic Performance on Support for the President

Allocating credit or blame for macroeconomic outcomes is a staple of electoral politics. "When economic conditions are bad, citizens vote against the ruling party" (Lewis-Beck 1991, 2). Or, as Bill Clinton's 1992 campaign war room tableau reminded voters, "It's the economy, stupid." This popular wisdom is supported by widespread empirical evidence that evaluations of the incumbent and elections for U.S. elections for president,[1] congress,[2] and subnational offices[3] turn at least in part on the economy. Moving beyond the American electoral context, the same basic pattern holds in Canada[4] and Western Europe[5], Latin America,[6] Eastern Europe and the former Soviet Union,[7] Asia,[8] and Africa.[9]

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1 For aggregate-level studies see (among others) Mueller (1970, 1973); Norpoth (1985); Tufte (1978); Fair (1978); Hibbs (1982); Lewis-Beck and Rice (1984); Abramowitz (1988); Erickson (1989); Campbell and Wink (1990); Lewis-Beck and Rice (1992); Lewis-Beck and Tien (1996); and Campbell and Garand (2000). For individual-level studies of voting in Presidential elections, see (again among many others): Kinder and Kiewiet (1981), Fiorina (1981); Kiewiet (1983); Markus (1988); Alvarez and Nagler (1995); Lewis-Beck (1988). See Lewis Beck and Stegmair (2000, 188-196) for a more extensive review of this literature.

2 E.g. Kramer (1971), Goodman and Kramer (1975), Abramowitz and Segal (1986), Abramowitz (1985), Brown and Woods (1991), Romero and Stambough (1996), and Lockerbie (1991). Null findings for economic effects are also fairly common in this literature; see Jacobson (1989), Marra and Ostrom (1989), and Erikson (1990). For one discussion of why economics might play a different role in American Congressional elections than Presidential elections, see Gomez and Wilson (2003).

3 E.g. Peltzman (1987), Holbrook-Provow (1987), (1988), Simon et al (1991), Lowry et al (1998), Bowler and Donovan (1994), Rudolph (2003b), Atkeson and Partin (1995), Carsey and Wright (1998), Howell and Vanderleeuw (1990), Leyden and Borrelli (1995), Niemi et al (1995), and Partin (1995).

4 E.g. Clarke and Kornberg (1992); Nadeau and Blais (1993); Cutler (2002); Monroe and Erickson (1986); Happy (1986, 1990, 1992).

5 e.g. Lewis-Beck (1980, 1983, 1988b, 1997); Rosa and Amson (1976); Lewis Beck and Nadeau (2000); Frey and Schneider (1978); Sanders et al (1987); Clarke and Stewart (1995); Price and Sanders (1995); Sanders

The link between voter perceptions of the economy and their subsequent electoral behavior strongly influences the way campaigns are conducted and covered. A common question in Ronald Reagan's campaign against Jimmy Carter in 1980 and Bill Clinton's attacks on George Bush in 1992, for example, was whether voters were "better off now than you were four years ago." This emphasis on economic performance is not unique to the U.S.; in the 2005 UK parliamentary elections, for example, Tony Blair used the even more direct slogan ``Economic stability: If you value it, vote for it," while in the 2003 Argentine presidential elections, former president Carlos Menem contrasted his record in office during the period 1989-1999 with that of recent administrations by reminding voters that "With Menem We Lived Better" (Con Menem Vivíamos Mejor). Media coverage of elections also generally emphasizes the current state of the economy and the likely impact of changes in economic markets on parties' fortunes (Just et al 1996, Shah et al 1999).

(2000); Paldam and Schneider (1980); Nannestad and Paldam (1995); Borre (1997); Bellucci (1991); and Lancaster and Lewis Beck (1989) among many others.

6 E.g. Remmer (1991), Stokes (1996), Weyland (1998), Anderson et al (2003), Canton and Jorrat (2002), Gervasoni (1998), Beltran (2003), Magaloni (1999), Carrion (1998), Molina (2001), Benton (2005). Dominguez and McCann (1995) find limited support for economic voting models in Mexico, however.

7 E.g. Pacek (1994); Fidrmuc (2000a, 2000); Bell (1997); Tucker (2001), Mach and Jackson (2006); Clem and Craumer (1995); Colton (1996); Mason and Sidorenko-Stephenson (1997); Duch (2000); Harper (2000); Filippov (2002); and Tucker (2006). Powers and Cox (1997) find much weaker effects, however, and the work by Fidrmuc and Tucker suggest that voters evaluate parties with respect to economic reforms and vote for opponents of reorms if things are going badly and supporters of reforms if things are going well irregardless of these parties' incumbency status.

8 Anderson and Ishii (1997), Horowitz and Kim (2004)

9 Youde (2005), Posner and Simon (2002)

The positive relationship between macroeconomic indicators and incumbent support is also widely believed to influence the process of public policymaking. While the threat of electoral sanction via "economic voting is only a necessary condition of citizen influence on government performance" (Kuklinski and West 1981, 445; see also Cheibub and Przeworski 1999, Fearon 1999), many political scientists and policymakers argue that enhancing electoral accountability will induce greater responsiveness to public preferences (e.g. Karl and Schmitter 1991, Schmitter 2004, UNDP 2004).[10] If voters are motivated to ensure effective representation through prospective choices, the retrospective use of previous economic performance is considered an essential element of judging the fitness of potential representatives (Fearon 1999; Duch and Stevenson 2005, 2006; Stokes 2001, 13; c.f. Achen and Bartels 2004). Scholars thus use empirical studies of economic voting not only to demonstrate a mechanism underlying electoral accountability but as evidence that accountability is occurring (e.g. Tufte 1978, 826; Chappell and Keech 1985, 10, 22; Norpoth 2001, 415; Dorussen and Palmer 2002, 2; Samuels 2004, 433). Studies that uncover a more tenuous link between economic and political outcomes often explicitly argue that their results cast doubt on the idea that elections can serve as mechanisms of accountability (e.g. Cheibub and Przeworski 1999, 237; Anderson et al 2004, 683).

---

10 A less benign effect of electoral accountability, however, is that it may give politicians incentives to manipulate economic policy to deliver short-term economic benefits prior to the election while avoiding economic adjustments that may result in economic losses. The theoretical and empirical evidence for the political business cycle is hotly co tested, however; see Drazen (2000) and Franseze (2002) for reviews.

But while ubiquitous, comparative studies of the relationship between economics and elections demonstrate that this relationship is unstable across contexts. For example, Lewis-Beck (1988a) shows that the state of the economy is strongly related to electoral outcomes in the UK, but only has a moderate effect in Germany, France, and Spain and is weakly related to voter choice in Italy (also Anderson 1995a, 1995b, 2000). Similarly, the first large-N cross-national studies looking for a relationship between economic indicators and changes in support for incumbent parties often did not find any statistical evidence for such a relationship (Horst and Paldam 1990, Paldam 1991). Instead the relationship between economic shifts and changes in incumbent support varies across individuals (Duch, Palmer, and Anderson 2000, Gomez and Wilson 2001), countries (Lewis-Beck 1986, 1988a; Paldam 1991; Anderson 1995, 2000; Duch and Stevenson 2005), and time (Sanders and Carey 2002, Lin 1999).

A fundamental question, then, is why do economic factors matter more in some contexts than others? Over the previous fifteen years or so, variations in economic voting have served as a laboratory for understanding the process by which voters demand representation and accountability. From these studies political scientists have developed a wealth of theories about how voters process information and how elements of the political and economic process either enhance or undermine possibilities for effective accountability.

In this work, however, we explore an alternative explanation for variations in economic voting. Simply put, the electoral importance of economic factors may vary across voters, contexts, and time periods because the degree of interest in the economy also varies across voters, contexts, and time periods. Voters may choose to ignore economic factors even when responsibility for outcomes is clear and respond heavily to them even when mechanisms of accountability are flawed or weak. Understanding economic voting requires understanding the motivations of voters to cast an economic vote. And understanding the motivations that lead voters to adopt a materialist orientation toward elections can potentially inform models of voters' policy preferences, proclivities to valuing clientelist handouts instead of programmatic promises, their patience with respect to economic reforms, and their expectations and desires from democracy itself. In other words, we propose that economic voting studies can be used not only to study the process of accountability but the process of representation and the demands people place on political actors and the state itself.

In this chapter, we first outline the existing literature on economic voting to establish that economic voting is highly contingent and underline the consensus that variations in economic voting largely can be attributed to factors that affect governmental accountability. We then briefly preview our argument that the economy's salience is also likely to vary systematically across groups of voters, review the extant evidence that the economy's salience varies, and lay out the remainder of the study.

What is Economic Voting?

The literature on "economic voting" combines four types of studies that vary in two dimensions. First, studies differ in their choice of dependent variable between the election outcomes and government popularity. The advantage of voter choice models is that election outcomes tend to be the ultimate outcome of interest. An advantage of studying approval, however, is that support for the executive is measured frequently within countries and across them while elections are sporadic. In his classic review of economic voting, for example, Paldam (1991, 9) distinguishes these two types of studies as V-functions and P-functions respectively but then argues that "the two functions are so alike that we shall speak of VP-functions." In addition, statistical tests show that, in the American case at least, the relationship between economic outcomes and variations in presidential approval is not statistically distinguishable from the relationship between those same economic outcomes and election results (Chappell 1990). Hence in the review and our own analyses that follow, we rely on studies of both electoral behavior and incumbent approval to leverage voter reactions to the economy.

The common element of most studies of economic voting, then, is that the dependent variable is support for the incumbent. In a two-party system, identifying the incumbent is relatively straightforward and economic factors are thus linked to the popularity of the President/Prime Minister and the support for his or her party at the poll. In multiparty systems, however, analysts must choose whether the empirical

reference point should be support for all governing parties [the dependent variable in the early aggregate-studies performed by Paldam (1991) and Powell and Whitten (1993)] or support for the Prime Minister's party within the coalition. Economic outcomes seem to have a much larger effect on support for the prime minister and the party of the finance minister than on other members of the coalition (Anderson 2000, Butt 2006, Duch and Stevenson forthcoming), perhaps because they are the largest party (van der Brug et al 2007). There have been some attempts to model how economic factors affect support for opposition parties depending upon their size (Duch and Stevenson forthcoming, van der Brug et al 2007), previous experience in government (Magaloni 2006), and ideological proclivities (Tucker 2006). For the most part, however, models of economic voting use the incumbent executive and his or her party as the reference point, an approach we will follow in the present work.[11]

Of course, specifying economic voting in terms of pro- or anti-incumbent assumes that voters have an available alternative to the incumbent. This assumption is not universally true; in some contexts there may be no viable opposition (Magaloni 2006) or multiple alternatives around which dissatisfied voters have to coordinate (Anderson 2000, Bengtsson 2004). In these cases, economic dissatisfaction may cause voters to abstain or spoil their ballot to express their dissatisfaction (Tillman 2004). In addition, studies that group the prime minister's party with his coalition partners often miss intra-

11 See Appendix 2 for a discussion of the applicability of this approach to a multi-party context.

governmental shifts in votes that occur as a result of economic fluctuations (van der Brug et al 2007).

Economic voting studies can also be distinguished by whether they use individual-level or aggregate data. Comparative studies have largely relied on aggregate data for both the independent and dependent variables, using either election returns and macroeconomic indicators or average presidential approval and consumer confidence ratings. Aggregate election data is valued because election outcomes are often what political scientists are ultimately interested in explaining and also because reliable polling data is only recently becoming available in many countries. Aggregate economic data is also preferred over individual-level data by some scholars as a means of reducing measurement error and random noise in measuring economic perceptions. Aggregate data (or panel studies, though these are fairly uncommon outside of developed democracies) has the advantage that variation in national economic indicators is driven by real variations in the economy (Kramer 1983, Erickson et al 2002). Aggregate data also does not suffer from endogeneity problems whereby voters distort their evaluations of the economy to rationalize their overall opinion of the incumbent and their partisan leanings (van der Brug et al 2007). Finally, aggregate cross-national data have highlighted inconsistencies between individual-level models and their aggregate implications that have required reexaminations of the individual-level theories, as the subsequent discussion in this chapter illustrates.

Individual-level vote-choice data remains necessary, however, to study the mechanisms that underlie what is ultimately an individual-level process. Aggregate electoral data cannot be used to break down differences across the electorate or to illustrate the processes by which voters link economic outcomes to their voting decisions. Understanding how voters receive and process information about economic conditions and processes, how they form attributions of responsibility, and how they incorporate economic concerns with other elements of their decision-making process requires survey data.

But while the use of survey data to capture the dependent variable in economic voting studies is unproblematic, the use of survey data to capture the effect of the national economy is much more controversial. Kramer (1983) was the first to argue that for any given election/survey, the state of the national economy is a constant and thus the variance within the sample in how voters report the national economy is doing is a function of "perceptual noise" and "the correlation between individual partisanship and performance evaluations" (1983, 103-104). Thus he argues that any findings for sociotropic voting with individual-level voting are at best spurious and at worse completely endogenous. This problem of the endogenous relationship between incumbent support and evaluations of economic questions has been widely discussed in recent years (Anderson et al 2004, Evans and Anderson 2006, van der Brug et al 2007, c.f. Lewis-Beck 2006). Hence in their recent work on economic voting in Europe, van der

Brug et al (2007) predict individual vote choices in 45 elections held in 15 countries over the 1989-1999 period as a function of only macroeconomic variations measured in the aggregate, an approach which requires an immense amount of data compiled over long periods of time.

There can be little doubt that at least some of the variance in how voters report that the national economy is doing is a function of their partisan attachments. We do not believe, however, that this renders self-reported evaluations of the economy completely without value. While perceptions of economic performance do seem to mirror economic realities (Niemi et al 1999, Nadeau et al 1999, Duch and Stevenson 2005), aggregate economic outcomes might not be perceived by voters at all or be filtered through their personal experiences (Weatherford 1983, Duch et al 2000). Ultimately it is the perceptions of economic conditions that matter. American voters in 1992 rejected President Bush because they thought the economy continued in recession despite evidence to the contrary that did not enter the popular consciousness (Heatherington 1996). Similarly, we will see in Chapter 3 that voters in Peru in 2006 remained pessimistic about the economy despite robust growth rates in the three years leading up to the election and rejected incumbent president Alejandro Toledo as a result.

Moreover, variations in economic voting at the individual-level cannot easily be explained by scholars who argue that economic perceptions are entirely endogenous. For example, there is substantial evidence at the individual-level that voters who hold

the incumbent responsible for the state of the economy display a greater correspondence between their vote and their evaluation of the national economy. If we claim that the economic perceptions-vote relationship is entirely endogenous, then we must also claim this stronger relationship in this subgroup compared to the rest of the electorate is caused by some factor that leads this group to more strongly project their partisan proclivities onto the reported evaluations of the national economy compared to the rest of the electorate. Otherwise, we must conclude that at least some part of the sociotropic evaluation is having an independent impact on voter choices. Similarly, we show below that sociotropic voting differs across multiple sectors of the economy. We consider it unlikely that these differences can be explained by claiming that the endogeneity relationship is stronger in one segment than another. [12]

Thus in this work, we largely rely on survey data to analyze differences in voting behavior within different segments of the electorate, although we supplement this analysis with the analysis of presidential approval levels and aggregate election outcomes when appropriate. We readily admit that we treat as fixed voters' economic perceptions without knowing if variations among them reflect different sources of information, different weights given to various macroeconomic outcomes, differential time lags in the rate at which voters perceive shifts in national economic conditions

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12 In their book, van der Brug et al (2007) attempt to explain previous findings of variations in sociotropic voting within an electorate by exploring if these groups are more likely to perceive a narrow gap between their preferred party and its nearest competitor. This concern merits further attention and while our present data does not allow us to fully respond to it in these chapters, we discuss it briefly in the conclusion.

across segments or regions, or different standards as to what "much worse" or "much better" mean compared to "somewhat worse/better" or just 'the same as it has been." Instead, we posit a theory of how groups of voters should differentially react to their assesments of the national economy when evaluating the incumbent party assuming that those economic evaluations have independent significance to the voter.

The Contingent Effect of Economic Performance

Whatever the dependent variable or level of analysis, economic voting studies posit the same basic dynamic. Voters tend to support incumbents when times are good, reject them when times are bad, and favor candidates who are perceived as competent economic managers. While the basic economic voting logic is simple, empirical realities have proven to be much more complicated. From the earliest studies of economic voting in the context of American elections, many studies have failed to find the expected positive association between economic performance and government support (Monroe 1979 for a review). V.O. Key wrote, for example, that

> "People do, indeed, appear to vote their pocketbooks. Yet the demonstration [of this theory] created its embarrassments because it also established that exceptions to the rule were numerous" (1966, 35).

Several decades later, the extension of economic voting into the cross-national context would yield a similar conclusion:

> "[The relationship between economic performance and government support] belong to a family of awkward macrofunctions that have the following … characteristics: they are

> statistically highly significant for some countries and time periods, they nevertheless suffer from great instability as they disappear in some countries and time periods" (Paldam 1991, 26).

Eventually scholars recognized that the variable effect of economic performance did not reflect problems with the data being used but instead reflected weaknesses in the theory about the conditions under which economic voting should be expected to occur. Specifically, scholars have recognized that: (1) not all elements of the economy are equally important or accessible to voters and (2) voters do not automatically base their vote on the economy because there might be legitimate reasons not to. We explore each of these in turn.

Understanding the Independent Variable

A factor contributing to the weakness of these early studies was the lack of attention to the actual voter-level process linking the economy and election outcomes (Monroe 1979, 142). Economic voting was an intuition but not yet a theory of voter behavior. Thus the first refinements to economic voting studies were to examine basic questions about the dimensions of "economic performance" that voters might respond to in different ways. Specifically, scholars needed to disaggregate the concept of "economic performance" in order to understand exactly which elements of the economy voters pay attention to and prioritize.

The two most contentious debates within economic voting studies, for example, focus on whether voters respond more heavily to their own welfare or that of the nation

and whether they are primarily future oriented or reactive to the past. Evidence for all of these propositions has emerged. While many studies hypothesize that voters hold politicians responsible for changes in their personal economic fortunes, engaging in what is commonly referred to as egotropic voting, (Campbell et al 1960, Kramer 1971, Markus 1988, Sanders 2000), there is substantial evidence that citizens are actually sociotropic in their behavior and respond most strongly to changes in the national economy (Kinder and Kiewiet 1979, 1981; Feldman 1982) or occasionally the well being of their social group (Mutz and Mondack 1997). Similarly, there is an ongoing debate as to whether voters most heavily rely on evaluations of past economic performance to retrospectively evaluate incumbents (Fiorina 1981, Norpoth 1996, Lanoue 1994) or if they mainly engage in prospective comparisons of the potential for future economic outputs under different administrations (Chappell and Keech 1985, 1991; Lewis-Beck 1988b; MacKuen et al 1992). It is also a matter of contention if voters are myopic when evaluating the economy or if they consider economic outcomes under the entire administration or even longer periods. A recent study suggests that voters are more likely to be myopic (Achen and Bartels 2004, see also Stigler 1973), but there is also evidence voters do generate a broad prospective evaluation of a party's likely competency for handling the economy based on experiences under the current as well as previous administrations (Magaloni 1999, Fiorina 1981, Petrocik 1996). Finally, there is evidence that some voters respond more heavily to changes in inflation while others

emphasize unemployment levels (Hibbs et al 1982a, 1982b, 1982c) and that the electoral fortunes of different political parties are tied to different elements of the economy (Powell and Whitten 1993, Hibbs 1977, van der Brug et al 2007).

While many of these ongoing empirical debates have been inconclusive, they have forced scholars to examine the possibility that different voters may simply have different orientations toward economic questions (Clarke and Stewart 1994, Lewis-Beck 1988b; Uslaner 1989) and thus to develop models that take into account capabilities to process information. Voter sophistication, for example, shapes the choice between national and personal economic cues and between retrospective and prospective judgments (Gomez and Wilson 2001, 2003, 2006; Fraile 2002). Voters in new democracies may also be unable to place the same weight on prospective expectations due to parties not having established management reputations, thus enhancing the relative weight of retrospective evaluations (Cohen 2004). In addition, there have also been some attempts to explore whether voters simply differ in their economic priorities between such tradeoffs as unemployment and inflation, for example, given their assets (Hibbs et al 1982a, 1982b, 1982c; Dorussen and Taylor 2002).

As voters respond to different elements of the economy, scholars also are forced to model the process by which voters obtain information and form perceptions about economic processes and outcomes. While economic voting has been justified by the ease of observing economic conditions (e.g. Fiorina 1981), voters in objectively very similar

economic circumstances can have very different perceptions of the state of the national economy (Krause 1997, Duch et al 2000, Dorussen and Taylor 2003), which in turn shapes their voting behavior. The quality of a voters' economic assessment is partially a function of their sophistication, exposure to information, and their ability to process it (Conover et al 1987, Krause 1997, Duch et al 2000, Duch and Palmer 2002), the length of the political campaign (Stevenson and Vavreck 2000), the news outlets voters are attuned to (Sanders and Gavin 2004), and voters' experience with the current democratic and economic system (Anderson and O'Conner 2000). In addition, as we outlined above, a voter's partisanship also colors economic evaluations; all else being equal, voters who identify with the president's party, for example, are more likely to report that their own economic livelihood is improving as is that of the nation (Markus 1988, Wleizen et al 1997, Duch et al 2000). Again, the specific reaction of voters to economic outcomes is a function of how they process that information.

The bulk of the empirical studies in the field of economic voting over the past thirty years has focused on various subsets and of these questions. Taken together, however, a broad theme emerges: the linkage between objective economic conditions and an individual's vote is not automatic but is contingent upon the specific elements of the economy voters pay attention to and the way in which they are subsequently perceived and filtered by the voter.

When Does Economic Voting Make Sense?

Even if a voter is paying attention to the economy and, the voter might not choose to base his or her opinion of the incumbent on economic variables. The most commonly cited reason for this is that the voter might not hold the president responsible for changes in the national economy or his or her personal economic situation. Absent a belief that the government is responsible for the economy, economic voting makes little sense (Feldman 1982, Kinder and Mebane 1982, Lau and Sears 1981, Tyler 1982)[13]:

> "Key viewed the voter's decision rule as an act of sanctioning: the individual either rewards the president's party for economic improvements or punishes it for deteriorations. Prior to sanctioning, however, voters presumably decide on the extent to which incumbents are in fact responsible for those conditions. That is, citizens must first reach the conclusion that the president's party is liable for hard times before throwing it out of office. This necessary precondition for sanctioning is ignored by adherents of Key's theory because responsibility judgments are assumed to be automatic; the citizen "simply takes past performance as a prima facie indicator of the government's competence or lack thereof" (Fiorina 1981, 12)." (Peffley 1984, 276).

Thus the question becomes how do voters decide which economic fluctuations are politically relevant. This choice is driven by three sets of variables: psychological processes and personal values, the voter's level of sophistication, and the actual context in which the decision is made.

Psychological factors are most strongly brought into play in the choice to hold the government accountable for changes in a voter's personal economic situation. Individuals who have strong individualistic beliefs and a strong work ethic are more

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13 This basic finding has since been replicated by Rudolph (Rudolph 2003a, Rudolph and Grant 2002), Gomez and Wilson (2001, 2003, 2006), Beltran (2003), and Singer (forthcoming) among others.

likely to hold themselves accountable for their situation instead of blaming actors external to themselves (Feldman 1982, Kinder and Kiewiet 1979, Abramowitz et al 1988). In addition, voters whose personal economic fortunes have declined are more likely to blame the government while voters who are doing well are more likely to give themselves the credit (Abramowitz et al 1988). Voters are less likely to blame their co-partisans when the economy is doing poorly and are more likely to give them the credit when the economy is doing well (Sigelman and Knight 1985, Abramowitz et al 1988).

The nature of the relationship between sophistication and attributions of responsibility is more contested. Some studies claim that low sophisticates tend to blame the government for their personal economic circumstances because this is common wisdom or a heuristic (Conover et al 1987, Delli Carpini and Keeter 1996, Krause 1997). Other studies claim that voters lack the information and cognitive ability to link their personal experience to specific policies and programs and thus are more likely to blame themselves while they are unlikely to perceive factors that would objectively reduce the president's control of the economy (Gomez and Wilson 2001, 2003, 2006). Of course, both types of low-sophistication effects may exist across the electorate.

The factor that has received the most attention, however, is whether voters can use the economic and political context surrounding the election to differentiate the objective level of control that the incumbent had over the economy. Generally speaking,

accountability for economic performance can be focused on the executive if (1) economic outcomes in a country are largely a factor of domestic, not international factors and thus the government has the potential to influence them unilaterally; (2) there are few other veto players with whom the incumbent has to negotiate economic policy; and (3) the incumbent has strong powers over economic policy. Absent these conditions, politicians may be able to claim, and voters reasonably infer, that economic outcomes were out of the government's hands and thus should not affect the vote.[14]

A number of contextual factors have been linked to economic voting in this framework. Integration with world trading markets, for example, reduces government control over the domestic economy and is thus associated with lower levels of economic voting (Hellwig 2001, Hibbs 2006, Hellwig and Samuels 2007b). Similarly, participation in multinational governance institutions such as the EU may also reduce politicians' real control over economic policy and thus diminish the degree to which voters can hold them accountable for economic outcomes (Anderson 2006). The presence of multiple

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14 For a very early statement of this logic, see Hamilton in Federalist 70 (quoted in Anderson 2007):
"But one of the weightiest objections to a plurality in the Executive . . . is, that it tends to conceal faults and destroy responsibility. . . It often becomes impossible, amidst mutual accusations, to determine on whom the blame or the punishment of a pernicious measure, or series of pernicious measures, ought really to fall. It is shifted from one to another with so much dexterity, and under such plausible appearances, that the public opinion is left in suspense about the real author. The circumstances which may have led to any national miscarriage or misfortune are sometimes so complicated that, where there are a number of actors who may have had different degrees and kinds of agency, though we may clearly see upon the whole that there has been mismanagement, yet it may be impracticable to pronounce to whose account the evil which may have been incurred is truly chargeable."

veto players due to divided government across branches of government[15], the government being a minority or in coalition,[16] or federalism (Stein 1990, Gelineau and Remmer 2005) makes it difficult to attribute responsibility for economic outcomes to any specific actor and thus reduces economic voting relative to institutional arrangements that reduce obstacles to policymaking. Summary indices of the "clarity of responsibility" in an electoral context based on various institutional criteria have been created by Powell and Whitten (1993), Whitten and Palmer (1999), Quinn and Woolley (2001), Nadeau et al (2002), and Bengtsson (2004) to test the overall effect of the institutional environment. The usual finding is that the relationship between the economy and the change in government vote totals is more consistent in elections conducted under conditions where economic accountability should be the clearest.[17] Finally, using survey data from 45 American states, Rudolph (2003b) shows that voters were more likely to blame the governor for fiscal policies in states where laws and constitutions give the governor greater budgetary powers relative to the state legislature (even after controlling for the division of power in the state and the voter's partisanship)

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15 Leyden and Borrelli 1995, Lowry et al 1998, Rudolph 2003a, Lewis-Beck 1997, Lewis-Beck and Nadeau 2000, c.f. Norpoth 2001, Samuels 2004.

16 Lewis-Beck 1988, Chappell and Viega 2000, Mattila 1996, Anderson 1995b, 2000, Nishizawa 2000, c.f. Royed et al 2000.

17 However, a problem in many of these studies is that while economic effects do not have a significant effect in countries where responsibility is obscured, the observed level of economic voting is not significantly less than what is observed in high clarity cases (Royed et al 2000, Singer 2003).

and that these responsibility judgments in turn influence the importance of economic considerations in voters' overall evaluations of gubernatorial performance.[18]

The effect of these contextual effects on how voters evaluate incumbents is contingent upon voter awareness of them; only voters who are aware that the government is unified/divided incorporate that institutional alignment into their attribution of responsibility for the American economy to the president (Rudolph 2003a). Many of the indices of institutional clarity of responsibility have been criticized for requiring information beyond the knowledge of most voters (Royed et al 2000, Singer 2003). Thus sophistication and exposure to information may be associated with responsibility models functioning as expected.

The Implications of Contingent Economic Voting

The fact that economic voting varies across individuals and contexts is an empirical problem that has generated large amounts of theoretical fruit by forcing scholars to develop theories of attention and information processing and to think more closely about the cognitive process that underlies the way in which voters hold politicians accountable. The latter literature, however, has resulted in economic voting being taken as prima facie evidence of accountability mechanisms working the way that they are supposed to. In addition to the normative links highlighted in the quote from

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18 See also Rudolph's (2006) experimental evidence on the effect of varying executive powers on responsibility attributions.

van der Brug et al cited above, empirical studies of economic voting routinely interpret their findings through the prism of accountability and the mechanisms that make it possible. This linkage is made explicit in the title of economic voting studies such as "A New View of Political Accountability for Economic Performance" (Chappell and Keech 1985), "Fiscal Policy Outcomes and Electoral Accountability in the American States" (Lowry et al 1998), or "Presidentialism and Accountability for the Economy in Comparative Perspective" (Samuels 2004). Hellwig summarizes this consensus on the meaning of economic voting by arguing "economic voting studies analyze how mechanisms of democratic accountability--primarily elections--temper governments' tendencies to pursue their preferred economic policy mix" (2001, 1145; see also Tufte 1978, 826; Chappell and Keech 1985, 10, 22; Anderson 2000; Norpoth 2001, 415; Dorussen and Palmer 2002, 2; and Samuels 2004, 433 among others)

Thus when a study does not find that economic performance impacts incumbent support, these failures are also interpreted through the lens of accountability. For example, when they find no significant relationship between economic performance and government survival rates, Cheibub and Przeworski conclude that "either our statistical procedures are faulty or governments are not accountable to voters, at least not for economic outcomes" (1999, 237; see also Anderson et al 2004, 702-3). Hellwig and Samuels frame their recent analysis of the effect of integration with the global economy on economic voting as showing that "globalization attenuates accountability linkages

between voters and elected officials" (2007b, 299). Anderson's recent review of the economic voting literature is explicit in drawing this linkage:

> "In the context of economic voting, the foundations of the reward-punishment model as sketched above mean that accountability can be compromised either by individuals or by institutions. The principals/voters may fail to impose negative sanctions on the agents/representatives either because of the characteristics of voters (the individual constraints on economic voting) or because it is difficult for the principals to obtain the necessary information about the outcomes of agents' activities (the institutional constraints on economic voting). This model leads to a conception of accountability that is conditional: It implies that both the design of democratic institutions and the behavior of individuals can blunt the impact of the economy on election outcomes or voter behavior…. All the while, it is worth asking whether … accountability should be the prime normative standard to guide scholarship in the area of economic voting." (Anderson 2007, 278, 289)

Thus the implication of the current theoretical framework is that high levels of economic voting can be interpreted as evidence that elections are functioning as mechanisms of accountability while weak relationships between the economy and electoral outcomes is evidence that the democratic process is being undermined.

An Alternate Explanation for Contingent Economic Voting: The Economy's Changing Salience

The extant literature on government responsibility for economic outcomes has thus provided an answer to the empirical question of why the economy's effect varies across contexts while providing an important base for studying processes of accountability that have both empirical and normative implications. However,

government responsibility is not necessarily the most obvious reason for why the economy does not always effect elections.

For example, a puzzle for economic voting scholars is to explain why Al Gore did not receive the expected electoral bump from the strong economy prior to the 2000 election. The literature on economic responsibility would focus on the diminished credit for the retrospective state of the economy he received as vice president compared to the president (Nadeau and Lewis-Beck 2001, Lewis-Beck and Tien 2001, c.f. Fiorina et al 2003). However, an alternative explanation for the weakness of economic voting models to predict the close 2000 election is that "Between 1992 and 2000,the concerns of the public shifted from economic to domestic issues. Despite perceptions of prosperity, Gore could not capitalize on the economic improvements that occurred under the Clinton-Gore administration" (Miller and Klobucar 2003, 101; see also Kiousis 2004, Norpoth and Iyengar n.d.). Other issues, especially education and tax cuts, were more important to voters than they had been in the past.

More generally, economics are not the only issue with which voters are concerned. Retrospective voters way wish to evaluate the government's foreign policies or social policies or democratic credentials instead of their economic record. Similarly, prospective voters might believe other policy arenas should take precedence over economic policy in the new government. Thus one reason why the impact of the economy may vary across aggregates is that "Since [voters] have only one instrument,

the vote, with which to sanction governments for decisions in many realms, voters may decide to keep governments accountable for matters other than economics" (Cheibub and Przeworski 1999, 237). In other words, the electoral importance of economic factors may vary across voters, contexts, and time periods *because the degree of interest in the economy also varies across voters, contexts, and time periods*.

First, there can be little doubt that not all voters see the economy as being equally important. Consider, for example, the 2006 presidential elections in Mexico, an election we discuss in more detail in Chapters 3, 5, 7, and 8. At the time of this election, voters were asked in the 2006 CSES survey "Thinking about the things that personally interested you, what was the most important issue in this election?"[19] The basic responses to this question are outlined in Table 1.1 (Appendix 20 for details about how this measure was coded), which suggests that economic concerns were very prominent, being mentioned by a third of respondents. However, 60 percent of respondents said that the most important issue during the campaign was *not* related to economic performance. There was also concern about the fairness of the institutions that governed Mexico and even the election that was then being contested as well as questions of crime or education and other elements of social policy. We propose that these issues potentially competed with the candidates' economic policies and the incumbent's record

19 Pensando en las cosas que a usted le interesan en lo personal, ¿cuál fue el asunto más importante que se trató en esta elección?

for voters' attention and thus potentially explain why the economy's importance may have varied across subsets of the electorate in that election. Testing this expectation and explaining these variations in the economy's importance is the central goal of this dissertation.

Table 1.1: The Most Important Issue in the Presidential Campaign, Mexico 2006

Issue Area	Percent
Economy (Employment, "The Economy", Reduce Poverty)	38.84%
Governability (Clean Election, Democratization, Corruption, Stability)	14.90%
Crime (Public Security, Drug Trafficking, Violence)	14.41%
Social Policy (Education, Old Age Pensions, Lower Fees for Services)	11.89%
Partisan Conflict (Change Presidents, Conflict Between Candidates)	11.56%
Other Policies (Migration, Lower Government Salaries)	2.44%
Other (The Candidates' Proposals, The future of the Country)	5.94%

Second, the economy's average importance also varies across election contexts. In the second wave of the CSES survey, voters in 36 countries were asked "What do you think has been the most important issue facing [country] over the last [number of years that the last government was in office] years?"[20] While this question does not ask specifically about issues that motivated the respondent's electoral choice, in Chapter 4 we demonstrate that this question also measure's the economy's salience leading up to the election. For each of these questions, we coded whether or not the respondent

20 Country instruments differed in whether they presented voters with a list of options to choose from or if the question was open ended.

mentioned an issue of economic performance as the most important issue that faced the outgoing government; the specific issues included for each country are detailed in Appendix 24. As Table 1.2 demonstrates, the frequency by which economic factors are mentioned varies substantially by country. For example, in the German elections of 2002, economic issues (especially unemployment) were at the forefront for almost all voters whereas in the Swiss elections held the next year almost no voters mentioned economic concerns, focusing instead on immigration, social security reforms, and health policy.

Finally, the perceived importance of economic issues varies within countries over time. For example, we can compare the percentage of Mexican voters who mentioned economic issues as important in the 2003 midterm elections as coded in Table 1.2 with the percentage who mentioned economic issues as being important in the 2006 presidential elections; the percentage who mentioned economics as being important at the time of the midterm elections was substantially higher. Similar variations in the expressed importance of economic performance exist between the 2005 and 2002 elections in Portugal and the 2001 and 2004 elections in Taiwan.

Thus the data in Table 1.1 and Table 1.2 confirm that the expressed importance of economic performance varies across individuals, countries, and time periods. Furthermore, in Chapter 4 we show that differences in the stated importance of economic questions across the electorate correspond to different levels of economic

Table 1.2: Cross-Country Variations in the Economy's Perceived Importance

Country	Year	Percent Mentioning the Economy as Important
Germany	2002	84%
Taiwan	2001	74%
Poland	2001	72%
Brazil	2002	68%
Bulgaria	2001	67%
Portugal	2005	66%
Italy	2006	59%
South Korea	2004	57%
Kyrgyzstan	2005	56%
Philippines	2004	52%
Finland	2003	50%
Mexico	2003	49%
Albania	2005	47%
Peru	2006	45%
Russia	2004	45%
Romania	2004	44%
Taiwan	2004	44%
Japan	2004	43%
Chile	2005	42%
Portugal	2002	41%
Hungary	2002	36%
Israel	2003	30%
Iceland	2003	29%
Belgium	2003	27%
France	2002	22%
New Zealand	2002	19%
Ireland	2002	18%
Slovenia	2004	16%
Netherlands	2002	16%
Sweden	2002	15%
Australia	2004	14%
Switzerland	2003	11%
Spain	2004	9%
Norway	2001	8%
Denmark	2001	7%
US	2004	6%
UK	2005	5%
Canada	2004	2%

voting. Thus understanding why the economy's electoral impact varies across contexts might simply require understanding why voters in some contexts consider economic issues a higher priority than those in other circumstances do.

Our focus on the dynamics of voter attention stems from two challenges related to the multidimensionality of politics. First, voters have limited ability to consider information on all the potential dimensions on which they could potentially evaluate incumbents and, as a result, focus on a reduced set of issues. However, even if voters could evaluate politicians on all dimensions, unless a candidate is superior on all dimensions, choosing requires emphasizing some issues more than others.

The choice of which issues to emphasize is not made randomly. In general, the probability that an issue is emphasized by voters is a function of three factors. First, are there other issues that are competing with it for attention? At the level of individual, of course, we cannot model all the factors that lead people to focus on each specific non-economic issue. However, at the level of nations and specific elections, previous work suggests that foreign crises and wars raise the salience of foreign policy and thus reduce voter attention to the economy (Wilcox and Allsop 1991, Abramson et al 2007 c.f. Mcavoy 2006). Second, issues that are in crisis become easily accessible and get more weight; there is evidence that economic voting is more prominent after recessions or periods of volatility (Quinn and Woolley 2001, Weyland 2000, Gelineau 2002, Pacek and Radcliff 1995). Third, and this is the issue that has received the least amount of attention

in the extant literature on economic voting, we propose that voters who are especially sensitive to economic shocks will have greater incentives to cast an economic vote.

Thus in the chapters that follow, we propose that economic voting is associated with high levels of economic vulnerability. Voters differ in the degree to which they are exposed to external shocks and their ability to financially cope with personal economic dislocations. These differences, caused by such factors as participation in capital markets, the security of their employment, their participation in the informal sector, their access to welfare nets, and poverty, are thus associated with systematic differences in the propensity to engage in sociotropic and egotropic voting. At the aggregate level, this implies that electorates whose economic situation is precarious will engage in high levels of economic voting even if institutions of representation and accountability in their country are weak or flawed. In other words, the correspondence between economic outcomes and election dynamics in any give context might not refect the strength of accountability relations in that system.

In making this argument, we do not wish to argue that attributions of responsibility and the way in which institutions shape the ability of voters to hold politicians accountable are unimportant or that the dominant approach to economic voting advocated by comparative voting scholars is wrong. However, we propose that the high levels of attention to the way in which elections enable voters to hold politicians *accountable* for economic outcomes overlooks the role of elections as opportunities for

extracting *representation*. The choice of representatives requires steering politicians not only towards "good performance" in a generic sense but also toward having the same priorities as voters. Without knowing what voters want from politics, we cannot properly evaluate if their needs are being met. However, by modeling preference formation we can more closely track the raw materials on which campaigns and elections are based. Moreover, by knowing the place that economic factors take on the policy agenda of voters, we can hopefully also shed light in future work on the incentives governments have to engage in economic policy manipulations or more closely understand the conditions under which poor economic outcomes delegitimize not only the incumbent government but the larger regime.

The Structure of the Manuscript

In the next two chapters, we outline our basic theory of issue importance and the structure of our tests of that framework. In Chapter 2, we present evidence for the mutli-dimensional nature of politics, outline the tradeoffs facing voters, and propose that the choice among issue areas when voting is partially determined by the degree to which an issue impacts the voter personally. From this proposition we derive a theory of economic voting as a function of vulnerability to economic shocks. In Chapter 3, we lay out the rationale for case selection that leads us to test this hypothesis in the context of Latin America, with an emphasisi on Argentina, Mexico, and Peru. We then describe recent economic and political trends in these three countries, outline the extant literature

on economic voting in these countries, and describe the surveys that we analyze in the second section of the dissertation. In Chapter 4, we provide additional concrete evidence that voters vary in their attention to economic issues and demonstrate that variations in the economy's importance across groups of voters affect the weight given economic performance when voting, even in conditions where previous theory and empirical work suggest that economic considerations should have played a large role in shaping voter choices.

The second section of the dissertation then focuses on several specific forms of economic vulnerability and tests whether they moderate the impact of economic evaluations on the propensity of voters to support the incumbent president and his or her party.[21] In Chapter 5, we demonstrate that poverty enhances egotropic voting which subjective wealth and the ability to save enhance sociotropic voting. In Chapter 6, insecure employment is tied to increased sociotropic voting while in Chapter 7 we show that informal employment, which excludes voters from legal protections against being fired, denies them severance benefits, and excludes them from welfare programs also enhances sociotropic voting. In Chapter 8, we demonstrate that voters who are enrolled in national welfare programs and thus have access to economic safety nets have fewer incentives to cast a sociotropic vote, though the evidence for this proposition is stronger

[21] Unfortunately, in most of these surveys we do not have questions about the economy's perceived importance comparable to the ones summarized in Tables 1.1 and 1.2 and so we instead can only see if subgroups differ in the weight they give the economy when voting.

in Mexico than in Argentina or Peru. Finally, in Chapter 9 we test one of the implications of our argument alluded to above-the high levels of vulnerability associated with being underdeveloped lead to high levels of economic voting in new democracies even though institutions of accountability in these countries leave much to be desired. We then conclude in Chapter 10 with the implications of this study for larger bodies of literature in political science as well as discussing methodological questions raised by other recent works on economic voting that will require further attention.

2. A Theory of Motivated Economic Voting

> *"The salience of issues to the public directly affects their impact on the public's evaluation of the president. If foreign policy is especially salient and he ostensibly handles foreign affairs well, his ratings will benefit. If economic policy is more salient, however, even high ratings on foreign policy will not prevent him failing in the polls if the economy sours… Since salience mediates the impact of issues on presidential approval, we need to add it to our models of public evaluation" (Edwards et al 1995, 121-2).*[1]

In some ways, voting is like choosing a restaurant. In general, people eat at places that they have liked in the past and avoid places where they have had negative or even so-so experiences. They also choose among alternatives on the basis of their mood that evening, selecting restaurants that they expect will provide the desired experience. By holding restaurants retrospectively accountable and by prospectively choosing those with desired traits, voters shape the marketplace and, hopefully more often than not, get their desired meal. In this process they are assisted by reviews, recommendations from friends, posted menus, and observations about the appearance and service that simplify the task of gathering information and reduce uncertainty about a prospective meal.

Even with information and experience, however, choosing where to eat is often difficult because restaurants can be evaluated and compared on multiple dimensions. Retrospective evaluations of restaurants may force patrons to choose between places where the food was excellent and those where the service was excellent. Similarly, patrons have to decide if not only if they are in the mood for Mexican or Indian or

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1 This formulation of the quote is taken from Epstein and Segal (2000).

something else but must also judge the relative merits of restaurants with good appetizers as compared to those with rich desserts or the best selection in beverages or, perhaps, on the basis of non-food criteria such as atmosphere, current trends, or convenience. These types of comparisons create two sets of complications. First, weighing these various dimensions in a consistent manner may be simply too hard to do. Second, unless there is a single establishment that is pareto superior on all dimensions, patrons will have to consider the tradeoffs between various establishments. As a result, then, respondents simplify the choice and select a restaurant on a few of the possible criteria based on the patron's general priorities and moods on a given evening.

In this chapter, we argue that voters face the same challenge as a potential restaurant patron. Voters who wish to hold parties accountable for their actions in office or who want to choose a representative who is competent and shares their policy preferences are provided a multiude of dimensions on which to judge these actors. Voters are cognitively limited in the number of these alternatives that they can choose and also are likely to face tradeoffs as they compare alternatives with different strengths and weaknesses. The solution, we argue, is that voters simplify the choice by prioritizing and restricting the number of dimensions on which they make their decision.

This basic argument is not new and hopefully may even seem intuitive. Its implication for students of economic voting, however, is that if not all potentially

relevant considerations get incorporated into political choices and economic performance and policies are not the only potential basis of voter choice ,then the weight given economic questions should vary. Moreover, we argue that bases of choice are not chosen randomly but reflect long-standing preferences and priorities arising out of their personal situation. From these insights we develop a framework that suggests subgroups of voters for whom economic questions should resonate highly and be strongly incorporated into their political choices. Specifically, we focus here on factors that make voters vulnerable to economic shocks and argue that economic vulnerability motivates voters to cast economic votes.

Dimensions of Choice and the Necessity of Prioritizing Criteria

Political choices are multidimensional. Consider, for example, the apparently simple task of deciding whether one approves of disapproves of the incumbent executive and his or her government. However, "Government performance presents as many opportunities for the creation of decision clues as there are roles inherent in public office" (Echegaray 2005, 50). The multiple dimensions available for evaluating the incumbent are illustrated by Fiorina in his classic theory of retrospective voting:

> "In order to ascertain whether the incumbents have performed poorly or well, citizens need only calculate the changes in their own welfare. *If jobs have been lost in a recession, something is wrong. If sons have died in foreign rice paddies, something is wrong. If thugs make neighborhoods unsafe, something is wrong. If polluters foul food, water, or air, something is wrong*" (1981, 5 emphasis added).

In addition to these retrospective evaluations of outcomes, voters may add their opinions of the incumbents' leadership style, personality, and priorities. The wide range of issues on which citzens vote has already been illustrated in the brief example of the 2006 Mexican presidential elections in the previous chapter, where voters cited economic factors, governance factors, social issues, and the personalities of the candidates as the most important factor as they decided for whom to vote (Table 1.1). In Chapter 4, we further demonstrate the variety of issues that voters say are the most important factors when evaluating the incumbent.

The multidimensionality of political choices is even more easily perceived when voters are choosing between potential officeholders. If voters are primarily interested in candidates' competence (Fearon 1999, Duch and Palmer forthcoming), voters must consider candidates' relative abilities to deal with many types of issues because it is widely recognized that parties and candidates differ in their capabilities across issue areas. For example, voters in the United States generally believe that Republicans are better than Democrats at fighting crime or managing the national economy while Democrats are more competent at reducing poverty and managing health care and education (Petrocik 1996, 832). Competence, then, may not be an underlying latent variable by which voters can order candidates but instead is an ability that is arena specific.

Finally, models of issue voting have long recognized that candidates and parties take positions on a variety of issues and problems because voters are interested in many issues. Party ideologies may cause these issues to bundle into packets, thus reducing the dimensions on which voters will decide (Hinich and Munger 1994, especially pp. 127; also Carmines and Stimson 1980) but multiple issue dimensions on which parties divide still exist in most polities, especially those with permissive electoral systems and societal cleavages that provide fodder for political ones (Taagepera and Grofman 1985; Liphart 1999, 78-89). Lijphart, for example, argues that parties differentiate on the 7 dimensions of economic policy, religion and secularism, urban and rural development, regime orientation, ethnicity/culture, foreign policy, and materialism/ postmaterialism. Voters must evaluate their positions, competence, and the priority that parties will give each issue if they wish to cast a prospective vote. Additional levels of comparison may arise as new issues emerge or as parties agree on goals but differ on methods. These policy-based considerations may also have to be traded off against candidates who instead compete by emphasizing partisan loyalties, candidates' personalities and demographic characteristics, and appeals through clientelism (Kitschelt 2000, Kitschelt and Wilkinson 2006).

In general, then, voting models based on retrospective accountability, prospective selection of representation via voting on type, and policy-based voting all place voters in a choice environment where options can be compared on multiple

dimensions. The multiple-dimensionality of choice raises two sets of challenges for voters, however. First, while the menu of dimensions on which politicians can be judged is nearly endless, human capacity for making these judgments is limited. As Simon argues:

> "Before [information] can be used by the deliberative mind, it must proceed through the bottleneck of attention-a serial, not parallel, process whose information capacity is exceedingly small" (1985, 302).

People are cognitively limited, in other words, in the number of pieces of information they can process at any given time (Marois and Ivanoff (2005) or Sigman and Dehaene (2006) for a more extensive review). As a result, "people do not pay attention to everything" (Iyengar and Kinder 1987, 64). Limits on the number of facts that voters have accessible also limit the number of dimensions along which voters can compare alternatives. As a result, studies of decision making in everyday settings show that people provided with several different sources of information rarely use more than two or three dimensions of comparison for making decisions (Summers 1962, Summers and Hammond 1966, Lusk and Hammond 1991) and that as the complexity of the informational task or time pressure increase, the number of dimensions weighed in the decision decreases (Payne 1976, Redlawsk 2004). In other words, people do not use all the cues available to them, even if information they know that they are ignoring considerations that they themselves believe are valid, because of limits in processing abilities.

In light of these limitations, two general sets of voter strategies exist. The first is simply the choice set by identifying choice dimensions that capture multiple considerations. Ideology, for example, may reduce the number of dimensions on which voters must judge political platforms (Hinich and Munger 1994). If voters are interested in questions of priorities and general competence, however, there may be no way to simply the choice set: ideology informs voters of their preferences in the direction of policy but does not necessarily tell voters which element should receive the most attention by politicians and whether they should weigh economic failures more heavily, for example, than successes in reducing crime. The alternative solution is to explicitly reduce the number of considerations on which a decision is based, weighing some considerations more than others (e.g. Tversky 1972, Beach 1993, Payne et al 1993). The question, which we address in the next section, is whether these cues are selected haphazardly or systematically.

Even if voters were not limited in the number of cues they could process, a second challenge for voters contemplating multidimensional comparisons among political actors is that unless one candidate is superior on all dimensions, this comparison will not yield a definitive conclusion. Multiple dimensions create tradeoffs and tradeoffs create uncertainty.[2] If for example, a Mexican voter believes that the PRI

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2 In a sense, one could argue that the literature on collective choices in multidimensional space mirrors the problem for individual voters. In spatial voting models among candidates in multidimensional space, equilibrium outcomes are quite rare because a different candidate may be "dominant" (preferred to a

will best manage the economy, the PAN will best reduce corruption, and the PRD best reduce poverty, he cannot simply take "the average" of these considerations to pick his or her favorite party: he or she must decide which of these areas to weigh the most heavily. In fact, there is substantial evidence from American elections that voters prioritize in just this manner: voters comparing candidates with different capacities tend to support the one whose policy goals and strengths reflect voters' own priorities while ignoring candidate performance on issues that are deemed less important (Budge and Farlie 1983, Petrocik 1996, Abbe et al 2003, also Hibbs 1977).

Cognitive limitations in the number of dimensions that voters can take into account and the necessity of resolving tradeoffs among attributes and proposals both force voters to weigh some dimensions more than others. The weight given an issue is its *salience*; an issue or element of the incumbent's record is considered salient if it had an especially large impact on voters' opinions or behavior (e.g. Krosnick 1988, Fournier et al 2003).

The implication of this contrast between the unlimited number of issue dimensions and humans' limited capacity to process them is that not all areas of incumbent performance will be equally important. Issues that are salient will have a larger impact than issues that are not salient The challenge is to predict which issues will

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majority) on every possible dimension (Plott 1967; McKelvey 1979, McKelvey and Ordeshook 1976, Enelow and Hinich 1983). As a result, groups simplify their choice by weighing some dimensions more than others through salience weights, the creation of ideologies, or considering dimensions sequentially (Tullock 1981; Shepsle and Weingast 1981; Hinich and Munger 1994).

be salient at any given time. More generally, because voter attention is limited, we should not automatically assume that "it's the economy" for all voters; for many voters it might be something else. The introductory epigraph by Edwards et al (1995) summarizes this basic insight: while the economy is generally an important determinant of election outcomes and presidential popularity, its importance varies systematically as economic circumstances change and periodically as other issues rise in importance and compete for room on the public agenda. Thus, as we reviewed in the previous chapter, variations in the economy's impact on presidential approval or election outcomes over time have been modeled as a function of volatile or recessionary economic circumstances (Quinn and Woolley 2001, Weyland 2000, Gelineau 2002, Pacek and Radcliff 1995, Pacek 1992) and the incidence of foreign policy crises (Wilcox and Allsop 1991, Abramson et al 2007 c.f. Mcavoy 2006). The question is whether voters within the same electoral context vary in the importance they give economic performance.

Deciding Among Attributes: Accessibility and Personal Importance

Voting is one of many decisions where voters have to simplify the set of criteria on which decisions are made. People tend to rely most heavily on considerations that are easily accessible. "Attitude accessibility refers to the ease and quickness with which a person can retrieve an attitude from memory and use that attitude in making a judgment or decision" (Lavine et al 2000, 82). Voters place greater weight on issues that are at the forefront of their minds instead of ones that require more thought to retrieve

them (Aldrich et al 1989, Higgins and King 1981, Fazio and Williams 1986, Bassili 1995, Lavine et al 1996, Iyengar and Kinder 1987, Iyengar et al 1984, Bauer 1972, Mellers 1986, Zaller 1992, c.f. Peterson 2004). The question, then, is one of identifying the factors that make an issue accessibile. A portion of an issue's salience is a function of its complexity, the ease of obtaining information, and the way in which information is presented (Zaller 1992, Gomez and Wilson 2001, Soroka 2002), but psychological theories of construct accessibility focus on three interrelated factors that systematically explain an issue's accessibility in decisions: voter self-interest, its impact on groups that the voter cares about or identifies with, and its relationship to the voter's ideology. These three dimensions build on James' (1890) tripartite theory of the three dimensions of self interest. The central assumption of this approach is that "a political issue should be important or involving to a person to the extent that it impinges on … the self" (Lavine et al 2000, 83). In other words, voters tend to respond most heavily to issues that impact them personally.

This basic assumption that voters reference issues that they deem personally important more frequently than other issues and give them the most weight when deciding has been supported by numerous studies (Aldrich and McKelvy 1977, Brehmer 1977; Holzworth 1999; Lavine et al 2000; Krosnick 1988; Jackman 1977, Berent and Krosnick 1995). In arguing that voters will base their vote on issues that personally

important to them, we need not necessarily assume that voters will always vote their narrow self interest. For example, Young et al argue that:

> "Self-interest and a high position on a personal agenda are not necessarily coincident. For example, the abortion issue may not involve self-interest since an individual may consider abortion to be an important issue without having to make a personal decision about abortion. Rather, as a function of exposure to the evening television news, to other media, or to personal interactions with peers, an individual may develop a deep concern about the abortion issue as well as a perception that others consider the issue to be highly important. This heightened sense of importance may be so strong as to override the individual's concern with other pertinent issues" (1987, 65).

However, in Young et al's study of the role of personal importance in moderating the effect of objective economic considerations such as being unemployed, they find that voters who had an objective self-interest in an issue were more likely to cite it as personally important (*ibid* 68). Thus there often is a relationship between personal experiences and considering an issue important.

Moreover, there is evidence that voters base their voting behavior on issues that they consider personally important and not on issues which they think will have the largest impact on the nation's overall well-being. In a series of studies, for example, Krosnick and colleagues (Krosnick 1988, Bizer and Krosnick 2001, Holbrook et al 2005, Bizer et al 2004; see also Lavine et al 1996) ask voters what issues they consider personally important and which issues they think are most important for the overall health of the nation and show that only the former significantly impact voter behavior. Voters who believe that a policy area will impact them strongly tend to have more ready opinions about that issue, can more completely perceive candidate positions, and weight

those policies more than issues which impact them less. Even if we believe that an issue is important for the nation but do not see any way in which is personally will impact me, we are unlikely to incorporate it into our vote.

Personal Economic Situations and Heterogeneous Economic Exposure

In general, then, issues that are personally important or that induce anxiety or fear will tend to be given more weight in how voters make decisions than considerations that are less important or potentially devastating. In the context of economic voting, this implies that the voters that will place the most weight on economic questions when voting are those whose personal situation is most closely tied to shifts in the national economy or who have the most to fear from an economic downturn. Inasmuch as the economy affects groups of voters differently, then its salience should vary across the electorate.

To illustrate our argument, let us imagine a voter contemplating the prospect of how the national economy will perform over the next year. Generally speaking, the voter knows that the national economy will improve, stay the same, or get worse. She also knows that each of these outcomes will likely affect her family's overall welfare by shaping their ability to consume, work, invest in human capital, and save for the future. Moreover, most voters will do better when the economy is strong and do worse when the economy is weak. Models of economic voting thus generally assume propose that

voters have a utility function with respect to economic conditions similar to the ones depicted in Figure 2.1 whereby voters' utility monotonically increases with improvements in the economy. These changes in utility reflect changes in the voters' actual economic well-being, the suffering or avoiding of stress from considering potential dislocations, and other affective reactions. While we have couched the discussion here in terms of voters' prospective sociotropic evaluations of the overall economy, the same basic relationship can be discussed with respect to egotropic and retrospective outcomes or responses to specific economic areas such as the job market, inflation rates, or stock market. Economic voting thus occurs because voters' utility towards the incumbent is a function of the economic outcomes they have delivered in the past or can be expected to deliver in the future (Suzuki 1991, Dorrussen and Palmer 2002).

If our proposed framework is accurate and the elasticity of this relationship varies across voters, then differences in the shape of voters' utility function should cause voters to place differential electoral importance on economic shifts. Imagine, for example, that voters A and B have the two utility functions depicted in Figure 2.2. Both voters face the same potential economic outcomes and the utility of both voters is positively associated with economic performance. However, they differ in how strongly shifts from the status quo will affect their personal well-being; the marginal change in

Figure 2.1: The Linkage between the Economy and an Average Voter's Utility

Figure 2.2: Variations in Linkage between the Economy and Voter Utility

voter A's utility level is at least greater than that experienced by voter B for all changes in the state of the economy away from the status quo. In other words, the welfare of A is *more sensitive* to economic outcomes than that of B is. These differences in voter sensitivities should have implications for how voters define the scope of politics and the way in which they vote. Because Voter A is affected more by shifts in the economy than Voter B is, then Voter A should be more likely to see the economy as personally important. Moreover, the threat of a negative shift in the national economy should induce greater levels of anxiety in Voter A. Thus he should be more likely to consider economic questions salient and place greater weight on them when voting. Economic vulnerability should cause higher levels of economic voting.

A similar prediction can be derived from the literature on voter anxiety (Marcus et al 2000, Crigler et al 2007).[3] These models assume that most of the time, voters have a standing preference that they use for making decisions. However, during periods of anxiety voters focus on the factors that are making them anxious, seek out information on them, and deviate from their standing decisions in a way that targets the source of anxiety and reduces the perceived threat. In fact, voters facing a threat not only look for a candidate that can deliver them from it but attribute leadership abilities and policy capacity to actors to reduce their cognitive anxiety (Madsen and Snow 1991, Landau et al

3 Perceived threats and anxiety have different effects on attitudes toward risk (Huddy et al 2005), but both lead to increased engagement and attention to the source of the threat.

2005, Zechmiester and Merrolla 2007). Thus voters whose personal situations make them anxious about economic questions (e.g. Voter A) should focus their attention on economic questions instead of relying on other factors or even standing cues such as partisanship.

Sensitivity to economic shocks potentially arises from two sources. First, differences in voters' personal economic situations determine the relative connection between national economic shocks and the likelihood that the voter experiences a change in their overall well-being. The most common dislocation that voters experience in relation to a national shock is a reduction in wages via a cut in hours, full unemployment, or a drop in returns to capital. Voters differ in the security of their employment and the degree to which their job is connected to the national economy. Voters also differ in their ability to access resources that can supplement their income should an employment dislocation occur. The majority of the forms of vulnerability that we examine fall into these categories.

Second, voters differ in the degree to which shifts in their personal economic situation affect their ability to consume. If voters have resources on which they can draw to supplement consumption, then shifts in their personal economic circumstances might not affect their short term well-being. Moreover, the impact of a personal

economic dislocation on consumption patterns will differ if the voter was previously only able to purchase essential goods or if they were consuming luxury items as well.[4]

The connection of personal well-being to economic shocks and the ability of voters cope with those personal shocks if realized define the voter's overall *economic vulnerability*. In recent years, the concept of vulnerability has received a great deal of attention among students of political economy, especially in advanced industrial democracies. For example, there is a growing literature on how economic insecurity shapes voters' preferences over economic policies. [5] Voters who are vulnerable to economic dislocations due to their specific skill set, the nature of the sector they work in, and the national and international economic environments have preferences for governments to take steps to reduce their exposure by restricting global competition and mobilize for programs that would help them cope with these shocks such as investing in social-welfare programs and job training regimes and (Alt et al 1996, Rodrik 1997, Leamer 1998, Iversen and Soskice 2001, Hall and Soskice 2001, Anderson and Pontusson 2007, Mughan and Lacy 2002, Esping-Andersen et al 2002, Scheve and Slaughter 2004).

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4 Thus while the second form of vulnerability is strongly correlated with poverty, the first source of vulnerability is a function of risk. This conceptualization follows work by Ligon and Schecter (2003) arguing that households become vulnerable along three dimensions: poverty, aggregate risks, and idiosyncratic risks and demonstrate that the last two forms of risk are related-some groups are more strongly affected by aggregate shocks than others.

5 But just as the economic voting literature has ignored voter vulnerability, with the exception of Grafstein (2000, 2005) the literature on the electoral consequences of vulnerability has not moved beyond the policy and partisan preferences of voters to an analysis of how a voters' economic situation shapes the process by which voters evaluate candidates and the weight they give different considerations. Our research thus potentially bridges the gap between these two literatures.

Additionally, there is often a connection between economic vulnerability and support for left-leaning and social-democratic parties who usually advocate these policies (Hibbs 1977, Alt 1985, Kwon 2003, Grafstein 2005, cf Rudra 2005) or populist candidates who promise redistribution (Cameron 1994; Roberts, 1995, 2006).[6]

The extant literature thus suggests that economic vulnerability has real consequences for how voters orient themselves toward politics. In this work we thus add the contention that economic vulnerability should shape the salience of economic outcomes by determining the importance of specific economic outcomes for voters' personal well-being. Thus in general we expect that factors which increase a voter's economic vulnerability will raise the economy's salience. In contrast, factors that insulate voters from the economy or make them better able to cope with economic shocks will reduce economic voting.

To test this argument, we study how factors that the extant literature demonstrates affect voters' economic vulnerability in turn shape their sensitivity to economic questions when voting. Moreover, we attempt to identify the types of economic outcomes that voters will be responsive to. Specifically, in the chapters that follow we argue that:

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6 Though the link between vulnerability and support for populism has never been tested with individual-level data

- *Poverty* magnifies the importance of shifts in voters' personal economic situation while wealth reduces the incentives to cast an egotropic vote (Chapter 5).
- *Wealth* and *participation in capital markets* expose voters to shifts in the national economy while allowing them to capture the majority of the benefits from economic upswings. The result is that wealthy voters are more likely to cast a sociotropic vote than poor voters are and especially should be responsive to changes in the growth rate (Chapter 5).
- Voters who feel *insecure in their employment situation* should feel more threatened by economic downturns and especially drops in the employment rate than voters who have employment guarantees. The result is that voters with insecure employment should be more likely to cast a sociotropic vote (Chapter 6).
- Voters who are *informally employed* should feel more threatened by economic downturns and especially drops in the employment rate than voters who are covered by national labor laws. The result is that voters working informally should be more likely to cast a sociotropic vote (Chapter 7).
- Voters who are *excluded from national welfare programs* should feel threatened by economic downturns because they lack access to safety-nets. The result is

that voters who are excluded from welfare programs should be more likely to cast a sociotropic vote (Chapter 8).

The implication of these hypotheses is that sociotropic economic voting is largely derivative of egotropic concerns: voters respond to the national economy because it creates opportunities and threats and those who have the most to lose or gain place the greatest emphasis on it.

These are, of course, not the only forms of economic vulnerability that we could study. For example, the extant literature on vulnerability and policy preferences in Europe largely focuses on questions of skill specificity. In this dissertation, however, we focus on those for which the difference between the secure and insecure seems relatively stark and for which we could get data.

In Chapters 5-8, we lay out in greater detail the logic that underlies each of these propositions. To test them, we have collected survey data from various contexts that contains indicators of these various forms of insecurity, though in many cases this required sponsoring the addition of these survey questions to surveys in the field. The country contexts and specific surveys are outlined in Chapter 3. With this data, we test the hypothesis that the association between economic factors and incumbent approval/the probability of voting for the incumbent party differs across groups across the electorate in accordance with their relative economic vulnerability.

3. Cases and Data

The primary argument of this manuscript is that economic vulnerabilities heighten economic voting by increasing the salience of economic factors. Testing our central hypotheses requires individual-level data on economic vulnerability, evaluations of the economy, and voter opinions of the incumbent and competing alternatives. we believe that the validity of the hypothesis that individual-level differences in voter vulnerability are associated with differences in economic voting is not context specific and hence could be studied in any democracy. However, to provide the best test of this argument, we endeavor to select cases that maximized the contrast between more or less vulnerable segments of the society, which maximized variation in institutional and societal features that are associated in other studies with variations in economic voting, and where previous work demonstrated that economic factors were generally salient.

A criterion for case selection is to maximize variance on independent variables of interest in order to increase the available leverage for testing hypotheses (King et al 1994, 146; Collier and Mahoney 1996, 74; van Evera 1997, 24-25; Gerring 2001, 189). Because our unit of the analysis is individual voters, this implies that the ideal societies for testing our argument would have (1) sufficiently large numbers of vulnerable voters to make it possible to estimate the effect of vulnerability with some precision and (2) the scope of these vulnerabilities would be sufficiently large to make vulnerable voters

substantially different from the rest of society. We propose that Latin American electorates fit these criteria. The debt crisis and subsequent economic reforms across Latin America fundamentally restructured societies and economies (e.g. IDB 2004) and several observers have defined economic vulnerability as the central issue of contention in the region (Rodrik 2001, UNDP 2004). Poverty has reached epidemic levels: 43.9% of Latin American households had incomes below the poverty line in 2003 compared to 15% of Europeans and 12% of Americans (UNDP 2004, 36-7). The average unemployment rate in the region was higher in 2004 than at any period during the 1980's (*ibid)*. In addition, much of the employment that does exist is in jobs where workers do not have formal contracts; the informal sector generated 60% of new employment in the region during the 1990s (IDB 2003). Meanwhile, fiscal pressures and globalization have forced governments in the region to cut spending on social insurance programs (Mesa-Lago 1997, Kaufman and Segura-Ubiergo 2001). Latin America also has more income inequality than any other region of the world (World Bank 2003). Thus there are large numbers of insecure voters. At the same time, there are many voters who are prospering and who feel economically secure with which we can contrast and draw inferences in our studies.

While we study economic voting in Latin America because patterns of economic vulnerability are conducive to testing our theory, the study's robustness can be increased by comparing electoral dynamics in countries where the expected baseline

level of economic voting differes. Specifically, we test the arguments in subsequent chapters in three countries chosen to control for differences in institutions and party structures that determine the clarity of responsibility, for recent trends in economic volatility that may enhance the economy's salience across the electorate, and experience with democratic practices that the extant research suggests also determine the relative levels of economic voting. Thus our second case criteria invokes Przeworski and Teune's (1970) "most different systems" design, maximizing variation on factors that prior literature identifies as key to economic voting. If we observe that economic vulnerabilities mediate economic voting across segments of the electorate in the same way in these three different settings, that finding will provide greater evidence for the robustness of our hypotheses than would analysis of only a single country.

The three countries selected for the collection of original survey data are Argentina, Mexico, and Peru. While there are important similarities among them arising out of their common regional location, including weak welfare systems and high numbers of economically vulnerable voters, their political systems and recent economic performance differ in theoretically interesting ways. Economically, Peru is poor and has high unemployment rates, but its economy has experienced stable (if low) growth for most of the past decade. Argentina's GDP per capita is in the middle of the three countries with the lowest poverty rate, but it has high levels of both economic volatility

and unemployment. Mexico is the richest of the three and has the lowest unemployment rates and moderate volatility since the 1994 peso crisis.

The political institutions of the three countries also differ in significant ways that are theoretically relevant for understanding the nexus between voter assessments of the economy and evaluations of incumbents. The three countries have different party systems: Argentina has traditionally had a two party system, Mexico now has a competitive three party system after years of single-party dominance, and the Peruvian party system is extremely unstable and fractionalized. The Mexican party system is more strongly institutionalized than that of the other two cases while the Peruvian parties are among the least institutionalized parties in Latin America (Payne et al 2002, 143). Presidents in the three countries are not equally powerful: the Argentine president has the strongest legislative powers in Latin America while the Mexican president is among the weakest in the region (Samuels and Shugart 2003, 43). Divided government also has occurred at varying rates across in these countries, being most common in Argentina and least common in Mexico, though this pattern has switched since 1997 (Payne et al 2002, 211).

The result of these variations in political structures is that we should expect the baseline rates of economic voting to differ across countries. With its low number of parties, strong powers, and unified government, conditions in Argentina should thus generally be conducive to high levels of economic voting. In contrast, Mexico should

observe moderate levels of economic voting (facilitated by the institutionalized party system but reduced by the recent presence of divided government, weak formal powers of the president, and lack of reelection), while partisan and institutional conditions in Peru, with the exception of the enhanced presidential powers enacted by Fujimori, should obscure responsibility for economic outcomes and thus should result in lower levels of economic voting than in the other cases. Yet we expect the same factors to intervene on economic voting in the three cases; observing that common dynamic should enhance the robustness of our findings.

Our third criterion for case selection is that we propose to study the impact of vulnerability on the economy's salience in societies where there is both theoretical reasons and prior evidence to expect that the economy should be generally salient across the electorate. If an issue is not widely important, it should not be that surprising to identify a subgroup of the population for which it is slightly more important than for the rest of the electorate. If, however, most voters in a country already have an issue on their radar screen, the amount to which a factor can make it even more important is limited. Thus to be able to identify groups whose vulnerability focuses their attention onto the economy even more than their economically motivated citizens or, alternatively, to identify groups whose security lessons their attention to economic factors even in a situation when the economy is highly politicized, results in a more difficult challenge for the theory.

Thus in the sections that follow, we outline recent economic and political events in each of the three countries analyzed in the chapters that follow. Besides serving as a reference point for the analysis of public opinion dynamics, these reviews all show how economic crises and volatility over the previous two decades have generally raised the salience of economic performance to the forefront of these electorates. A review of the extant literature on economic voting in each country confirms the importance of economic factors.

Economics and Politics in Argentina

The Argentine economy over the previous two decades can best be described as a roller coaster. The 1980's were dominated by the continuation of 100+ percent annual inflation from the 1970's (which exploded into 3000 percent annual inflation by 1989 with the failure of the Austral Plan) and volatile economic growth rates (e.g. the economy contracted by 9 percent in 1985 and then rebounded by 7 percent the next year). While the economic reforms implemented during the Menem administration (1989-1999) greatly reduced inflation during the 1990s, economic growth rates remained erratic throughout the 1990s while Menem's economic liberalization and privatization programs resulted in increased unemployment. In addition, the national debt increased from 27 percent of GDP in 1992 to 48 percent in 1999 as the government struggled to avoid budget deficits.

The 1999 presidential elections were contested over the issues of state reform and lowered corruption but *Alianza* candidate Fernando de la Rua (representing the conservative UCR and FREPASO parties) also promised to revitalize the economy. The combination of economic revitalization and institutional reforms led de la Rua to a victory over Menem's former Vice President Eduardo Duhalde (Di Tella 2000 for a discussion of this election). However, de la Rua proved unable to keep his electoral alliance united; FREPASO delegates and Vice president Carlos Alvarez resigned from the government over perceived inequalities in the distribution of cabinet posts and allegations of bribing legislators to support labor-reform legislation. De la Rua also proved unable to get his agenda through the Peronist majority in the lower legislative chamber (Schamis 2002) nor could he lower unemployment or jumpstart the economy.

In the meantime, the Argentine economy faced a mounting set of challenges. The fixed Argentine currency that had reduced inflation under Menem had became overvalued and the national debt burden, which had increased following an increase in electorally-driven transfers to various provinces in the lead-up to the 1999 elections was becoming unsustainable (Pastor and Wise 2001). Exacerbating these pressures were business debt burdens that were largely denominated in dollars, making devaluation widely unpopular with De la Rua's remaining base (Woodruff 2005). The de la Rua administration responded to these challenges by introducing austerity measures and restricting bank withdrawals to prevent currency flight (a policy known as the *corralito*)

while the government attempted to renegotiate the debt while holding the line on devaluation. These policies accelerated the recession while the *corralito* created resentment among middle class voters unable to access their savings and small business owners and workers who relied on cash transactions.

The economic and political crises came to a head in December 2001, as public discontent with the de la Rua administration's economic policies (especially the restrictions on bank withdrawals) resulted in widespread protests and looting in Buenos Aires and Rosario (Auyero 2006) and the deaths of several protestors in clashes with police. Following the rejection of de la Rua by both his own party and the Peronists who refused to join a grand coalition government (Schamis 2002), de la Rua resigned. After several interim presidents failed to stabilize the country, Eduardo Duhalde was named president until elections were scheduled to be held in 2003. Facing these conditions, Duhalde ended the convertibility system. The result was a 70 percent devaluation of the peso and a 13 percent decline in per capita GDP. During that period, urban unemployment increased to higher levels then any other period in argentine history and five million people fell into poverty between October 2001 and June 2002 (Levitsky and Murillo 2003, 155). However, the economy began to turn around in the latter parts of 2002. By 2003 growth rates had returned to pre-crisis levels and unemployment levels had fallen substantially. Many of the newly employed, however, were employed

informally and received less income and social protections than previous to the crisis (Paz 2003) and poverty levels remained high.

Against this backdrop, special elections were held in April 2003 to replace the interim president with a permanent executive. The 2001 crises had so thoroughly decimated the non-Peronist parties that the two leading candidates in the presidential elections were both Peronists: former president Menem and Nestor Kirchner, governor of Santa Cruz. Kirchner had opposed many of Menem's economic policies and political reforms while in office and thus gained the support of Duhalde, who sought to block his rival Menem from ascending to the presidency again. Given the recent backdrop of economic crisis, it is not surprising that the campaign focused on economic proposals. Menem emphasized his previous success in ending hyperinflation while Kirchner promised greater state intervention into the economy in stabilizing prices while creating jobs through targeted investments (Levitsky and Murillo 2003 and Sanchez 2005 for discussions of the campaign). In addition to these candidates, two former members of the Radical party (Ricardo López Murphy and Elisa Carrió) a third Peronist candidate (Adolfo Rodriguez Saá-one of the interim presidents who served after de la Rua's resignation) were in the running for the presidency. As these five candidates split the vote (each received more than 14.1 percent), Menem (24.5 percent) and Kirchner (22.2 percent) emerged as the candidates for the runoff. Despite winning a slight plurality in the first round, however, many voters seemed to hold Menem at least partially

responsible for the policies that led to the 2001 crisis and surveys suggested that Kirchner would receive more than 70 percent of the second round vote. Facing certain defeat, Menem withdrew from the second round and conceded victory to Kirchner.

The economy largely rebounded during the 2003-2006 period, fueled in part by the growth in exports following the devaluation. The result has been a lowering of unemployment and a rise in consumer confidence. In addition, Kirchner succeeded in renegotiating the majority of Argentina's foreign debt to be denominated in pesos instead of dollars and then be paid off at lower rates, about 30 cents on the dollar (Dhillon et al 2006). In December 2005 Kirchner announced that Argentina would pay its entire $9.8 billion debt with the IMF through its reserves and the issuances of bonds. These economic successes have brought renewed inflation with price levesl increasing by 10 percent annually. Kirchner has responded to the inflation fears by pressuring supermarket chains and energy companies to maintain lower prices. Fears of inflation have not, however, prevented Kirchner from increasing government spending on anti-poverty measures such as *jefes y jefas de hogar* (Galasso and Ravallion 2004), the construction of public housing, and other social programs.

Economic Voting in Argentina

There is substantial evidence that Argentine voters act in ways consistent with economic voting models when evaluating the incumbent party. Individual level analyses by Canton and Jorrat (2002), Seligson (2003), Gervasoni (1997, 1998), Gelineau

and Remmer (2005), Gelineau (2002), and Echegaray (2005) all show that voters with positive evaluations of the national economy are more likely to reward the president's party in presidential, legislative, and sub-national elections. There is also evidence of egotropic voting, though the effect of egotropic concerns generally seems to be smaller than that of the national economy (c.f. Canton and Jorrat 2002).

The traditional economic voting model thus would suggest that the rebounding economy should have resulted in increased support for Kirchner and his administration. Consistent with analyses of previous presidents, Kirchner's support is also strongly tied to his perceived management of the economy. Figure 3.1 (below) graphs two widely cited indicators of consumer confidence and support for the incumbent government developed by Torcuato di Tella University and the polling firm Catterberg y Associados from the start of Kirchner's administration.[1] The Index of Consumer Confidence tracks voters' retrospective and prospective evaluations of their personal economic situations, their prospective evaluations of the national economy over the next one and three years, and their evaluations of whether it is a good time to make major purchases, combining these answers in a scale ranging theoretically from 0-100 with high values representing positive evaluations. The Index of Government Confidence asks voters to evaluate the

[1] Both indices are based on 800 telephone interviews in the Capital District, Greater Buenos Aires, Córdoba, Rosario, Mendoza, and Tucumán. The Index of Consumer confidence is overseen by Eduardo Levy Yeteli and the Index of Government Confidence by Sergio Berensztein. The monthly data can be downloaded from www.utdt.edu, which also contains additional details on the methodologies and composition of the indices.

incumbent's performance generally and with respect to specific issues such as reducing corruption, being efficient, and treating groups equally and forms a scale from 0-5, again with high values representing positive evaluations. These indices are generated from a

(Source: Universidad Torcuato di Tella)

Figure 3.1: Consumer Confidence and Trust in Nestor Kirchner's Government, June 2003-December 2006

monthly telephone survey of 800 respondents from the federal district and surrounding suburbs, Córdoba, Rosario, Mendoza, and Tucumán.

As the figure demonstrates, support for the incumbent started high but declined quickly after his inauguration as the economy continued to weaken. Since then, support for Kirchner has moved quite closely with evaluations of the economy, though this

relationship appears to have weakened somewhat during Kirchner's later period in office, where Kirchner's approval ratings have recently declined despite generally high levels of consumer confidence.

These observed tendencies can be confirmed by statistical analysis that models confidence in the government as a function of consumer confidence. Both series are nearly-integrated series (de Boef and Granato 1997) with partial autocorrelation coefficients greater than 0.92. Bivariate regressions between nearly-integrated series will yield generally the same spurious results as if they were unit-root processes (Beck 1992, Box-Steffensmeier and Smith 1998). However, these series can be modeled using an error correction model of short term shifts in presidential support as a function of lagged approval and both short term and long-term trends in economic performance. Specifically:

$$\Delta Approval_t = Approval_{t-1} + Time\ in\ Office_t + Economics_{t-1} + \Delta Economics_t + \varepsilon_t$$

The variable "Time in Office" is a count variable that tracks the number of months the president has been in office. Several scholars have noted that government support tends to decline over time as governments incur the "costs of ruling" as tough decisions alienate members of their base a peripheral supporters lose their enthusiasm (Nannestad and Paldam 2002). Hence we expect this variable to be negative to capture this average tendency to lose support.

This model specification provides several of advantages. As with other specifications that specify variables as first differences, it reduces problems of non-stationarity that have been shown to disturb presidential approval series, especially those which are as short as those analyzed here (Granger and Newbold 1974). The specific inclusion of lagged variables in the error correction process allow us to explicitly model potential integration between the two series (Engle and Granger 1987, Murray 1994) by which economic steady-states prevent presidential approval from deviating too far from the baseline established by the incumbent's economic record (Beck 1992). Analytically, the error correction model also allows us to differentiate the short term (difference) and long term (lagged) effects of economic performance on approval.[2]

The results of this time series analysis of the monthly confidence ratings for Kirchner's government, estimated using an OLS specification, are presented in Table 3.1 (below). In the first column, we model monthly support levels as a function of the consumer confidence index graphed in Figure 3.1 above while the second column models support for the incumbent instead as a function of citizens' prospective evaluations of their personal egotropic financial situation over the next 12 months and of their Sociotropic evaluations of the national economy over the same period. These evaluations are two of the components of the consumer confidence index used in the first column and are

[2] There is some evidence that error correction models with nearly integrated-series may result in under-estimation of the standard errors in long-run relationships if shocks to the two series are correlated (De Boef 2001). The estimates for short-term dynamics will be correctly specified, however.

drawn from the same survey. In both models, the lagged value of presidential approval is negatively associated with changes in incumbent support between surveys. This implies that presidential approval has a tendency to revert to mean levels when it gets high; if the dependent variable were not mean reverting then the error-correction specification would not be appropriate. There is also some evidence of a cost of ruling effect in the first model specification.

Table 3.1: Consumer Confidence and Changes in Support for Kirchner's Government

	[1]	[2]
Government Support$_{t-1}$	-0.870***	-0.932***
	(0.115)	(0.170)
Number of Months in Office	-0.025***	0.001
	(0.004)	(0.003)
Consumer Confidence$_{t-1}$	0.071***	
	(0.013)	
ΔConsumer Confidence	0.052*	
	(0.012)	
Egotropic Prospective Economic Evaluation$_{t-1}$		-0.040
		(0.029)
ΔEgotropic Prospective Economic Evaluation		-0.027
		(0.022)
Sociotropic Prospective Economic Evaluation$_{t-1}$		0.057***
		(0.017)
ΔSociotropic Prospective Economic Evaluation		0.042***
		(0.012)
(Constant)	-0.991°	1.515
	(0.551)	(1.047)
N	43	43
F	30.01***	31.06***
Adjusted R^2	0.734	0.811
Root MSE	0.206	0.174

OLS Regression, Standard Errors in Parentheses
° p<0.100, * p<0.05, ** p<0.01, *** p<0.001

Our primary interest in this analysis, however, is in whether support for the current president is a function of consumer confidence. The results in the first column suggests that presidential support tends to increase as consumer confidence increases in the short term and also if consumer confidence has remained high in the medium term. Moreover, the results in the second column imply that voter evaluations of the incumbent president tend to be a function of changes in the national economy, not anticipated changes in their own personal pocketbook. This result is consistent with previous studies on presidential approval in the American setting that show that Sociotropic evaluations largely trump egotropic ones (Lewis-Beck and Stegmaier 2000).

An economic voting logic is also consistent with the outcome of the 2005 legislative elections. At the time of the elections, support for President Kirchner was buoyed by the strong economy (7 percent annual growth every since his inauguration while unemployment had fallen each year) and pre-electoral polls estimated approval of Kirchner to be between 63 and 79 percent (Angus Reid CPOD Global Scan, various issues). The elections culminated in a massive electoral victory for Kirchner and his supporters, who received three times more votes than any other electoral coalition and won 50 of the 127 contested seats, making them the largest party in the legislature (though they do not control a majority in the lower chamber with only 108 of 257 seats). Moreover, surveys conducted at the time of the election demonstrated that support for candidates allied with the president was positively associated with optimism about the

national economy (Author's analysis of Survey data collected by Carlos Fara y Associados not reported here). Thus the elections served as a referendum on Kirchner's time in office and his management of the economy and Kirchner reaped the benefits.

In general then, support for the incumbent president in Argentina and the governing party at the ballot box consistently has been shown to follow the national economy and this same trend remains true in the most recent period. Studies of economic voting in the Argentine context have also demonstrated, however, that the importance of economics is unstable across elections and over time. Canton and Jorrat (2002) find that the marginal impact of economic performance was much larger in the 1995 presidential elections than those 4 years later, for example, while economic variables were insignificant predictors of voter choices in the 1997 elections. They attribute this variation in importance to the economy's declining salience over time. "Allthough the economic situation and in particular employment had deteriorated in many aspects, other issues directly attributed to the incumbent party relegated economic considerations to second place" (2002, 423). The root causes of the variation in the economy's salience are not explored, however, nor is the possibility that its salience varies across voters as well as temporally. An additional factor which might explain the decline in economic voting in 1999 was Menem not standing for reelection. Gelineau (2002) and Echegaray (2005) show that voters in Latin America vote in accordance with traditional models of responsibility attribution and place less emphasis on economic

factors when the incumbent faces a divided government or does not pursue reelection. Finally, in Chapter 4 we demonstrate that Argentine voters in 1995 differed in the salience given economic concerns, a factor that has not been modeled in previous studies of economic voting in Argentina.

In the individual-level chapters that follow, we attempt to model one source of this variation in economic voting by testing whether economic exposure enhances the economy's salience. Unfortunately, we do not have the data to control individual-level differences in how Argentine voters perhaps attribute responsibility for the economy to different actors. However, the economic and political contexts are relatively constant in the two main Argentine surveys analyzed in this study; Kirchner had a majority in the legislature at both periods, he had a visible campaign presence, and economic policy was at the centerpiece of his agenda.[3] Thus the contextual conditions should be ideal for economic voting; responsibility is clear. Thus under these conditions where economic voting should be strong we can test whether some voters are systematically more inclined to base their vote on economic performance while others place less weight on the economy.

[3] The survey data from Mexico do allow us to control for the possibility that voters from different social classes and economic circumstances allocate responsibility differently.

Economics and Politics in Peru

The 1990's saw a complete transformation of the Peruvian political landscape following a decade of economic and political chaos. The 1980's had seen economic instability and growing inflation bloom into a crisis after Alan García's heterodox stabilization plan of wage increases and price controls eventually led to budget deficits and hyperinflation surpassing 3000 percent annually in 1989 (Dornbusch and Edwards 1990). The combination of a heavy and inefficient state presence and economic crisis led to an explosion of the informal economy (De Soto 1989). At the same time, social and economic protests resulted in the growth of the armed resistance group *Sendero Luminoso* (Shinning Path) in both rural areas (especially Ayacucho) and then eventually Lima itself (McClintock 1998). The combination of economic and social crises resulted in the delegitimization of the traditional Peruvian parties and the election of independent candidate Alberto Fujimori in the 1990 presidential elections.

The Fujimori administration can best be broken down by its two terms (Carrion 2006 and Tuesta 1999 for a more extensive discussion of the Fujimori period). In his first term, Fujimori tackled the problems of reigniting the economy, fighting terrorism, and establishing his political base. The first task required breaking his campaign promises to establish state-led development to implement a series of liberal economic reforms, including dropping price controls, privatizations, and reforming the exchange rate (Wise 2006). While the initial result was a severe drop in real wages and consumption, by 1995

annual inflation levels had fallen to 11 percent while the economy grew by 7 percent annually. His fight against terrorism gained a boost with the September 1992 capture of Sendero Luminoso Leader Abimael Guzmán. This capture and the resulting drop in political violence created a legacy of performance legitimacy that benefited Fujimori throughout the remainder of his term (Morgan Kelly 2003, Arce 2003). Finally, Fujimori reduced political opposition by enacting a "self-coup" in April of 1992 that entailed closing the congress, remaking the judiciary, and suspending the constitution until a new one could be written (Cameron 1998, Levitsky 1999). He then rebuilt his political base among impoverished areas that had been hurt by his economic reforms by increased spending on social programs (Schady 2000). Each of these moves resonated with the electorate and led to a relatively easy electoral victory in 1995.

In his second term, however, Fujimori drastically scaled down his reform agenda and the lack of second generation reforms, in combination with slowing markets after the financial shocks in South-East Asia and Russia in the late 1990s, resulted in dramatically slower growth over the 1995-2000 period (though inflation remained low). Moreover, as the economic crises faded from voters' memory, opposition toward Fujimori's authoritarian tendencies and his toleration of corruption increased (Weyland 2000). The result was two crises that eventually undermined the Fujimori regime. First, Fujimori's 2000 election campaign was widely dogged by accusations of media monopolization and fraud , which led to opposition leader Alejandro Toledo calling for

a boycott of the May second-round elections and widespread international condemnation of the process (Schmidt 2002, McClintock 2006a). Second, in September of 2000, a videotape of Fujimori advisor Vladimiro Montesinos bribing an opposition legislator to support the government was made public, followed by the release of other videos of security officials bribing members of parliament and the press (Cameron 2006). This scandal undermined the already weakened regime and soon after Fujimori called for new elections and fled the country. Conservative politicians Valentín Paniagua served as interim president until elections could be held in April 2001.

The 2001 elections resulted in the election of Alejandro Toledo, who had lost the fraudulent 2000 elections, in a surprisingly narrow victory over former president Alan García, who had presided over the 1985-1990 economic and social crises. Toledo campaigned on a promise of economic growth and job creation, using the slogan "More Jobs" (*más trabajo*) as his tagline (Taylor 2005). However, most observers argued that Toledo won office because of his role in opposing Fujimori and continued voter rejection of García instead of, or perhaps despite, his personal abilities and vague campaign promises (Schmidt 2003, Taylor 2005).

The Toledo presidency has been noted by his continued missteps in policy and public relations, including controversies over an illegitimate daughter, his salary, and a botched utilities privatization. Under Toledo, however, the economy recovered from the

doldrums of the late 1990's.[4] While real GDP had only averaged increases of 0.76 percent during Fujimori's second term, the annual growth rate under Toledo was 3.5 percent and the economy grew by 6 percent in the year leading up to the election. Even under during the period of strong growth, inflation remained low (averaging 1.9 percent annually for the 2001-2006 period). One engine of this growth was the expansion of the tradable sector; foreign exports increased by 40% in real terms in comparison to Fujimori's second term. Toledo also expanded several anti-poverty and job creation programs.

Given the strong economy and the reservoir of support Toledo carried from his opposition to Fujimori, one might have expected Toledo to be popular despite his P.R. missteps. However, these macroeconomic gains were not widely perceived by the electorate. Surveys (discussed in the next section) showed widespread pessimism about the national economy and voters' personal economic situations. Thus there was a disconnect between macroeconomic indicators and the lives of most citizens. As Toledo himself noted:

> "It's not sufficient to grow at 6.7 percent, one of the highest rates in Latin America. We need that the benefits of growth translate into more jobs, less poverty, better healthcare, make people part of the system" (As quoted by Oppenheimer, 2006).[5]

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[4] In June of 2006, the Peruvian Government released a report trumpeting their accomplishments entitled "Five Years of Sustainable Economic Growth and Democratic Repueration: The Government of Alejandro Toledo Manrique 2001-2006"(Cinco Años: Crecimiento Económico Sotenido y Recuperación Democrática: El Gobierno de Alejandro Toledo Narique 2001-2006).

[5] http://www.hacer.org/current/Peru056.php

The result of low levels and consumer confidence and these other scandals, we demonstrate in the next section, was that approval of Toledo remained below 20 percent for the last three years he was in office.

As Toledo's term came to an end, the 2006 elections focused on the challenge of connecting economic benefits to the general population through distribution and employment creation (Schmidt forthcoming). The first round resulted in a runoff between leftist nationalist (and former Army officer and coup-leader) Ollanta Humalla and former president Alan García of the center-left APRA party, who narrowly defeated the conservative candidate for the second clot in the runoff. While his failed first administration as president had left widespread resentment towards García, voters worried that Humalla's promises to remake Peruvian society and to nationalize existing industries would result in economic instability and thus identified García as the candidate with the greatest potential to stabilize the economy and create jobs (Chapter 5). As a result of receiving the support from the economic right, García won the presidency for a second time (McClintock 2006b).

Economic Voting in Peru

The economic and social turmoil of the previous two decades resulted, then, in politics largely being contested over the issue of economics except when questions of the regime itself intervened. Thus we should expect there to be a tight nexus between economic outcomes and support for the president and other political institutions.

There is an extensive literature in Peruvian politics linking support for the incumbent with economic outcomes. The majority of these studies are time-series analysis of aggregate-level data of support for Fujimori (e.g. Stokes 1996, Carrion 1999, Weyland 2000, Morgan Kelly 2003, Arce 2003). These data are compiled from monthly surveys conducted by the survey firm *Apoyo Opinión y Mercado* and reported in their publication *Informe de Opinión Data*. These surveys contain approximately 500 respondents residing in the capital city of Lima and the nearby city of Callao. The dependent variable is the percentage of respondents that approves of Fujimori's time in office given economic performance and key events (the self-coup, the capture of Shining Path leader Abimael Guzmán, terrorist events, etc.). Questions about the national economy are included in the APOYO survey only every six months, so the analysis of economic voting in Peru has largely ignored sociotropic factors. Instead, the primary economic variables used by time series analysts are the average egotropic evaluation of the economy (which is included in every survey) or changes in real macroeceonomic indicators, such as unemployment or inflation, under the assumption that these changes are perceived by the electorate.

These studies demonstrate that the effect of economic performance on public evaluations of the incumbent has varied over time. Stokes (1996) shows that Peruvian voters were highly prospective during the initial crisis, supporting Fujimori if they suspected that his policies would improve the economy in the future even if they were

currently suffering, while Carrion (1999) shows they became retrospective in their orientation towards Fujimori and his policies during the latter portions of his administration. Aggregate changes in macroeconomic indicators, with the exception of unemployment, are only weakly correlated with support for the president but changes in support for economic policies do predict support for the president.

Despite the large number of surveys conducted by APOYO and other public opinion agencies in Peru, however, there is only one published individual-level analyses of presidential approval in Peru of which we are aware.[6] Echegaray (2005, 132-8) shows that voters in the 1995 elections were both retrospective and prospective in their evaluations of Fujimori but that sociotropic evaluations outweighed egotropic evaluations in determining support for the incumbent.

The extant literature on Peruvian politics thus suggests that economic factors are associated with political outcomes and support for the president but there is less consensus about the nature of this relationship and the specific elements of economic performance to which voters respond. In Figure 3.2 (below), we graph the general trend in President Alejandro Toledo's monthly approval ratings from the time he took office in the summer of 2001 until the April 2006 presidential elections that replaced him. These data were compiled from the APOYO surveys of approximately 500 citizens of Lima and

[6] This weak literature is especially surprising given the availability of the individual-level results of APOYO surveys from 1992-1996 and 1998-2000 with the Roper Center.

Callao each month which generated the data series that received so much attention during the Fujimori presidency; each point represents the proportion of respondents that approved of Toledo. While Toledo started out with very high approval ratings, his support fell quickly. One factor which may have driven down his support was that while macroeconomic indicators painted a vibrant picture of the national economy, voters remained pessimistic and did not perceive that the economy was growing nor did they report any personal benefits from it. In addition to presenting Toledo's approval ratings, Figure 3.2 graphs voters' evaluations of whether the national economy is currently very good or good and whether their personal economic situation is better than it was a year ago. The egotropic series is drawn from APOYO. The Sociotropic measure is compiled from monthly surveys in Lima conducted by the Universidad de Lima' Grupo de Opinión Pública of approximately 600 residents of Lima and Callao.[7] Because they are drawn from the same geographic region as the APOYO surveys, we combine these series in the same analysis.

As we noted previously, there was a disconnect between the strong economic progress in national accounts and the way the national economy was perceived by potential voters. Only twice in the entire time that Toledo was in office did more than 10 percent of Lima residents report that the national economy was in good conditions. Similarly, only in the last few months of his term did more than a quarter of respondents

[7] http://www.ulima.edu.pe/webulima.nsf/default/gopq?OpenDocument&dn=8.1.1

(Source, Economic Trends: Universidad de Lima; Presidential Support: Apoyo)

Figure 3.2: Consumer Confidence and Approval of Alejandro Toledo, August 2001-April 2006

classify their personal economic situation as being better than in the previous year. As a result, it may not be too surprising that Toledo was highly unpopular for most of his term, only enjoying a slight rise in support as voter optimism rose, and a fractious presidential campaign might have helped voters see Toledo in a slightly better light.

The strong relationship between voter perceptions of the national economy and support for the president is confirmed by a statistical analysis of these various series presented in Table 3.2 (below). In this table, we model month-to-month changes in Toledo's approval rating as a function of the first differences and lagged values of Lima

citizens' sociotropic and egotropic evaluations using the same error-correction model specification discussed above in the context of Argentina. As with support for Kirchner, approval of Toledo was mean reverting, with a tendency to decline if he had been riding unusually high waves of popularity. Approval also displays some propensity to decline over time net of economic fluctuations. The data also suggest that support for the president tended to increase following both short term upswings in how voters viewed the national economy and also following sustained periods of economic optimism. Or, perhaps more accurately in Toledo's case, his approval tended to fall continually lower following both short term drops in consumer confidence and the long-run pessimism of Limeños about the national economic situation. Interestingly, after controlling for how Peruvians viewed the national economy, their evaluations of their personal financial situation did not have a significant effect on their evaluation of the president, despite this variable receiving the most attention in previous studies of behavior in Peru.[8]

Thus while the extant literature on economic voting in Peru is not as extensive as in the Argentine, or, as we shall see, the Mexican cases, there is substantial evidence that support for the incumbent and his or her party is conditional upon how voters perceive the national economy.

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[8] In Chapter 5, we use APOYO's data on how members of different economic classes evaluated the president and their personal financial situation to test if egotropic evaluations, while insignificant across the electorate, had a larger effect among the poorest classes.

Table 3.2: Consumer Confidence and Changes in Support for Toledo's Government

Government Support$_{t-1}$	-0.311***
	(0.092)
Number of Months in Office	-0.113°
	(0.060)
Egotropic Prospective Economic Evaluation$_{t-1}$	0.100
	(0.073)
ΔEgotropic Prospective Economic Evaluation	0.048
	(0.101)
Sociotropic Prospective Economic Evaluation$_{t-1}$	0.455*
	(0.195)
ΔSociotropic Prospective Economic Evaluation	0.560*
	(0.249)
(Constant)	4.235*
	(1.906)
N	51
F	7.22***
Adjusted R^2	0.428
Root MSE	2.676
OLS Regression, Standard Errors in Parentheses ° p<0.100, * p<0.05, ** p<0.01, *** p<0.001	

Economics and Politics in Mexico

The third country we analyze in the subsequent chapters is Mexico. Just as Argentina and Peru, the politics of Mexico were dramatically reconfigured over the previous decade by economic crises. While one source of the Partido Revolucionario Institucional's (PRI) institutional legitimacy had been its success in managing the Mexican economy, its inability to prevent the 1982 and 1994 crises undermined its support and reduced voter perceptions of the risks associated with changing governing parties (Morgenstern and Zechmeister 2001, Magaloni 2006). These events led to the

defeat of the PRI by the Partido Acción Nacional (PAN) in 2000 despite a strong national economy in the four years leading up to the election.

From 1996-2000, annual per capita GDP growth rates averaged 3.94 percent. However, the economic slowdown in the United States and the global economy more generally in 2001 also affected the Mexican economy, which registered negative growth rates in both 2001 and 2002 and then grew by only 0.38 percent in 2003.[9] The official employment rate remained very low but increased from 2.76 percent of the economically active population to 3.41 from 2001-2003, cresting at 3.91 percent in 2004. The weak economy cost the PAN support in the 2003 legislative elections. However, the economy rebounded in the latter half of Fox's term, with average growth rates of more than 3 percent, including 4.8 percent in the election year and unemployment rates falling to 2001 levels. This growth was sufficiently strong that real per capita GDP had recovered to its 2000 level by the end of 2004 and resulted in cumulative growth of 9 percent over Fox's entire term. This rebounding economy is one factor that may have helped the PAN retain the presidency in 2006.

Economic Voting in Mexico

Starting with the 1988 and 1991 elections there is an extensive literature on presidential approval and public opinion in Mexico. Studies of individual-level surveys

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[9] The economic data in this paragraph come from the World Bank's World Development Indicators, Mexico's National Bank, and the National Institute of Statistics and Geographic Information.

(Paolino 2005; Buendía 2001; Poiré 1999; Magaloni 1999; Buendía 2000; Beltran 2000, 2003; c.f. Davis and Coleman 1994) and aggregate trends in executive support (Klesner 1993, Villareal 1999, Buendia 1996, Magaloni 2006) find that there is a positive relationship between economic performance and support for the incumbent president and the PRI more generally. The PRI, however, was able to hold onto power throughout the economic turmoil of the 1980s'and 1990s because of its oversight of the economic expansion created a reservoir of legitimacy while voters remained unsure about the management capacities of the opposition in places where they had never held local much less national office (Magaloni 2006). There is also some evidence that when the PRI lost in 2000, economic factors were less important than the overall status of the regime (Magaloni and Poiré 2004, c.f. Beltrán 2003). In the 2006 presidential elections, however, voters evaluating the PAN relied heavily upon their evaluations of the economy as Moreno (2007) demonstrates (also Chapter 1 of this work). "These assessments of the economy are, in fact, one of the strongest explanatory factors of presidential vote choice in 2006, when included in a multivariate model along with other common predictors of voting behavior"(Moreno 2007, 16).

There is also evidence that economic factors played a large role in sustaining support for Vicente Fox. Figure 3.3 (below) demonstrates that presidential approval during the Fox administration followed the pattern documented for other Mexican administrations. In this figure, we plot quarterly approval data for President Fox

compiled by the polling firm Mitofsky International. We track the correspondence of the percentage of Mexicans giving him a positive rating with economic perceptions drawn from two separate sources. The first, presented in the top graph, is compiled from the same Mitofsky surveys as the presidential approval data. The second series of sociotropic and egotropic retrospective evaluations presented in the bottom figure are compiled from the Mexican National Bank's monthly survey on consumer confidence.[10] Results in this survey, which are available from the Mexican National Institute for Statistics, Geography, and Information (INEGI), also track the percentage of respondents giving the economy a very good or good rating but are normalized so that the results of January 2003 take the value of 100.

In both cases, support for the incumbent seems to mirror quite closely voters' evaluations of the national economy. The economic downturn in late 2001-2002 undermined support for him whereas the recovery of the national economy over the last two years for the Fox presidency buoyed his approval ratings leading up to the election and, subsequently, the support for the PAN candidate at the ballot booth. To formalize this intuition, we model support for Fox as an error correction model in Table 3.3 (above) using both egotropic and sociotropic evaluations of the national economy as predictors of changes in support for President Fox.

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[10] The details of this study are available at http://www.inegi.gob.mx/est/contenidos/espanol/metodologias/encuestas/hogares/metodenco.pdf

(Source Presidential Support and Economic Indicators: Mitofsky International)

(Source, Economic Indicators: INEGI, Source, Presidential Approval: Mitofsky)

Figure 3.3: Consumer Confidence and Approval of Vicente Fox, November 2000-November 2006

Table 3.3: Consumer Confidence and Support for Vicente Fox

	Mitofsky	INEGI
	[1]	[2]
Government Support$_{t-1}$	-1.120***	-0.687*
	(0.194)	(0.287)
Number of Months in Office	-0.035	0.038
	(0.119)	(0.145)
Egotropic Prospective Economic Evaluation$_{t-1}$	-0.427	-0.147
	(0.658)	(0.740)
ΔEgotropic Prospective Economic Evaluation	-0.328	-0.246
	(0.408)	(0.509)
Sociotropic Prospective Economic Evaluation$_{t-1}$	1.333°	0.446
	(0.641)	(0.373)
ΔSociotropic Prospective Economic Evaluation	0.914*	0.764*
	(0.379)	(0.341)
(Constant)	37.782**	8.502
	(10.324)	(39.249)
N	23	22
F	11.1***	7.27***
Adjusted R^2	0.734	0.642
Root MSE	2.924	3.368
OLS Regression, Standard Errors in Parentheses ° p<0.100, * p<0.05, ** p<0.01, *** p<0.001		

In the first column, we use the economic data from the Mitofsky series as predictors whereas in the next column we use data from the INEGI surveys. No matter the source of economic evaluations, approval of the president is not a function of egotropic evaluations. However, improvements in short term evaluations of the national economy are associated with more support for the sitting president. Thus in this case, as in the other two, the evidence suggests that sociotropic concerns drive support for the president, not pocketbook ones. In either case, and even in this limited

sample, there can be little question that economic factors were important determinants of support for Vicente Fox.

Thus in all three countires there is a common pattern that support for the president is a function of economic factors and particularly sociotropic evaluations of the national economy instead of average trends in voters' pocketbooks. However, as expected the strength of this relationship is strongest in Argentina and weakest in Peru. Moreover, studies in all three countries show that the strength of this relationship varies over time.

Data Sources Used in the Subsequent Chapters

In the chapters that follow, we rely on a series of surveys conducted primarily through our field research. Because these surveys are all used in multiple chapters, we describe them here to serve as a reference point for the chapters that follow.

Argentina

The primary analysis of Argentina is based on three surveys conducted in 2005-2006 to which we added a battery of questions. we supplement these surveys with two additional surveys provided by Argentine pollsters. The first survey we added questions to in Argentina was a post-electoral poll conducted by the Buenos Aires-based polling firm of *Carlos Fara y Associados* in October of 2005. The interviews were conducted during the 10 days after the midterm elections won by allies of incumbent

president Kirchner. The sampling frame is Greater Buenos Aires (GBA), which includes the capital district and the surrounding suburbs. Respondents were selected in a stratified random sample, with selection first done of neighborhoods (*barrios*) and then blocks (*manzanas*) within both the capital district and the surrounding suburbs. Interviews were then done face-to-face within those blocks. Approximately 450 people were interviewed for the survey.

Second, we added a battery of questions on informal employment to *IPOSOS Mora y Araujo*'s June 2006 national omnibus survey. While this survey is not truly national in scope (very few surveys in Argentina use truly national samples except during election years), it includes face-to-face interviews with nearly 1200 citizens from GBA, other large urban centers (Mar del Plata, Rosario, Cordoba, Mendoza, and Neuquén), and a couple of smaller cities and rural areas (General Paz, Olavarría, and rural Buenos Aires Province). These cities represent over 75% of Argentina's population and the major geographic regions of the country. The interviews were conducted face-to-face over a two week period.

The third survey to which we added questions was conducted in May of 2006 by the polling firm *Catterberg y Associados*. The survey included approximately 800 respondents located in the cities of Buenos Aires, Rosario, Cordoba, Mendoza, and Tucuman as well as the surrounding suburbs. These 5 urban areas contain 66 percent of Argentina's population and represent the major geographic regions of the country. The

primary purpose of the survey was to measure voter support for the current government as well as expectations about the Argentina economy for the monthly indicators of consumer confidence and government trust published by the Universidad Torcuato di Tella (this is the source of the data summarized in Figure 3.1 above). Because of this narrow purpose, the number of control variables available in this survey is essentially limited to demographics.[11] Respondents were contacted via telephone using random digit dialing. This is the only telephone survey used in the subsequent chapters. One challenge in interpreting its results is that telephones are not universal in a developing country like Argentina. For example, 64 percent of respondents in the IPSOS survey said they owned a telephone. Thus this sample is likely to be skewed towards the upper-class elements of society.

While these surveys contained questions that we placed on them, we also present draw upon secondary analysis of two smaller surveys that contain at least one measure of economic vulnerability. For example, in the analysis of informal employment in Chapter 7, we analyze a survey conducted in November of 2000 in the Greater Buenos Aires region by the Instituto de Investigaciones Gino Germani at the *Universidad de Buenos Aires*. This survey contained a limited sample of 279 respondents, selected using a stratified random sample of neighborhoods and then blocks who were then interviewed face to face. In a similar vein, in the analysis of social program recipients in

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11 See http://www.utdt.edu//

Chapter 8, we analyze a survey conducted by Carlos Fara y Associados in the impoverished northern province of *Formosa* prior to the 2002 state elections. Approximately 450 respondents were selected based on neighborhoods and then blocks.

Finally, in the subsequent chapter we explore the different issues that voters cite as important ellemtns of their opinion of Menem using data from a nationally representative survey of 1606 adults conducted in August of 1995 (three months after the election).[12] The survey was conducted by the firm Romer y Associados. All the interviews were conducted face to face.

Peru

As we noted above, there have been very few studies of individual-level dynamics in the Fujimori period and only limited analysis of the Toledo presidency. In Chapter 4, we analyze survey data compiled by APOYO during the 2000 election and deposited with the Roper Center. In Chapter 5, we reanalyze that data with an eye to the effect of class on economic voting For President Fujimori of Peru, we rely on the January 2000 survey conducted by the firm APOYO. [13] This survey contains 514

[12] Study 22214 in the Roper Archive
[13] This study is archived in Roper as Study $PEAPOYO2000-62001

respondents in Lima and the surrounding area, which is (unfortunately) typical in size and coverage for most surveys conducted in Peru.[14]

The main dataset we rely upon in the subsequent analysis, however, draws on a survey conducted immediately prior to the second round of the 2006 presidential elections between Ollanta Humala and eventual winner Alan García (Schmidt forthcoming). The survey was conducted by the *Instituto de Opinión Pública* of the Pontificia Universidad Católica del Perú over the weekend of May 18-21, 2006 (two weeks before the second round). As in Argentina, there are no truly nationwide surveys in Peru due to the difficulty of reaching some parts of the country. Face-to face interviews were conducted with 2032 eligible voters in 130 municipalities in 18 departments of the country. The counties from which the municipalities were chosen represent 68 percent of the electorate. Municipalities (and neighborhoods within the Lima capital district) were chosen from urban and rural strata and respondents were then selected after a random selection of blocks and houses within those blocks.[15] This survey allows us to explore the impact of economic conditions on evaluations of Toledo as he left office and also on voter choices between these two candidates.

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[14] It is worth noting that the monthly APOYO surveys based on approximately 500 Lima residents are the most frequently analyzed public opinion source in Peru.

[15] The marginal percentages of the survey are available at http://www.pucp.edu.pe/encuestas/opinion2006_6.pdf

Mexico

While doing fieldwork, we had arranged to place the same battery of questions used in the Argentine and Peruvian surveys described above on a post-electoral survey conducted the weeks after the 2006 presidential elections in Mexico. Unfortunately, however, there was an administration error and our questions were left off the final questionnaire. Thus while in Chapter 4 we establish that voters in Mexico differed in the the salience attached to economic performance, we cannot model this variance using the variables emphasized in the subsequent chapters. However, unlike most developing countries, many surveys conducted in Mexico are made available to the public due to joint efforts of polling firms and academic institutions such as CIDE, ITAM, UCSD, Vanderbilt University, and the Roper Center. Thus in the chapters that follow we analyze two surveys from the end of the Fox presidency. We also complement the analysis of welfare programs in Chapter 8 by analyzing surveys from the end of the Salinas and Zedillo presidencies.

The first Mexican survey analyzed in subsequent chapters was conducted in June of 2006 under the direction of Mitchell Seligson as part of the Latin American Public Opinion project (LAPOP), which includes funding by USAID.[16] The data collection was carried out by the firm Data OPM. The sample includes 1560 respondents selected in a

[16] www.vanderbilt.edu/lapop. Access to the data was made available through Duke University's library system.

sample stratified by region and the size of the locality, resulting in interviews being conducted in 72 municipalities across 29 states.[17] Thus the sample should be representative of the entire national population. Interviews were conducted face to face. This survey is used because it asked workers if they were enrolled in the national social security program, one indicator of formal employment. Thus we analyze it with regards to the effect of class and also employment type on economic voting. The one drawback of this survey is that despite being conducted during the closing month of the 2006 presidential election, the surveys did not focus on the election itself and thus there are no questions asking voters to evaluate the candidates or to describe their probable vote choice. Thus our analysis is restricted to presidential approval.

The second recent survey is much smaller in scope, drawing only on residents in the Mexican Capital District in December of 2004. The survey was conducted by the firm Data Opinión Pública y Mercados.[18] The sample was generated by selecting electoral sections with probability proportional to size and then blocks and 10 households were chosen by random selection. The resulting sample includes 588 respondents. We use this survey because it contains a battery of questions on household participation in the cash transfers and old-age pension programs created by Mexico City Mayor and presidential aspirant Andrés Manuel López Obrador as part of his poverty

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[17] For more of the technical information on the sample, see http://sitemason.vanderbilt.edu/files/dVL5mw/Technical%20Information%20of%20The%20Political%20Culture%20of%20Democracy%20in%20Mexico%202006.pdf

[18] http://www.dataopm.net/

alleviation activities. Because this program was administered below the federal level and designed by an opponent of the incumbent president, it will provide an interesting case for analyzing the effects of welfare programs on voting.

In our analysis of Welfare programs in Chapter 8, we analyze three surveys. The first was conducted in July of 2003 Ulises Beltrán y Asocs, S.C. for the CSES project. Just under 2000 respondents were selected from a stratified sample of election districts, precincts and households and then with a quota sample by age and gender from a nationally representative sample.[19] All interviews were conducted in person. This data is archived with the the Banco de Información de Opinión Pública at CIDE in Mexico City.

The second survey combines questions from the first and fourth waves of the 2000 Mexico Panel study conducted in February and July of 2000 by the polling staff of *Reforma* newspaper. Households were selected randomly from a stratified sample of polling places distributed across the country and then respondents were selected according to an age and gender quota.[20] While the first wave had 2400 respondents, it was only on the 4th wave that respondents were asked if they had received welfare benefits, the topic of interest in Chapter 8 and thus the proportion of respondents

[19] ftp://ftp.nes.isr.umich.edu/ftp/cses/studies/module2/design/MEX_2003_Design.pdf
[20] See http://webapp.icpsr.umich.edu/cocoon/ICPSR-STUDY/03380.xml

available for the analysis was much smaller due to the attrition normal to panel studies. The data is available from MIT[21] or from the Banco de Encuestas de Latinoamérica.[22]

The third survey was conducted in September 1993 by the polling firm Gallup-Mexico under the sponsorship of USAIA and subsequently deposited with the Roper Center.[23] Citizens were selected from a stratified random sample of 40 municipalities of at least 10,000 inhabitants across all regions of the country. Interviews were conducted in person. This survey is of use to us here because it contains a question asking if the respondent's household had benefited from the SOLIDARIDAD cash-transfers programs.

Finally, in Chapter 4 we analyze the reasons voters gave for approving/disapproving of President Salinas using a 1991 survey conducted by Gallup and Gallup-Mexico (IMOP) for TELEVISA television network in the two weeks before legislative elections.[24] Respondents were randomly drawn from 270 urban centers of at least 1,000 residents across the nation. Just over three-thousand potential voters were interviewed in face to face settings. The survey data, which is the same data used by Dominguez and McCann (1992, 1995), predicts higher levels of support for the PRI than actually occurred in the election, which was a common occurrence in Mexican polls of the period as voters still were reluctant to publicly declare their opposition to the PRI.

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[21] http://web.mit.edu/polisci/research/mexico06/Datasets_Stata7.zip
[22] http://mdw.ucsd.edu/Webpage/BELA/
[23] USAIA Study #193057.
[24] This study is archived with Roper as Study# MXAIPOIMOP1988-PREELECT

Discussion

In the chapters that follow, we will attempt to demonstrate that in Argentina, Mexico, and Peru, differences in voter exposure to economic changes are associated with differences in economic voting in predictable ways. In this chapter, we justify the choice of these three countries as a locale for the study of this question. While the large gap between the secure and insecure facilitates the analysis, these countries differ substantially in their political and economic trajectories and thus inasmuch as any findings are consistent across the three contexts we may be more convinced of their robustness. Moreover, in all three countries, economic voting is common, yet the intervening effect of vulnerability on the economy's salience is not, we shall show, drowned out by the general prevalence of material-based evaluations of the incumbent government. Thus we can have confidence in the robustness and magnitude of the effects demonstrated in the subsequent chapters.

4. Do Voters Always Agree that "It's the Economy"?

In the previous chapter, we argue that (1) the economy's importance varies across the electorate, (2) variations in the economy's importance determine the weight voters give economic issues when evaluating politicians, and (3) not only does the economy's importance vary, it varies systematically with voters' exposure to economic forces. This argument is in contrast to the dominant approach in the economic voting literature. While some studies have argued that negative economic evaluations are more accessible than positive ones (Radcliff 1988, Nannestad and Paldam 1997) and economic crises raise the overall importance of the economy for voters (Wilcox and Allsop 1991, Gelineau 2002, Clarke et al 2002), most studies consider the economy's overall importance a constant across elections explain variance in voting behavior by differences in how voters attribute responsibility or the quantity and quality the economic information that was available to them at the time of the election.[1]

In this chapter, we establish-contrary to what the existing literature usually assumes-that there is variation in the extent to which the economy is salient for voters. Moreover, we show that the salience of the economy varies substantially within electorates even in circumstances when extant theories of voting behavior suggest that

[1] An additional strand within the economic voting literature looks at if certain issues are more salient when different parties are in office: voters place greater weight on unemployment, for example, if left-leaning parties are in office (Carlsen 2000 for a review). Evidence on this point is mixed.

the economy should be universally important. This chapter, in other words, seeks to establish the first two propositions outlined above while demonstrating that variations in the economy's salience impact election outcomes. The challenge for the remainder of the dissertation, then, is to identify the groups of voters that have greater propensities to cast an economic vote.

Specifically, we focus on the factors that predicted voter approval of the incumbent president and his party after the 1995 elections in Argentina, during the 1991 elections in Mexico, and before the 2000 elections in Peru. As we outline in the previous chapter, these three countries have very different partisan and institutional features and are at very different levels of development. However, these three elections should have produced high levels of economic voting. In all three cases, the incumbent president had been in office for several years and ruled with support from at least a legislative plurality; under these conditions clarity of responsibility should be high. In addition, all three elections came on the heels of a major economic upheaval, which the literature predicts should enhance the economy's overall electoral salience. In fact, existing studies of voting behavior in these elections confirm that in each case economic perceptions had a substantial effect on voter behavior and election outcomes. In contrast, we will argue here that the economy's importance, though high on average, varied substantially across the electorate. Hence if there is variation in the economy's salience

in these "most likely" cases for economic voting, we should expect to find variations in the economy's salience in most electorates.

We then conclude the chapter with an analysis of economic voting in the 2006 Presidential election in Mexico. Economic and political conditions at the time of this election brought economic performance to the forefront, yet again voters vary in the salience of economic performance. More importantly, we focus on this election because the survey data we collected during it also asked voters about their attributions of responsibility for economic outcomes, thus allowing us to contrast the effect of variations of salience with the variable that the extant literature places the most weight on when explaining why economic voting differs across the electorate.

Measuring Issue Salience

The concept of salience is a nebulous one (Wlezien 2006 and Miller et al forthcoming for reviews). In models of voter choice, an issue is usually considered salient if it has a significant impact on voter choices and not salient if it is insignificantly related to voter choices (e.g. Abramson et al 2006). Moreover, variations across issues in the size of their predicted effect or in the size of an issue's effect over time are interpreted as variations in salience. Using voting weights as evidence for salient weights creates an easy way for testing the hypothesis that "issue X was more salient for group A than for group B" if the researcher has an a priori hypothesis about which groups differ in their issue priorities; this hypothesis is simply tested by comparing the

weight that issue is predicted to have on choices within the two groups through a split-sample design or a multiplicative interaction term (Frazese and Kam forthcoming, Brambor et al 2006).

However, many scholars have looked for a way to measure an issue's salience that is independent of its observed impact on voter choices. The most common approach to ask the voter on what issues they based their vote.[2] However, relying on voters' self-reported explanations for their actions as evidence that the issues mentioned by voters are salient assumes that (1) voters actually understand the process by which they make decisions and (2) that they will accurately tell us truthfully what factors matter to them even if they do know what they are. Neither of these steps can be easily assumed. Studies of decision-making processes generally show that individuals asked to explain the processes by which they make a decision tend to over-complicate the process (Nisbet and Wilson 1977; see Wilson and Dunn 2004 for a review). This rationalization stems from both a lack of self-knowledge and a desire to rationalize emotional decisions by reference to objective criteria they believe should matter (Rahn et al 1994).

Despite these flaws, directly asking individuals to explain the motivations for their actions remains a common practice in psychological research. Subsequent to

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[2] Several different question formats have been used to measure issue salience; we discuss problems inherent in the most common one, asking "what is the most important problem facing the country?" in Appendix 1 below.

Nisbett and Wilson's (1977) critique of self-reported motivations, a series of articles appeared arguing that (1) voters are better at explaining their motivations than we think they are and (2) they are especially good at identifying the primary reason for their actions (Verba et al 1995, 106 for a review). Moreover, measurement error in a treatment variable such as whether or not the voter said an issue was important usually tends to bias the effect of that variable towards zero in subsequent statistical analyses (Althauser and Rubin 1971, Yucel and Zaslavsky 2005). Thus direct measures of issue importance have useful properties for exploring differences in the salience of issues. Moreover, Young et al (1987), Blais et al (1998), Fournieret al (2003), and Bélanger and Meguid (2005) demonstrate that the two methods yield complementary conclusions: analyses of the weight voters placed on different issues show that voters generally place the most weight on issues they had previously identified as being important to them in guiding their political decisions.

In the analysis that follows, then, we use both techniques for measuring the economy's salience to demonstrate that its importance varies across the electorate. First, we have identified surveys which contain direct measures of voters' priorities. We expect that there while many voters will cite economic factors, the proportion who are primarily motivated by economic concerns will fall far short of being the entire electorate. While perhaps obvious, this has an important implication for voting behavior that is usually ignored: economic factors will be more strongly related to some

voters' choices than to others. We then test for whether there were differences across the electorate on the weight given economic performance when voting by estimating a series of presidential approval models in contexts where previous literature has emphasized economics when explaining the election outcome. Again, we expect that this analysis will reveal large differences across the electorate on the weight given economic considerations when casting a ballot or evaluating the incumbent. The expectation, then, is that the analysis in this chapter will demonstrate that variations in economic salience not only exist across the electorate but that they are electorally relevant and need to be incorporated into models of voter choice.

Thus the central message of this chapter is that not everyone cares equally about economics when voting. Differences within electorates on the weight voters give the economy are not only large and real in the statistical sense but potentially may swing election outcomes. Moreover, differences in economic voting that can be attributed to the economy's varied salience are at elast as large, in the available data, as differences in economic voting stemming from attributions of responsibility to actors other than the president. Yet there have been very few attempts in the literature to generate theories about why voters differ in their motivations to cast an economic vote. This chapter demonstrates that such a theory is necessary.

Previous Work on the Economy's Importance

While most of the economic voting literature assumes that the economy's importance is a constant, there have been some studies that show that not all voters consider economic questions equally important. For example, Young et al (1987) look at whether voters cited the issues of taxes, budget deficits, spending on social services, unemployment, and social security as being important to them or others and then show that voters who mentioned these economic issues as important were more likely to convert their personal experience with unemployment and receiving welfare into support for the party that will benefit them the most (e.g. the unemployed and welfare recipients voted for a Democrat). Similarly, Blais et al (1998) find that Quebec voters who said their vote on independence was a function of economic considerations (instead of identity or language considerations) placed greater weight on their evaluations of the expected effect of succession on Quebec's economy than those who said their vote was based on other issues. Finally, Fournier et al (2003) show that voter evaluations of the Canadian government's handling of the issues of preserving national unity, reducing the deficit, creating jobs, fighting crime, and protecting social programs prior to the 1997 elections were much more significant predictors of their support for the government if those issue areas were deemed personally important.

While these previous studies both validate the framework used here and show that voter reactions to at least some aspects of the economy (either personal or national)

are filtered by their personal importance, in the reviews that follow we focus more generally on whether voters considered the national economy in its entirety important and thus incorporate these concerns into the basic sociotropic voting model instead of the more targeted models used by these studies.

The Cases

To test the basic proposition that the economy's salience varies across the electorate, we focus on elections where there should be few impediments to voters casting their vote on economic performance. The three elections emphasized here all come within a few years of a major economic crisis and in each case the president had made his economic management abilities a central tenet of his campaigning. Moreover, in each case it should have been easy for voters to assign responsibility to the incumbent for economic outcomes due to a lack of institutional or partisan opposition. Of course, in none of these cases was economics the only issue on the agenda: corruption, terrorism, and social works programs all competed for voter attention. In general, however, these elections represent ideal conditions for voters to base their vote on the economy. If variations in the economy's importance impinge on economic voting in these elections, we should expect it the economy's salience to vary within other electorates as well.

Approval of Carlos Menem, August 1995

In 1995, incumbent Argentine president Carlos Saúl Menem of the Partido Justialista (PJ) or Peronist Party sought reelection under a 1994 constitutional amendment allowing presidents to seek a second term. The 1989 elections had been contested with the backdrop of a burgeoning economic crisis, as heterodox stabilization measures undertaken by the Alfonsin administration known as the Austral Plan failed to permanently alleviate the inflationary pressures associated with the debt crisis. In fact, with annual inflation reaching 3080 percent and per capita GDP growth falling to –9 percent by the end of 1989, Alfonsin resigned before the end of his term. To combat the inflation and slow the recession, Menem reneged on his campaign promises to default on the foreign debt and to raise wages and instead implemented a series of deep economic reforms, including major cuts in government spending and a massive devaluation that eventually led to pegging the peso to the dollar. These policies ultimately resulted in stabilizing the economy (annual inflation was less than 4 % by 1994) and the return of economic growth but at the expense of unemployment rates of 20 percent by the end of 1995.[3] In addition, 45.7 percent of employed workers were employed in the informal sector and approximately 35 percent of Argentines were living below the poverty line at the time of the 1995 election.

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[3] See Canitrot and Sigal (1994) and Gerchunoff and Machinea (1995) for a more extensive discussion of the economic policies enacted during Menem's first term

Given this context, economic voting theories would predict that Menem would be rewarded for stabilizing the economy but punished by voters who were concerned about rising unemployment and poverty. This is essentially what occurred in the 1995 elections, as the backlash to these negative consequences resulted in Menem being challenged from both his left and his right. Opposition to the neo-liberal reform programs and frustration with the rising unemployment resulted in part of Menem's Peronist Party breaking off to form the Front for National Solidarity (FREPASO) while the traditional opposition party of the right, the Radical Civic Union (UCR), campaigned on the promise of deepening the reforms and reducing corruption. However, the two challenging parties ended up dividing the opposition while Menem won support from voters who were satisfied with his success in fighting inflation and restoring economic growth.[4] In the end, the incumbent received 47.7 percent of the vote, sufficient to win under electoral rules that required that the plurality winner receive at least 45 percent of the vote to avoid a runoff. However, the release of the dramatically higher unemployment numbers the month after the election greatly reduced consumer confidence (the proportion of voters of thought the economy was doing poorly increased by 13 percent between the June election and August of 1995) and support for Menem fell greatly. At the time of the survey under analysis here in August, only 38 percent of voters approved of the incumbent.

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[4] See De Riz 1998, and Stokes 2001 for more extensive discussions of this election.

The basic suppositions of economic voting theory are strongly supported in studies of voting behavior in the 1995 elections. Economic concerns (especially sociotropic retrospective evaluations) were decisive in the election (e.g. Canton and Jorrat 2002, Seligson 2003) while egotropic evaluations had a much weaker effect on voter choices. Voters who were satisfied with Menem's success in reducing inflation and restoring growth tended to support the incumbent while voters frustrated with the rising unemployment or who still saw the economy as being weak tended to vote against him.

Approval of Alberto Fujimori, January 2000

Like Menem in Argentina, Alberto Fujimori won the 1990 Peruvian presidential elections against a backdrop of economic crisis and hyperinflation. As President Alan García's (1985-1990) heterodox reforms proved unsustainable, the economy shrunk by 7 percent in 1990 (after shrinking by 13 percent in 1989) and consumer prices increased by over 7000 percent in the year prior to the election. Fujimori also had to deal with a legislature that was antagonistic to his goals and continued violence from terrorist organizations such as Sendero Luminoso. During his first term in office, Fujimori acted dramatically on all three fronts. While he had campaigned on a promise to avoid "shock" reforms, he reneged on that campaign promise after taking office and instituted a series of neo-liberal economic policies including a reduction of public subsidies and public employment, a currency devaluation, and privatization of state enterprises

(Stokes 1997, 2001). While these reforms resulted in a dramatic reduction in inflation (inflation levels were only 11 percent by the time of the 1995 elections) and a return to economic growth by 1993 (and 10 percent growth in 1994), the cost of these reforms in the short term was substantial. In the first 18 months he was in office, unemployment increased by 13 percent, the informal sector increased by 12 percent, and real wages fell by 40 percent (Roberts 1996). As the economy stabilized, Fujimori invested in a series of social programs designed to alleviate some of these negative consequences but most voters still reported negative evaluations of the economy at the end of Fujimori's time in office (Arce 2003).

However, three factors sustained his popularity during these economic crises and slow recovery. First, in 1992 he suspended the legislature and called for a new constitution (Levitsky 1999, McClintock 1999). This *autogolpe* proved highly popular and enabled him to enact a series of economic and institutional reforms though its effect dissipated relatively quickly (Stokes 1996, Weyland 2000, Morgan Kelly 2003). Second, Fujimori used the military to crack down on Sendero Luminoso activities and suspected supporters, which resulted in the 1992 capture of Senedro leader Abimael Gúzman and a reduction of terrorist violence (Stern 1998). Fujimori's popularity was enhanced by the capture of Gúzman, though the length of the bump remains a matter of scholarly dispute (Weyland 2000, Morgan Kelly 2003) and Fujimori's perceived strength in fighting terror was widely considered an electoral asset (Arce 2003, c.f. Weyland 2000).

Third, Fujimori used the revenues from privatization and the growing economy to invest in a massive social spending and development program called the National Social Fund (*Fondo Nacional de Compensación y Desarrollo Social*) or FONCODES. While designed to invest in infrastructure and other community-based anti-poverty programs in the poorest parts of the country, the directors of this program reported directly to the president and there is substantial evidence that spending by the program was targeted in areas where his support was weakest in order to shore up his electoral base heading into the 1995 elections (Graham and Kane 1998, Roberts and Arce 1998, Schady 2000).

The combination of a stable economy (albeit one with high unemployment and informal sector participation), reduced terrorist activity, social programs, and a reputation for strength and as a reformer propelled Fujimori to a relatively easy victory in the 1995 presidential elections. His second term in office was much more bumpy however; the economy entered a recession in 1998 and there was growing discontent with Fujimori's anti-democratic style, restrictions of press freedoms, and perceived corruption (confirmed most directly in the controversy involving his security chief Montesinos being caught bribing opposition legislative leaders and members of the news media) (McMillion and Zoido 2004, Tuesta 1999, Schmidt 2000, Carrion 2006). However, Fujimori still attempted to run for reelection in 2000, claiming that because he had only sought reelection once since a new constitution was promulgated he was eligible for an additional term (Schmidt 2002).

Approval of Carlos Salinas, 1991 Mid-Term Elections

The third case in which we examine the effect of the economy's salience is during the administration of Mexican president Carlos Salinas de Gortari. Again, Salinas took office following a massive economic crisis. His predecessor, Miguel de la Madrid (1982-88), oversaw the default of Mexico's debt obligations and the resulting recession in which the Mexican economy contracted by 11 percent, the currency was devalued by 24.1 percent, annual inflation averaged 93 percent (reaching 157 percent the year before the election), and real wages shrunk 25 percent (Edwards 1995). However, fiscal reforms (which required reducing government spending by 15 percent) enacted during the de la Madrid administration eliminated budget deficits (the federal budget had a surplus of 6 percent of GDP in 1987) and the economy began to stabilize by the end of de la Madrid's term. However, the social costs of the crisis and reforms were extensive, with increasing unemployment, a burgeoning informal sector, and increased poverty (Lustig 1998).

The 1988 presidential elections were waged with this unprecedented fiscal crisis as a backdrop. Intra-party divisions within the PRI over the wisdom of continuing with fiscal reforms broke into the open over the decision to nominate Harvard educated economist Carlos Salinas de Gortari, who had been serving as de la Madrid's Secretary of Planning and Budget, as the party's presidential candidate. As a result of this conflict, a wing of the party broke off from the PRI to form a new party (now known as

the Partido de la Revolución Democrática PRD) and to nominate Cuauhtémoc Cardenas as their candidate for the presidency. Officials results gave Salinas a narrow victory over Cardenas (though there were widespread allegations of voter fraud), but Salinas obtained 18 percent less of the vote than de la Madrid in 1982 and opposition parties gained more seats in the congress than they had in any previous election.

Once in office, Salinas continued with his predecessor's economic reforms, renegotiated the debt, privatized many state industries, and instituted the SOLIDARIDAD public works program (Lustig 1998 for a review of the policies enacted during Salinas' term). The results were largely positive in the short term; the economy grew by more than 3 percent annually from 1989-1991 and annual inflation levels fell to below 23 percent. Surveys from that period also show that voters were quite optimistic about the economy, with much of that optimism coming from Salinas' economic liberalization measures and the approval of NAFTA (Villareal 1999). In addition, poverty-levels were reduced slightly under the Salinas administration, though not to pre-crisis levels and most of the recovery was limited to urban areas. While these policies proved unsustainable on the medium-term, resulting in the peso crisis of 1994 (Sachs et al 1996, Calvo and Mendoza 1996 for reviews), in the short term Salinas' popularity soared and the PRI recovered from its weak showing in 1988 to win decisively the 1991 legislative elections with 61 percent of the vote (Aziz and Peschard 1992).

The 1988 and 1991 elections in Mexico thus would seem to conform to standard models of economic voting: the governing PRI's support diminished greatly following the economic crises of the 1980's and then rebounded as the economy recovered during the first three years of Salinas' term. However, studies of voting behavior in these elections have questioned the role of voters' evaluations of the economy as determinants of their voting behavior, stemming from the seminal studies on voter behavior in Mexico by Dominguez and McCann (1992, 1995). They argue that voters casting their congressional ballots were motivated primarily by party loyalty, their beliefs regarding the future dominance of the PRI, and their expectations of economic and social chaos should a party other than the PRI win. As a result, they argue, short term factors, such as their evaluations of the national economy or their own changing personal economic circumstances, did not affect voters' willingness to support the PRI in 1991 after controlling for these larger attitudes and expectations. However, their model of voter support included a term for presidential approval, which itself is likely a function of economic considerations. Other studies of voter behavior and presidential approval in 1991 that change Dominguez and McCann's specification so that presidential approval is not included as a predictor find that sociotropic economic evaluations played an important role in causing voters to support the PRI. (Villareal 1999, Buendia 2000).

Voter Explanations of Presidential Approval

In these three cases theories of voting behavior predict that the economy should be highly accessible to voters and the extant literature confirms that evaluations of the incumbent and his party were strongly associated with how voters evaluated the economy. However, the question is whether the economy mattered equally for all voters. In this section, we look at how voters described their voting motivations. In the next section, we analyze whether individual-level models of voters' opinions can identify divisions across the electorate on the weight given economic factors.

First, did survey respondents cite economic concerns when explaining their evaluations of the president or did other issues (e.g. corruption, terrorism, social spending programs, or personality) push the economy off the agenda? Three surveys available from the Roper center for Public Opinion Research provide measures that allow us to analyze how voters explained their vote. The value of these three surveys is that each, with some variation in question wording and format, provide measures of how voters were evaluating the incumbent. In the case of Argentina, for example, voters were asked an open-ended question about why they either approved or disapproved of the administration.[5] Respondents were given space to provide up to three factors that led them to have that opinion. We recode these answers into 8 general categories of

[5] P033-P038 ¿Cuáles son las principales razones por los que Ud (aprueba/desaprueba) la gestión de Carlos Menem

motivations, the frequency of which is summarized in Table 4.1 (below). Details on the specific answers that comprise each category are summarized in Appendix 4. The reader should note that because voters could mention up to three considerations in evaluating the incumbent, the percentages of voters mentioning each category at least once sum to more than 100 percent.

The results in Table 4.1 confirm the overall importance of economic concerns to the electorate. In fact, 44 percent of respondents mentioned economic concerns when explaining why they approved or disapproved of the president, making economics the most commonly cited factor. However, these data also mean that a majority of the electorate did not mention economics as the basis of their evaluation. The proportion (41 percent) of the electorate that based their evaluations of Menem on his personality (his honesty/dishonesty, concern for the common man, etc.) is nearly as large as the proportion that said they based their vote on economic factors. A substantial proportion of the electorate also cited social policy issues (such as education and healthcare policy) as being the driving consideration in their vote. In addition, economic factors were more frequently cited by those who disapprove of the president while his supporters

Table 4.1: Reasons Given for Approving or Disapproving of Argentine President Menem's Time in Office

	Proportion Mentioning this Type of Concern, All Respondents	Proportion Mentioning this Type of Concern, Respondents with a Positive Evaluation Only	Proportion Mentioning this Type of Concern, Respondents with a Negative Evaluation Only
Economy	44.02%	19.07%	58.10%
Personality	41.95%	71.30%	25.39%
International Relations	3.34%	7.78%	0.84%
Social Policy	27.45%	4.81%	40.23%
Democratic Reforms	10.29%	10.93%	9.93%
Security and Justice	3.61%	0.00%	5.64%
Partisanship	1.07%	0.93%	1.15%
Non-Policy	16.63%	25.19%	11.81%
Total Number of Respondents	1497	540	957
Columns do not Sum to 100% Because Voters Were Allowed Multiple Responses			

more frequently cited Menem's personality and capacities. The probability that a voter said he based his vote on economic performance was also in part a function of whether or not the voter thought the economy was doing well. While 49 percent of voters who thought the economy was bad or very bad cited the economy as a salient concern, only 33 percent of voters who thought the economy was regular and 25 percent of voters who thought it was good or very good cited economic performance. However, these numbers also imply that even a slight majority of voters who had negative evaluations of the economy said their opinion of the president was based on other factors. Hence economics were far from a universal concern in Argentine politics in August of 1995.

The evidence from Peru also confirms that voters differ in the perceived importance of economic questions when evaluating the incumbent. The January 2000 APOYO survey, which occurred 3 months prior to the election, asked voters if they would be likely to support Fujimori or not should he stand for reelection and, as a follow up, asked them to choose from a closed-ended list the factor that most strongly explained their support or opposition (very few voters took a neutral position). This survey occurred several months before the Montesinos scandal became public and so it was not included among the possible explanations. Answers to this question are reported in Table 4.2 (below).

Table 4.2 shows that most voters did not base their opinion of Fujimori on his successful reduction of inflation or other economic factors. While about 16% of Fujimori

Table 4.2: Reasons Given for Supporting or Opposing Peruvian President Fujimori, 2000

	Percent
First or Second Issue Mentioned by Supporters (N=235)	
Public Works Programs has Done	54.04
Reduced Terrorism	30.64
Generated Economic Stability	**5.11**
Reduced Poverty	**4.26**
Generated International Investment	**3.40**
Is a Hard Worker	1.70
Helps the Needy	0.85
First or Second Issue Mentioned by Opponents (N=267)	
Has Not Reduced Unemployment	**32.96**
Is Authoritarian/A Dictator	28.09
Time for a Change/10 Years is Enough	17.60
Breaking Constitution by Seeking Another Term	11.24
His Ties to the Military/Montesinos	4.49
Other (Not Specified)	3.00
Corruption	2.62
Overall Percent Basing Evaluation of Fujimori on Economic Factors	23.51
Overall Percent Basing Evaluation of Fujimori on Non-Economic Factors	76.49

supporters mentioned specifically his economic policies or their results, the most commonly cited reasons for approving of Fujimori's term in office were his extensive public works programs and his success in reducing political violence associated with terrorist groups. Among voters who did not support Fujimori, a slight plurality of respondents mentioned his inability to generate employment as the primary reason for disapproving of his term in office, but substantial segments of the electorate also based their opposition on non-economic factors, such as his weak record with respect to

protecting democratic institutions or reducing corruption. Overall, economic factors were mentioned as the primary motivation for supporting or opposing Fujimori by only 23 percent of the electorate.[1]

Finally, the 1991 Gallup survey contains asked voters what they considered President Salinas' largest success while in office and what they considered his largest failure.[2] While this question does not directly ask voters to explain which area was personally the most important to them as voters, it provides insight into the areas that were most accessible to voters in considering his administration. Respondents were each allowed to name one achievement and one failure in answer to this question. Gallup divided answers to each question into four general categories: social services and public works, economics, social issues, and politics and personality (Appendix 13 for details). In Table 4.3, we summarize the distribution of answers to these questions.

As the Salinas administration came on the heels of a major crisis, economic successes and failures both received high levels of attention from the voters. Salinas' success in stabilizing the economy and reducing inflation in the first three years of his

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[1] Polls taken in 2005 asking voters to look back at the successes and failures of the Fujimori administration showed that voters continued to base their evaluations of him on a variety of factors but that these factors had changed in importance over time. For example, by 2005 the most commonly mentioned reason for approving of his term in office was his defeat of the terrorists (mentioned by 53 percent of those who approve) while 27 percent mentioned his public works and anti-poverty programs and 6 percent his success in reducing inflation. Meanwhile, the most commonly cited reasons for disapproving of his time in office was no longer unemployment (13.5 percent) or the economic crisis (7 percent) but corruption (44 percent) and his human rights violations (18 percent) (Grupo de Opinion Pública 2005)

[2] "En su opinión, cuál ha sido el principal logro del gobierno del Lic. Salinas de Gortari hasta la fecha?" "Y cuál diría usted que ha sido la principal falla o error del gobierno del Lic. Salinas de Gortari hasta ahora?"

Table 4.3: Policy Areas Identified as President Salinas' Largest Successes and Failures During His First Three Years in Office

	Percentage of Respondents Naming Each Issue a Success	Percentage of Respondents Naming Each Issue a Failure
Government Services and Public Works	11.59%	3.63%
Economic Issues	36.48%	52.40%
Social Policy Issues	35.63%	16.41%
Political Issues and Personality Characteristics	16.29%	27.55%
Number of Respondents	2234	853

term resulted in economic factors being cited as his largest success by 36.48 percent of respondents, more than any other category of policies. In addition, a majority of respondents (52.4 percent) who answered the "largest failings" question focused on economic problems such as unemployment and low salaries and Salinas' economic policies with respect to banking and trade. Hence economic outcomes were solidly on voters' agenda. Other issues, however, competed with the economy for attention. The proportion of voters who said Salinas' social initiatives were his largest success was nearly as large as the share who mentioned the economy. Similarly, a substantial proportion of voters commented not on remaining economic weaknesses but on the weakening of democratic institutions and the prevalence of corruption. In general, only 39% of respondents mentioned economic outcomes and policies as either the largest success of failure in Salina's first three years in office.

These surveys from Argentina, Peru, and Mexico thus all confirm that in none of these three cases did a majority of voters cite economics as the most pressing electoral concern even though conditions were ripe for economic voting. The implication is that the proportion of voters citing economic motivations for their votes in most electorates would be smaller than the 23-41 percent of the electorate that did in these surveys (See Table 1.2). Hence these measures of the economy's salience suggest that the economy's importance and accessibility differs greatly across the electorate.

Is the Economy's Effect on Presidential Approval a Constant?

An alternative method of establishing that the economy's salience varies across the electorate is to demonstrate that the relationship between economic evaluations and opinions of the president varies significantly across subsets of voters. To do so, we present in this section models of incumbent approval using the same surveys described in the previous section. We do not attempt to include comparable controls in each model nor are we concerned about the comparability of measures. The key goal is to build a model that most closely coincides with theories and evidence from each country about how voters behave, thus minimizing the possibilities of omitted variable bias for each model (Achen 2005). Our expectation in each case is quite simple: voters who cited the economy as an important factor in their evaluation of the incumbent will display a greater correspondence between their evaluations of economic outcomes and their opinion of the incumbent or his party. This intuition can be tested, as we do in the

analyses that follow, by multiplicatively interacting a dummy variable, coded as 1 if the voter cited the economy in answering the questions outlined in Tables 3.1-3.3 and 0 otherwise, with voters' evaluations of the economy and observing if the coefficient is positive and significantly different from zero. However, this simple intuition tests a larger proposition: differences in the economy's salience within these electorates where previous research shows the economy played an important if not dominant electoral role exist and substantially affect voter choices. If this is the case, then scholars of economic voting ignore the differences in issue weights to our peril.

Approval of Carlos Menem, August 1995

In exploring the determinants of support for Carlos Menem, we use two indicators of support as dependent variables. First, voters were asked if "Considering the things that seem good and bad to you, are you more inclined to approve or disapprove of Carlos Menem as president?"[3] Voters were allowed to respond with approval, disapproval, or don't know. From this question, we generate a dummy variable measure of incumbent approval that takes the value of 1 if the voter approved of the president. The second measure comes from voter answers to the question "If the

[3] P032.Haciendo un balance general entre las cosas que le parecen bien y las que le parecen mal, ¿usted se inclina más o menos a aprobar o desaprobar la gestion de Carlos Menem como presidente?

presidential elections were to be held again today, whom would you vote for?" [4] From this question, we use a second dummy variable measure of incumbent support that takes the value of 1 if the voter would have voted for Menem. We model vote choice as a dichotomy because theories of economic voting suggest that the primary impact of economic evaluations is on the choice to support the incumbent or not. The two measures are correlated very highly (r=.726) and the proportion of voters supporting Menem is the same for both measures (0.64). We use both as dependent variables because about 300 voters, 20 percent of the sample, answered only one of the two questions. As we noted above, Menem's popularity in this poll was much lower than his electoral support had been. Only 36 percent of respondents approved of his time in office and only 34 said they would vote for him if an election had been held that day.

Following previous work on economic voting in the 1995 election, we model support for Menem as a function of sociotropic retrospective evaluations. Specifically, voters were asked "How would you describe the current national economic situation: very good, good, regular, bad, or very bad?" [5] Only 17 percent of respondents evaluated the national economic situation as good or very good while 38 percent qualified it as bad and 20 percent as very bad. To facilitate interpretation, we recode this and all other

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[4] P076 Si hoy hubiera nuevamente elecciones presidenciales, ¿Ud. Por quien votaría?: PJ (Menem), UCR (Massaccasi), FREPASO (Bordón), MODIN (Rico), Alizan Sur (Solanas), Otro, No Voy a Votar, En Blanco, No Sabe.

[5] P069 ¿Cómo describiría la actual situación económica del pais? Ud. Diría que es: muy buena, buena, regular, mala, muy mala.

economic evaluations used in this chapter so that higher values represent more optimistic/favorable economic evaluations. We then multiplicatively interact this variable with our dummy variable for basing one's vote on the economy or not. Again, a positive and significant interaction term is evidence that the economy's salience differed significantly across this division of the electorate.

Previous research suggests that Menem drew higher levels of support from younger segments of the population, from males, from lower educated voters, and from both the lower and upper classes (Canton and Jorrat 2002, Seligson 2003). Thus as controls, we include measures of partisan identification, gender, education level, and age, and economic situation. We also control for whether or not the voter supports increased state intervention in the economy given the importance of economic reforms as an issue in the 1995 campaign. Finally, we include controls for the respondent's economic situation such as their household income, whether or not those resources were sufficient to cover their family's expenses or not, whether the head of household is unemployed, and whether the head of household is employed in a temporary position/or is a day laborer (works changas). These variables are described in more detail in Appendix 3. In robustness tests, removal of any of these controls did not change the substantive conclusions to be drawn regarding the effect of economic factors.

The results of the two logit regression analyses are presented in Table 4.4 (below). Most of the variables included as controls are not significant predictors of

support for the incumbent. However, the results do show that Peronist party identifiers were more likely to support their party's candidate, as were voters who reported that their income was sufficient to cover their household expenses. Higher levels of education in contrast are associated with lower levels of support for Menem as was support for state intervention in the economy, though the latter result is only significantly different from 0 at conventional levels when the dependent variable is the respondent's hypothetical vote.

Our central interest, however, is in economic voting and the potential mediating effect of the economy's salience. The substantive conclusions from both models in Table 4.4 are essentially the same: economic salience intervenes and magnifies economic voting. In interpreting the results, it is important to remember that the 'un-interacted' coefficient estimates for the variables "economic evaluation" and "economy salient to the voter" represent the effect of these variables when the other variable equals 0 (Braumoeller 2004). Thus the positive and significant sign for the measure of economic perceptions for both dependent variables implies that economic concerns had an important effect even on those voters who did not list economic issues among the reasons why they approved/disapproved of the president. However, the negative and statistically significant coefficient for the economy salience variable means that voters who had a very negative opinion of the national economy and for whom the economy was salient were much more likely to disapprove of Menem or to vote against him than

Table 4.4: Determinants of Approval of Argentine President Menem, August 1995

	Approval or Not	Simulated Vote
Sociotropic Economic Evaluation	1.364***	1.275***
	(0.126)	(0.132)
Economy Salient to Voter	-3.667***	-1.769***
	(0.577)	(0.496)
Economy Salient* Sociotropic Evaluation	1.026***	0.555*
	(0.315)	(0.273)
Peronist Party Identifier	1.338***	2.136***
	(0.219)	(0.232)
Male	0.006	-0.120
	(0.168)	(0.176)
Education	-0.100*	-0.135**
	(0.047)	(0.049)
Age	0.018	0.018
	(0.066)	(0.069)
Real Monthly Income	0.002	0.012
	(0.046)	(0.047)
Reports Income is Sufficient to Meet Needs	0.574***	0.489***
	(0.120)	(0.122)
Head of Household is Unemployed	0.482	0.188
	(0.340)	(0.354)
Works Changas	0.010	0.103
	(0.322)	(0.344)
Prefers State Intervention in the Economy	-0.314	-0.369*
	(0.167)	(0.177)
Constant	-2.219***	-2.557***
	(0.430)	(0.449)
Number of Observations	1281	1097
LR χ^2	729.000***	546.320***
Pseudo R^2	0.436	0.388
Log Likelihood	-470.693	-430.731

Logit Model, Standard Errors in Parentheses,
* p<0.05, ** p<0.01, *** p<0.001 (two-tailed)

voters who were equally pessimistic about the economy but for whom other factors were salient. Moreover, the positive and significant interaction term between our measures of economic perceptions and the salience of the economy implies that voters for whom the economy is salient do place more weight on economic concerns than voters for which it is not as salient.

An alternative way of interpreting the results in Table 4.4 is to focus on what they tell us about the 56 percent of voters for whom economics does not appear to have been their primary motivation in voting. This sector of the electorate did still display a positive association between their evaluations of the economy and their opinion of the president. But the strength of that relationship was weaker than among other segments of the electorate. In Figure 4.1, we graph the predicted probability that the median voter approved of Menem given the regression estimates from the first column of Table 4.4 if she reported that the economy was salient and if she reported that it was not. For one segment of the electorate, the segment which cited economic factors as a motivation for their vote, the effect of changing her evaluation of the national economy from its lowest to its highest levels increases the probability of supporting Menem by 0.956. For the rest of the electorate, however, this same change in economic evaluations is predicted to result in an increase of 0.649, 47 percent smaller than the high salience case. Thus the reward from improved economic performance is magnified if the economy is

salient but substantially reduced if it is not and both types of voters existed in the Argentine electorate in 1995.

Figure 4.1: The Magnifying Effect of the Economy's Salience on Support for Menem

Approval of Alberto Fujimori, January 2000

There is an extensive literature in Peruvian politics linking support for the incumbent with economic outcomes. The majority of these studies, however, are time-series analysis of aggregate-level data on support for Fujimori in Lima and either voters' evaluations of their current economic states, of Fujimori's economic programs, or macroeconomic indicators (e.g. Stokes 1996, Carrion 1999, Weyland 2000, Morgan Kelly 2003, Arce 2003). These studies demonstrate that different elements of economic performance mattered more or less for explaining economic performance over time;

Peruvian voters were highly prospective during the initial crisis but became retrospective in their orientation towards Fujimori and his policies during the latter portions of his administration. In general, then, we expect that individual voters who have positive retrospective evaluations of the economy to be more likely to approve of Fujimori. However, we also expect that the importance of economic considerations will be magnified among those voters who perceived the economy as a salient concern and minimized among those voters who were concerned about other elements of Fujimori's legacy.

Our dependent variable is the voter's dichotomous answer to the question "In general, do you approve or disapprove of President Alberto Fujimori's term in office?", with high values representing approval.[6] At the time of the survey, Fujimori remained quite popular, with nearly 60 percent of respondents approving of his time in office.

While Argentine voters were primarily sociotropic in 1995, we follow Carrion's analysis of trends in aggregate support for Fujimori in the years after the crises (1999) and model support for Fujimori on the basis of voters' retrospective evaluations of the national economy (sociotropic) and of their own personal economic circumstances (egotropic) over the previous year. Voters were allowed to qualify the economy as being "better, the same, or worse than 12 months previously. As often happens in surveys where "the same" or "regular" is allowed as an intermediate response option, a plurality

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[6] En general, diría usted que aprueba o desaprueba la gestión del Presidente Alberto Fujimori?

of voters (48.71 percent) said that their personal economic situation was the same as it was a year before and a majority (65.23 percent) of voters said that the national economy was the same as it was a year before. Consumer confidence and personal economic optimism were at their highest point in the year prior to the election. Each of these variables is coded so that high values recoded to reflect positive economic evaluations.

Again, to test the proposition that the economy's importance across the electorate is not a constant, we generate a multiplicative interaction term between each of these variables with a dummy variable if the voter was one who, based on their explanation of the vote, we believe sees economic issues as salient concerns. In addition to the economic variables, we control for the respondent's gender, age, and education attainment, whether or not the head of the respondent's household is employed, and, as a proxy for economic class, the number of bathrooms in the respondent's house. The variables are described in more detail in Appendix 23. The results of this logit analysis are presented in Table 4.5 (below). Because the standard errors displayed clustering by neighborhoods, we report standard errors adjusted to reflect this heteroskedasticity.

The control variables in Table 4.5 generally perform as expected given the extant literature on Fujimori; Fujimori supporters tended to be female, older, and poorer than those voters who disapproved of the then-president. Table 4.5 also confirms, however, that economic considerations were important in explaining variations in Fujimori's approval ratings in 2000. The positive and statistically significant estimated coefficients

Table 4.5: Determinants of Approval of Peruvian President Fujimori, January 2000

	β
Egotropic Retrospective Economic Evaluation	1.411***
	(0.273)
Sociotropic Retrospective Economic Evaluation	0.994***
	(0.265)
Economic Factors Salient	-2.631***
	(0.739)
Salience*Egotropic Retrospective Evaluation	1.304*
	(0.523)
Salience* Sociotropic Retrospective Evaluation	1.174*
	(0.515)
Female	0.685*
	(0.275)
Age	0.434*
	(0.184)
Education Level of Head of Household	-0.070
	(0.134)
Head of Household is Unemployed	-0.313
	(0.410)
Number of Bathrooms in House	-0.226*
	(0.110)
Constant	-2.157***
	(0.466)
N	366
Wald χ^2, df=10	92.52***
Pseudo R^2	0.263
Log pseudolikelihood	-180.73
* p<0.05, ** p<0.01, *** p<0.001 Logit Model, Robust Standard Errors Adjusted for Clustering by Neighborhood in Parentheses	

for the egotropic and sociotropic variables that are not interacted with the salience measure implies that both types of economic evaluations had a substantial impact on voters who did not cite the economy as the basis of their vote; those who see the

economy as doing well are still more likely to support the incumbent than voters who believe the economic situation has worsened. Hence our minimal conception of salience does not seem to be a necessary condition for economic voting to occur; just because the economy is not at the forefront of a voter's mind does not seem to mean that he or she will ignore it completely.

But while the economy being salient is not a necessary condition for economic voting, the results in Table 4.5 again suggest that voters for whom economic factors are at the top of their agenda do seem to place substantially more weight on them than the rest of the electorate does. The significant and positive interaction term for Salience*Sociotropic Evaluations implies that voters for whom the economy was salient do indeed place greater weight on their observations of the national economy when evaluating the incumbent. In addition, these voters are more likely to give weight to their personal economic concerns, as evidenced by the positive and significant sign for the interaction term between economic salience and egotropic evaluations. As a result, voters who saw both the national economy and their own personal economy as being worse than in the previous year and for whom the economy was salient were especially likely to disapprove of Fujimori; hence the variable for economic salience has a large negative coefficient.

The magnitude of the salience's effect on economic voting is illustrated in Figure 4.2. The top figure graphs the predicted probability of two voters approving of Fujimori

Figure 4.2: The Magnifying Effect of the Economy's Salience on Support for Fujimori

as their evaluations of their own personal economic state changes from its lowest to its highest value (and all other variables set at their median). If the voter who said she is

primarily motivated by non-economic concerns sees her own economic situation as being better than it was in the previous year instead of being worse, the probability of that voter approving Fujimori increases by 0.58. If that same voter were to place economics at the top of their agenda, however, then this same change in economic circumstances would change the probability of supporting the incumbent by 0.84, a 44 percent increase over the baseline case. The impact of seeing the economy as salient on the impact of sociotropic concerns is similar in magnitude, as the lower graph in Figure 4.2 shows. So again, there is considerable variations across voters in how strongly their evaluations of economic questions affect their vote--evidence that the economy's salience varies substantially across the electorate.

Approval of Carlos Salinas, 1991 Mid-Term Elections

We use two separate indicators of incumbent support in the context of the 1991 Mexican midterm elections. The first is the respondent's evaluations of Salinas on a 10-point scale, with high values representing approval.[7] Salinas received very high approval ratings; 91% of respondents gave Salinas an evaluation of 6 or higher on the 10-point scale and 43% gave him one of the two highest possible evaluations. The second measure is the respondent's expected vote choice in the upcoming legislative elections.

[7] Now, using a scale from 1 to 10, please qualify the job that Carlos Salinas de Gortari has done as president of the Republic without letting me see your answer. "Ahora, usando una escala del 1 al 10 califíque por favor en este papel, sin que yo vea, el trabajo que ha realizado Carlos Salinas de Gortari como presidente de la República."

Among voters who expressed a preference, nearly 68 percent said they planned to vote for a PRI candidate. This is nearly 10 percent more than actually voted for the PRI in the election (similar over-reporting occurred in the 1988 survey (Dominguez and McCann 1995)). Because models of economic voting generally focus on the whether the voter continues to support the incumbent or not, we measure the voter's choice as being for either the PRI or not. A dichotomous measure of voter choice is also appropriate given the small number of voters in the survey supporting the PRD or other opposition parties other than the PAN.[8] We use both measures of incumbent support to show that the same processes are at work in both elections and incumbent approval, even though the vote choice model has fewer respondents.

For our measure of economic performance, we use voters' prospective sociotropic evaluation of the economy over the remained of Salinas' term. We focus on sociotropic measures because Buendia's (2000) and Villareal's (1999) analyses showed that sociotropic measures were more important than egotropic ones in the 1991 elections and during the de la Madrid administration. Voters were asked if they thought the economy would improve, get worse, or stay the same over the next three years. Not surprisingly, after three years of reduced inflation and the return to economic growth, most voters were fairly optimistic; 45.75 percent of respondents expected the economy to

[8] A disadvantage of treating voter choices as dichotomous is that the effect of issue positions that differentiate the PRI from one opposition party and not the other will be understated.

improve in the next three years compared to 30 percent who expected it to worsen. In general, we expect optimistic voters to approve of the president but we also expect that voters who specifically mentioned economics when describing Salinas' successes or failures to place even greater weight on the state of the economy. Hence we include both the 3-point measure of economic evaluations and an interaction term between it and the dummy variable for economic salience discussed above, which the expectation that this interaction term will have a positive and statistically significant coefficient.

We follow the basic formulation used by Villareal (1999) in his model of approval of Salinas in 1991. The model includes a series of demographic variables, such as the region of the country in which the voter lives, their age, their education level, the frequency of church attendance, and their social class. In addition, we control for the voters' views on allowing foreign investment in Mexico as a proxy for their views on Salinas' ongoing reforms.[9] The variables are described in Appendix 12.

In Table 4.6, we present the results of the models of incumbent approval and of intention to vote for a PRI legislative candidates. Looking at the first column that contains the model of Salinas approval, his support tended to be higher among females and among voters who attend church frequently. Support for Salinas also tended higher

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[9] In results not reported here but available from the author upon request, we also ran models that included followed Dominguez and McCann's specifications, adding measures of voter positions on other issues, their interest in the election, their evaluations of the future of the political parties and what would happen should the PRI lose, and their presidential vote choice in 1988. These additional variables reduce the number of voters included in the sample by 66 percent, but do not change the substantive conclusions with respect to the effect of economic expectations as discussed below.

among voters who lived in the three regions outside of Mexico City, with support especially higher in the North. Voters who believed that increased foreign investment would benefit the Mexican economy also tended to approve of the president's first three years in office. Finally, voters' education level was negatively related to their approval of Salinas.

The economic voting results in the first column of Table 4.6 also are consistent with Villareal's (1999) models of Salinas' approval in the early 1990s. Voters' evaluations of the incumbent are associated with their expectations for the economy in the second half of his term and voters who are optimistic with respect to the economy tended to approve of the president more than those who were pessimistic. As in the previous two cases outlined in this chapter, this effect occurs even if the voter did not mention economic performance as one of the President's largest successes or failures. However, if the economy was salient, then the positive interaction term between economic salience and economic evaluations suggests that voters gave even more weight to their expectations for the national economy when evaluating the incumbent. Specifically, voters for whom the economy was salient who were very pessimistic were much less likely to approve of Salinas but if their expectations improved, the subsequent predicted increase in presidential approval was 66 percent larger than it would have been had the economy not been salient.

Table 4.6: Determinants of Approval of Mexican President Salinas and of PRI Votes in the Legislative Election, 1991

	Presidential Approval [1]	PRI Vote [2]
Sociotropic Prospective Economic Evaluation	0.312***	0.114
	(0.051)	(0.083)
Economy Mentioned as Salient	-0.341**	-0.709***
	(0.122)	(0.188)
Economy Mentioned*Economic Evaluation	0.214***	0.276*
	(0.082)	(0.128)
Female	0.284***	0.518***
	(0.070)	(0.113)
Age	0.004	0.014**
	(0.003)	(0.005)
Education	-0.046**	-0.008
	(0.017)	(0.027)
Church Attendance	0.052*	0.012
	(0.023)	(0.037)
Approval of Foreign Investment	0.229***	0.250***
	(0.040)	(0.064)
Social Class	-0.030	-0.072
	(0.046)	(0.079)
North	0.574***	0.437**
	(0.093)	(0.145)
Center	0.293**	0.700***
	(0.094)	(0.147)
South	0.341***	1.003***
	(0.097)	(0.159)
Constant	6.010***	-0.677*
	(0.171)	(0.274)
Number of Observations	2515	1758
F(12, 2502) | LR Chi2(12)	21.790***	137.870***
R-squared | Pseudo R2	0.095	0.063
Root MSE | Log Likelihood	1.673	-1021.053

* p<0.05, ** p<0.01, *** p<0.001
OLS Regression (column 1) and Logit (column 2) results, Standard Errors in Parentheses

The results of the model of voting for the PRI in the legislative elections in the second column are generally consistent with the model of Salinas' approval. However, voters' education levels and religiosity are unrelated to voting behavior while age is associated with PRI voting. More importantly for the present topic, economic voting played a slightly different role in the congressional elections than in the case of presidential approval. Dominguez and McCann's (1995) analysis of voting patterns in this election showed no economic voting occurred. While the control variables included here are different than in their model, the results in the second column confirm that economic expectations were unrelated to PRI support, but only for a segment of the electorate. Specifically, voters who did not list economic outcomes as one of the major successes or failures of the Salinas term were no more likely to vote for the PRI if they thought the economy would do well under Salinas than those who thought it would do worse during the next three years. However, the interaction term between economic salience and economic expectations is significant and positive, confirming that voters for whom the economy is salient do give greater weight to economic expectations than the rest of the electorate. Moreover, the relationship between economic expectations and support for the PRI is significantly different from 0 among that segment of the electorate for whom the economy was salient. Thus the debate over whether there was economic voting in the 1991 elections cited above needs to be made conditional: economic voting did occur, but only for those voters for whom the economy was salient.

The evidence in Table 4.6 thus confirms that the salience of economic performance varied substantially within the Mexican electorate. The differences in the weight given economic factors is slightly smaller across the two groups than in the other two elections studied in this chapter, but remain relatively large in magnitude. The predicted impact of the average voter changing his or her evaluation of the national economy from "bad" to "good" was 4 times larger if that among those voters for whom the economy was salient. The predicted marginal effect on Salinas' approval ratings is smaller; the marginal impact of a change in economic evaluations from bad to good is about 50 percent larger if the economy was salient. However, even these small shifts would have been sufficient to shift the election outcome.

Figure 4.3: The Magnifying Effect of the Economy's Salience on Support for the PRI

The Effect of Salience in Perspective

The statistical analyses in the previous two sections confirm that the economy's political importance is not constant within electorates even in these cases when we know the economy's electoral effect was especially strong. A majority of voters in all three countries listed non-economic issues as their primary bases of evaluating the incumbent and the statistical relationship between economic perceptions and incumbent approval varied substantially across the electorate. Figures 3.1-3.3 also demonstrate that these differences in economic salience have impacts on voting behavior that are relatively substantial.

The impact of variations in the economy's salience can be put in context through a series of counterfactuals. For each of the datasets used to estimate models of incumbent approval in the previous section, we can simulate what the incumbent's support would have been if all voters had given the economy equal importance. Specifically, for each voter we predict the probability, given the coefficients estimated in the model and his or her specific characteristics, that the voter would have supported the incumbent if (a) all voters gave the economy the same weight as the "low-salience" voters and (b) if all voters gave the economy the same weight as the "high-salience" voters. These predicted results can then be compared to those obtained by the survey.

For example, in the August 1995 survey, 37 percent of respondents approved of Argentina's Menem. This is sharply down from the support he received in the June

elections; one can posit that bad economic news in the months following the election potentially may have had the dual effect of reducing voter satisfaction with the economy and raising its salience, resulting in a drastic fall in support. Given that the economy tended to be more salient for pessimistic voters than optimistic voters, we might expect that he would have had higher approval ratings in August of 1995 had he been able to lower the economy's salience. In fact, the results presented in Table 4.4 suggest that Menem's approval rating would have risen to 47 percent (10 points higher than it was in this sample) if all voters in the survey had given their evaluations of the national economy the same emphasis as those voters for whom it was less-salient. In contrast, if the economy had been highly salient for all voters, his approval rating is predicted to have been only 23 percent. The fact that a majority of the electorate was focused on non-economic issues thus appears to have helped Menem during this crisis by keeping voters who had negative economic evaluations from completely deserting him. But the economy was sufficiently salient that Menem's popularity took a severe drop as consumer confidence fell the month after the election.

Fujimori, in contrast, would have increased in popularity had the economy been salient. In January of 2000, Fujimori received approval ratings of close to 60 percent, buoyed by the large population of voters who said that the economy was at least regular in quality (the middle point on the 5 point scale) or better. However, if all the voters interviewed in this sample had placed the same weight on the economy as those voters

for whom it was the most salient, Fujimori's predicted approval rating rises to 72 percent. Thus while Fujimori was rewarded for his generating economic optimism and for managing the economy better than his predecessor, the fact that other factors competed for voter attention reduced his electoral payoff from the economy.

In the case of Mexico and Carlos Salinas' PRI in 1991, the incumbent was able to point to a strong economic record while his party won the 1991 legislative elections with 61 percent of the legislative vote. If the economy had been less salient, legislative support for the PRI is predicted to drop by 6-8 percent--sufficient still to win the election but the party's dominance through overrepresentation would have been substantially reduced. If, however, all voters had given the economy the weight that those for whom it was highly salient did, our model predicts that the PRI would have captured more than 70 percent of the vote.

Comparing the Effects of Salience and Responsibility: The Economy and the 2006 Elections in Mexico

The previous analyses show that voters systematically differ in the weight they give the state of the economy when voting and that these variations in economic voting have real political impacts. In this final section, we contrast the effect of the economy's relative salience to the variable that receives the most attention from economic voting scholars seeking to explain variations in economic voting across countries--the attribution of responsibility for economic outcomes to the incumbent or not. To do so,

we outline the role that economic performance played in shaping support for the incumbent party in the 2006 Mexican presidential elections. In this election, conservative candidate Felipe Calderon of the incumbent National Action Party (PAN) narrowly defeated the leftist candidate Andrés Manuel López Obrador of the Democratic Revolution Party (PRD). While there have been some published work on public opinion in this election, we outline the dynamics in some detail to establish the baseline effect of economic performance prior to demonstrate how its impact varied across groups across the electorate.[10]

Mexican voters approached the 2006 presidential elections with decidedly mixed reviews of the national economy. In Table 4.7 (below) we summarize responses to 4 questions asking citizens to evaluate elements of the economy's performance under the Fox administration. While the percentage of respondents who classified the current state of the economy negatively is about 10 points larger than the percentage who are currently optimistic about the economy, a slight majority said that the economy was at least as good if not better than 12 months prior to the election and a slightly larger percentage said that the economy was better now than when Zedillo's term was ending. Additionally, a slight majority of Mexicans report that their personal financial situation had improved over the year leading up to the election. Thus the average Mexican voter

[10] For a review of the background and issues raised in this election, see the symposium on it in the January 2007 issue of PS: Political Science and Politics and especially the piece by Moreno on economic voting.

Table 4.7: Public Evaluations of the Mexican Economy

What do you think about Mexico's current economic situation? Would you say that it is:	**Percent**
Very Bad	13.71
Bad	24.6
Neither Good Nor Bad	34.08
Good	24.86
Very Good	2.75
(Total)	(1,561)
Would you say that over the previous 12 months the Mexican economy has worsened or improved?	Percent
Much Worse	18.82
Somewhat Worse	10.85
The Same and Bad	20.26
The Same and Good	25.75
Somewhat Better	16.34
Much Better	7.97
(Total)	(765)
Compared with the last year of the previous presidential term, would you say that the economy was improved or worsened	**Percent**
Worse	27.82
The Same and Bad	20.08
The Same and Good	18.45
Better	33.65
(Total)	(737)
Would you say that your personal economic situation has improved or worsened over the previous year?	**Percent**
Worse	26.15
The Same and Bad	18.75
The Same and Good	29.59
Better	25.51
(Total)	(784)

in 2006 might have been best classified as guardedly optimistic about the state of the economy, reporting that it is on a slight upward track but still not especially good.

These perceptions seem to match economic outputs under the outgoing administration.[11] The economy averaged less than 1 percent annual growth over the first three years of PAN President Vicente Fox's administration, slowed in part by economic troubles in the United States. Economic growth returned, however over the latter half of his six year term, averaging 4 percent from 2004-2006. In addition, inflation rates declined from 10 percent in 2000 to 3 percent in 2006. While unemployment rates remained low through the term, half of employed workers were employed in the informal economy. Thus the economy was stable but not especially strong while high-quality jobs remained hard to find.

Under these conditions, it is not surprising that much of the debate in the presidential elections was over the best way to achieve economic prosperity. López Obrador promised to use increased state investments to create jobs while increasing investment in anti-poverty programs. The government candidate, Felipe Calderon, in turn, argued that Mexico should stay the course with reforms that had reduced the state's role in the economy in the attempt to achieve economic stability. Economic issues were among the three most common themes of the ads aired by all major party

[11] See Weisbrot and Sandoval (2006) for a summary of economic trends leading up to the election.

candidates (Gisselquist and Lawson 2006).[12] In addition, the National Chamber of Commerce (*Consejo Coordinador Empresarial*) aired a series of ads urging voters to avoid voting for politicians that could return Mexico to the crises of the past.

Theories of economic voting might predict that in this case the incumbent will get a slight bump from the economy, but as the proportion of voters who held pessimistic economic views was nearly as large as the proportion that held optimistic views there was also a large segment of economically dissatisfied voters that potentially could vote to replace the current government. Previous studies of public opinion in Mexico have demonstrated that economic factors play a large role in shaping voter behavior (e.g. Dominguez and Poire 1999, Magaloni 2006). Initial analyses of voting behavior in the 2006 Mexican election also found that traditional models of economic voting performed well. In fact, evaluations of the economy were "one of the strongest explanatory factors of presidential vote choice in 2006… stronger than that of presidential approval or ideology" (Moreno 2007, 14).

This basic dynamic is demonstrated in Table 4.8 (below), which uses data from the 2006 Mexican Comparative Study of Electoral Systems post-electoral survey to predict support for the governing party given voters' evaluations of the current state of the national economy, their personal financial situation, and several social-demographic

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[12] This calculation combines Calderon spots that were generally about the economy with those that were specific discussions of jobs, making the economy more generally the second most cited theme after appeals to youths and students.

controls discussed in Appendix 18. This survey was conducted by the polling firm *BGC: Ulises Beltrán y Associados* in July of 2006 are includes nearly 1600 respondents from 26 states and the Capital District. However, two versions of the questionnaire were administered to different halves of the sample to allow for a wider range of questions. The measures of economic perceptions, responsibility, and salience were included on version 1 only and so we rely on this subset of the questionnaire and the 791 respondents that completed it across the national sample.

The dependent variable is whether the respondent reported casting a vote for the PAN candidate Felipe Calderon or not.[13] We model the vote choice as a dichotomy because, as we outlined above, theories of economic voting are primarily concerned with the decision to support the incumbent party or not. The challenge, of course, is that this simplification lumps into the "non-incumbent" camp three sets of voters: those that supported the PRD, those that supported the PRI, and those that abstained. In Appendix 2, we justify this modeling choice empirically and explore its implications for interpreting the control variables because lumping together disparate options reduces the predictive impact of other variables that influence the choice between the PAN and one alternative but not the others. For example, regional dummies for living in the center or the southern parts of the country are significant predictors of the choice

[13] We include voters who did not cast a valid vote in the baseline 0 category because research has shown that the choice to abstain is driven by a similar economic logic as the choice to support the opposition (Tillman 2004). See Appendix 2.

between the PAN and the PRD but not between the PAN and the PRI; when the PRD and PRI are lumped together in the "not-PAN" 0 category in the logit model, these contrasting effects nullify each other and the regional variables are not statistically different from 0. Hence the reader should discount the null findings for many of the control variables in the voter-choice models used presented in Table 4.8 and focus primarily on the economic voting variables.

The key variables of interest are three measures of how the respondent perceived the national economy and at the time of the survey and a measure of how the voter perceived his or her personal financial situation. These three questions have different temporal reference points and are coded on different scales. First, voters were asked to describe the current state of the national economy on a five point scale. They were then asked to retrospectively evaluate the national economy compared to 12 months before the election on a 6 point scale and then compared to when Fox took office on a 4 point scale. Finally, the voter was asked to describe any changes in their personal economic situation over the year leading up to the election on a 4 point scale. Thus these measures allow us to explore both whether voters were primarily sociotropic or egotropic and, if they are sociotropic, the length of time on which their retrospective sociotropic evaluations are based (though the three sociotropic measures are all correlated at 0.57 or higher).

Table 4.8: The Basic Economic Voting Model and the 2006 Mexican Elections

	[1]	[2]	[3]
Current State of the National Economy (5 point scale)	0.512***		
	(0.126)		
Economy Over Previous Year (6 Point Scale)		0.365***	
		(0.087)	
Economy Over Previous 6 Years (4 Point Scale)			0.572***
			(0.117)
Personal Finances Over Previous Year (4 Point Scale)	0.288	0.238°	0.167
	(0.116)	(0.126)	(0.124)
Right-Left Ideology	0.205***	0.189***	0.187***
	(0.042)	(0.043)	(0.044)
Education	0.026	0.023	0.002
	(0.054)	(0.054)	(0.060)
Female	-0.019	-0.035	0.030
	(0.208)	(0.222)	(0.198)
Catholic	0.749*	0.830**	0.813*
	(0.333)	(0.313)	(0.336)
Respondent is Unemployed	-0.279	-0.149	-0.008
	(0.516)	(0.618)	(0.704)
Indigenous	-0.351	-0.331	-0.451
	(0.352)	(0.349)	(0.376)
Mixed/Mestizo Race	-0.364	-0.341	-0.397
	(0.290)	(0.276)	(0.309)
Income	0.061	0.113	0.128
	(0.144)	(0.132)	(0.149)
Center	-0.730°	-0.794*	-0.782*
	(0.374)	(0.385)	(0.394)
South	-0.192	-0.124	-0.222
	(0.373)	(0.376)	(0.367)
(Constant)	-4.016***	-3.918***	-3.768***
	(0.592)	(0.549)	(0.605)
Number of Observations	533	522	504
Wald χ^2	107.92***	100.43***	122.34***
Pseudo R^2	0.178	0.185	0.199
Log Pseudolikelihood	-276.22	-269.88	-255.25

Logit Model, Standard Errors Adjusted for Clustering by Municipality in Parentheses
° p<0.10, * p<0.05, ** p<0.01, ***p<0.001

The results in Table 4.8 confirm that the basic logic of economic voting is operating in Mexico. No matter the temporal reference point, a positive evaluation of the national economy is associated with a higher probability of voting for the PAN. For example, a change in how the voter evaluates the economy relative to the previous year from one standard deviation below the mean to one standard deviation above the mean (holding all other variables at their mean) increases the probability of supporting the PAN from 0.20 to 0.45. Similar changes in the other sociotropic measures results are also predicted to double the probability of supporting the president's party. Thus sociotropic evaluations of the economy have a larger impact on the predicted probability of supporting the incumbent party than any other variable in the model except ideology.[14] Egotropic evaluations are also significant predictors of the propensity to support the PAN, but their impact is about half as large as that of sociotropic evaluations.

Thus Mexican voters appear to have behaved in accordance with basic economic voting models: while the widespread ambivalence about the economy opened the door for serious challengers to the incumbent government, enough voters felt that the economy was on an upward trajectory to vote for the continuation of the PAN in office. However, the relationship between evaluations of the economy and voters' electoral

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[14] The marginal increase of a change in the voter's left-right placement from 1 standard deviation below the mean to 1 standard deviation above the mean also results in an increase in the probability of supporting the PAN by 0.25.

choices is far from perfect. For example, a near majority of voters who thought that the economy was at least as good as a year ago (45 percent) or somewhat better (53 percent) still choose to vote for an alternative to the current administration. Even among those who though the economy was much better than it had been a year ago, 16 percent of them chose to support either the PRD or the PRI. Similarly, 12% of voters who thought that the economy was much worse than it had been still supported the ruling party. These types of deviations from the expected economic voting outcome are what motivate the present study: why is it that some voters place less weight on economic performance whereas for others it appears to be a central determinant of their vote?

The dominant explanation in the literature for this type of variation in economic voting is that only some voters attribute responsibility to the economy to the incumbent president and failure to attribute responsibility reduces the weight given the economy when voting. There is evidence that voters in Mexico did in fact disagree on the extent to which president Fox was responsible for changes in the national economy. In the 2006 CSES survey, voters were not only asked to describe recent changes in the national economy but were also asked an open-ended question about who was responsible for those changes. These responses are summarized in Table 4.9 below; the specific responses that are included in each category are outlined in Appendix 19. A plurality of respondents specifically cited the president as the person responsible for changes in the economy; this is the group that we would expect to place the greatest weight on

economic performance when evaluating the incumbent governments presidential candidate. Though opposition parties had a majority in the legislature, only 6 percent of respondents mentioned a legislative body and even fewer respondents assigned responsibility to state or local government, political parties, the PRI-regime, or non-governmental actors such as "citizens" or the working class, businessmen, or the global economy. Interestingly, the second most common response was "the government" or "the federal government" without specifying a specific actor or office. However, voters who specifically cited the president should have an easier time linking their evaluation of the economy to their evaluation of his party's candidate than those voters who believed in was the responsibility of the government more generally.

Table 4.9: Responsibility for the Mexican Economy, 2006

Who is Responsible for the Changes that Have Occurred in the National Economy?	Percent
President Vicente Fox	42.52%
"The Government"	32.87%
Congress	6.39%
State or Local Government	4.21%
The Political Parties	2.49%
The Previous Government	1.40%
Economic or Societal Actors	9.50%

Thus Table 4.9 shows that most respondents attributed changes in the national economy to the actions of government officials and specifically to the president. Extant theories of economic voting suggest that voters who believed President Fox was responsible for the national economy should place greater weight on economic

performance when voting than those who believed that other government branches, the government in general, or economic or social actors were the root causes of economic trends. To test this prediction, we rerun the models of electoral choice in Table 4.8 only with the addition of an interaction term between each of the sociotropic economic measures and a dummy variable that takes the value of 1 if the respondent held the president personally responsible for changes in the national economy (the survey does not include a measure of responsibility for changes in the voters' personal pocketbook) and 0 otherwise. Our expectation is that this interaction term will have a positive slope, reflecting the increased weight given economic performance if the president is responsible for it. These results are presented in Table 4.10 (below). Because we drop all respondents who did not answer the question about responsibility, the number of respondents declines somewhat compared to Table 4.8.

The general results in Table 4.10 are consistent with those in the previous table; having a rightist ideology remains a major predictor of support for the PAN as is Catholicism while most other demographic variables did not meaningfully impact the general propensity for supporting the PAN due to the aggregated alternatives. Our central interest, however, is in whether assigning responsibility for the economy to the president increases economic voting. All three sociotropic variables remain statistically significant at conventional levels, which implies that even those respondents who did not hold the president responsible for the state of the economy were less likely to vote

Table 4.10: Responsibility for the Economy and Voting in the 2006 Mexican Elections

	[1]	[2]	[3]
Sociotropic Evaluations			
Current State of the National Economy	0.301*		
	(0.143)		
Economy Over Previous Year		0.239*	
		(0.110)	
Economy Over Previous 6 Years			0.334**
			(0.130)
Responsibility for the Economy	-1.156*	-1.026*	-0.963°
	(0.490)	(0.525)	(0.507)
*Sociotropic**Responsibility	0.527*	0.324*	0.545*
	(0.233)	(0.162)	(0.196)
Personal Finances Over Previous Year	0.324**	0.244*	0.142
	(0.122)	(0.117)	(0.123)
Right-Left Ideology	0.202***	0.190***	0.193***
	(0.040)	(0.042)	(0.044)
Education	0.025	0.024	0.002
	(0.054)	(0.056)	(0.057)
Female	-0.055	0.003	0.073
	(0.219)	(0.214)	(0.202)
Catholic	0.806*	0.855**	0.843*
	(0.317)	(0.303)	(0.345)
Respondent is Unemployed	-0.030	-0.097	0.116
	(0.642)	(0.607)	(0.685)
Indigenous	-0.286	-0.391	-0.475
	(0.359)	(0.356)	(0.381)
Mixed/Mestizo Race	-0.335	-0.337	-0.388
	(0.289)	(0.256)	(0.310)
Income	0.088	0.119	0.154
	(0.136)	(0.107)	(0.151)
Center	-0.781*	-0.820**	-0.839*
	(0.383)	(0.293)	(0.415)
South	-0.169	-0.114	-0.230
	(0.378)	(0.270)	(0.370)
(Constant)	-3.702***	-3.618***	-3.491***
	(0.586)	(0.601)	(0.645)
Number of Observations	519	522	504
Wald χ^2	103.78***	91.63***	119.42***
Pseudo R^2	0.190	0.189	0.211
Log Pseudolikelihood	-265.874	-267.762	-251.561

Logit Model, Standard Errors Adjusted for Clustering by Municipality
° p<0.10, * p<0.05, ** p<0.01, ***p<0.001

for the president's party's candidate if they thought the economy was doing poorly. However, the positive interaction terms demonstrate that voters who held the president accountable for the economy did place greater weight on their evaluations of the economy when voting than the rest of the electorate. For example, if a voter with average positions on all other variables in the model and who believed that President Fox was personally responsible for changes in the economy were to change his evaluation of the current economy from one standard deviation below the national mean to one standard deviation above the national mean, the predicted probability that she supports the PAN candidate increases by 0.20. If that same voter did not hold Fox responsible for the state of the economy, that same change in economic evaluations increases the probability of supporting the incumbent by 0.10.

Thus voter behavior in Mexico follows the general pattern established in the basic theory of economic voting and its various refinements. On average, voters who are optimistic about economic conditions are more likely to support the incumbent. Sociotropic evaluations seem to get more weight than personal finances do. Finally, variations in whom voters hold accountable for economic outcomes causes voters to place differential weight on economic conditions when voting. The question, however, is whether economic questions were equally important to all segments of society or were there other issues competing for voter attention.

To explore this possibility, we rely on two open-ended questions included in the CSES survey.[15] First, voters were asked, "Thinking about the things that personally interested you, what was the most important issue in this election?"[16] The second question takes a longer-term view, asking voters "What do you believe has been the most important issue that the government has faced?"[17] These two questions measure the issue priorities of the electorate in the immediate context of both the election campaign and over the longer time horizon of politics since 2000. The answers to these questions are presented in Tables 3.11 and 3.12 (below). To simplify the presentation, we have collapsed responses to these two questions into several general categories while in parentheses we summarize some of the major response categories that fell within it. The full range of responses and their classification are provided in Appendix 20.

Table 4.11: The Most Important Issue in the Presidential Campaign, Mexico 2006

Issue Area	Percent
Economy (Employment, "The Economy", Reduce Poverty)	38.84%
Governability (Clean Election, Democratization, Corruption, Stability)	14.90%
Crime (Public Security, Drug Trafficking, Violence)	14.41%
Social Policy (Education, Old Age Pensions, Lower Fees for Services)	11.89%
Partisan Conflict (Change Presidents, Conflict Between Candidates)	11.56%
Other Policies (Migration, Lower Government Salaries)	2.44%
Other (The Candidates' Proposals, The future of the Country)	5.94%

[15] Chapter 4 contains a more extensive discussion of how to measure an issue's salience.
[16] Pensando en las cosas que a usted le interesan en lo personal, ¿cuál fue el asunto más importante que se trató en esta elección?
[17] ¿Cuál cree Ud. que ha sido el asunto más importante que ha enfrentado el gobierno en este sexenio?

In Table 4.11 (above) we outline the issues respondents classified as being personally important to them during the election. As expected, economic concerns were very prominent, being mentioned by a third of respondents. Looking at specific issues, the electorate was especially concerned with the ability of candidates to create jobs (mentioned by 21.5% of valid responses), followed by poverty reduction (7.9%) and the general response of "the economy was important" (4.6%). These three economic issues were among the six most common answers to this question.[18] However, 60 percent of respondents said that the most important issue during the campaign was *not* related to economic performance. Many of the salient issues during the campaign were related to the campaign itself and the quality of the governance institutions that oversaw it, which fed into a more general concern with governance. Substantial percentages also said that they were most interested in the questions of crime or education and other elements of social policy. These issues potentially competed with the candidates' economic policies and the incumbent's record for voters' attention.

Economic issues also proved important as voters looked back at the important activities and challenges faced by the outgoing administration, with more voters citing economic issues then any other policy area. Job creation (12.3%), poverty (9.6%), and "the economy" (6.1%) were among the 5 most commonly mentioned long-term issues.[19]

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[18] The other top responses were public security (13.7%), desire to change the president/the potential change in presidents (7.8%), and ensuring the cleanliness of the election (5.8%).
[19] Rounding out the top five mentioned issues was insecurity (18.2%) and drug trafficking (6.9%).

Table 4.12: The Most Important Issue Faced by the Previous Administration, Mexico 2006

Issue Area	Percent
Economy (Employment, "The Economy", Reduce Poverty)	30.43%
Crime (Public Security, Drug Trafficking, Violence)	28.47%
Governability (Corruption, the Elections)	12.46%
Other Policies (Hurricanes, Roads, Foreign Policy)[20]	11.31%
Migration	6.63%
Social Policy (Education, Housing, *Oportunidades*)	5.87%
Partisan Conflict (Conflict Between Branches)	3.02%
Other	1.78%

Once again, however, a majority of the electorate cited non-economic issues as the ones they considered most important. For example, the single most commonly cited issue was insecurity (18.2 percent) and the general problem of crime and security was mentioned by nearly the same percentage of voters as the economy was. Large percentages also focused on the quality of governance and corruption reduction efforts, social policy, migration, and other policies. So again, there were multiple, issues that the electorate considered important and on which they might base their evaluation of the incumbent and his party's candidate instead of the current state of the economy.

The evidence in Tables 3.11 and 3.12 leaves little doubt that many voters were likely to base their vote on the ability of the candidates to generate employment, stabilize the economy, and reduce poverty levels. Thus it is not surprising that the previous analyses have all shown that economic performance was strongly related to

[20] Migration was mentioned by 6.63% of respondents

support for the incumbent party's candidate. These data also show, however, that there were other issues that were important to the electorate. Our expectation is that concern with non-economic issues will be associated with less weight given to the incumbent's economic record or, alternatively, that voters for whom economics are important will place more weight on economic performance then the rest of the electorate does.

To test this expectation, we combine voter assessments of the most important issue in the campaign and the most important issue confronted by the previous administration into a single indicator of the economy's importance. This variable takes the value of 2 if the respondent mentioned an economic issue when answering both questions, 1 if economics was mentioned as either the most important issue in the campaign or facing the outgoing administration, and 0 if he or she focused on other issue areas when answering both questions. Thirty five percent of respondents did not rank economic issues as the most important issue in either case, fifty percent of the sample considered economics important either in the context of the campaign or in the previous six years, and the remaining 15 percent mentioned economic issues when answering both questions. We then interact this variable with the three retrospective sociotropic evaluations and add them to the basic model of support for the PAN candidate in Table 4.10 to demonstrate that there are differences across the electorate in the weight given economic performance that stem from differences in the economy's salience. These results are presented in Table 4.13 (below).

Table 4.13: Responsibility, Salience, and Voting in the 2006 Mexican Elections

	[1]	[2]	[3]
Sociotropic Evaluations[21]	0.243	0.098	0.165
	(0.191)	(0.143)	(0.173)
Responsibility for the Economy	-1.483*	-1.250*	-1.164°
	(0.688)	(0.590)	(0.656)
*Sociotropic**Responsibility	0.714*	0.386*	0.605*
	(0.328)	(0.185)	(0.247)
Economy's Salience	-0.905*	-0.827*	-0.460°
	(0.438)	(0.383)	(0.279)
*Sociotropic**Salience	0.461*	0.293*	0.246°
	(0.227)	(0.123)	(0.143)
Personal Finances Over Previous Year	0.367**	0.322*	0.241
	(0.134)	(0.132)	(0.173)
Right-Left Ideology	0.174***	0.181***	0.192***
	(0.047)	(0.048)	(0.052)
Education	0.050	0.080	0.054
	(0.054)	(0.063)	(0.075)
Female	0.123	0.101	0.162
	(0.272)	(0.246)	(0.224)
Catholic	0.736*	0.790*	0.553*
	(0.343)	(0.340)	(0.260)
Respondent is Unemployed	0.259	0.175	0.038
	(0.691)	(0.735)	(0.808)
Indigenous	-0.437	-0.431	-0.516
	(0.373)	(0.406)	(0.463)
Mixed/Mesitzo Race	-0.590°	-0.468	-0.558°
	(0.326)	(0.298)	(0.293)
Income	-0.012	0.022	0.105
	(0.149)	(0.117)	(0.148)
Center	-0.425	-0.617°	-0.638°
	(0.389)	(0.327)	(0.337)
South	0.011	-0.034	-0.152
	(0.388)	(0.300)	(0.408)
(Constant)	-3.361***	-3.318***	-3.193
	(0.665)	(0.725)	(0.713)
Number of Observations	417	418	407
Wald χ^2	112.66***	89.33***	143.78***
Pseudo R^2	0.225	0.210	0.219
Log Pseudolikelihood	-205.267	-209.498	-201.541
Logit Model, ° p<0.10, * p<0.05, ** p<0.01, ***p<0.001			

[21] Model 1: current state of the economy. Model 2: compared to 1 year, Model 3: compared to 6 years.

In looking at Table 4.13, it is important to remember that the coefficients for the three sociotropic economic variables estimate their effect when the voters does not hold the President responsible for changes in the economy *and* did not consider economic issues either the most important issue in the election or that had faced the outgoing president. In Table 4.10 above, even voters who blamed someone other than the president for the state of the economy still showed a significant relationship between their evaluations of the national economy and their observed support for the governing party. The combination of not holding the president responsible and seeing other issues as more important was sufficient, however, to render the weight given economic performance insignificantly different from 0. Thus even though economic performance was the central issue of the election, for a substantial proportion (25 percent) of the electorate economic factors are predicted to not have influenced their support for the incumbent party in any manner.

While not attributing responsibility to the president and not assigning importance to economic questions undermines economic voting, it is not surprising that changes in the variables can enhance the weight given economic performance. Just as in Table 4.10, Mexican voters who attributed responsibility for changes in the economy to President Fox placed greater weight on their evaluations of the economy then those who did not. So even when controlling for the stated importance of economic performance, variations in responsibility attributions do explain observed variations in economic

voting as the extant literature predicts. Table 4.13 also demonstrates, however, that variations in expressed voter interest in economic questions also explain variations in economic voting as demonstrated by the positive coefficient for the interaction term between our measure of issue salience and the there sociotropic voting measures. Thus differences in the economy's salience explain variations in economic voting across the electorate even after controlling for whether or not the incumbent

In Figure 4.4, we plot the predicted probabilities that a voter supported the PAN candidate given their evaluations of the current state of the national economy, their attributions of responsibility to the incumbent or not, and whether or not they considered the economy highly salient or not. For example, the results in Table 4.13 suggest that sociotropic perceptions did not have a significant impact on voters that did not hold the incumbent responsible for listed economic issues as being important to them; this very small emphasis on economic voting results in the predicted effect of changing the voter's assessment of the current economy from "very bad" to "very good" being an increase in the probability of voting for the PAN of only 0.06. If however, the voter held President Fox accountable for the economy, that same change in economic fortunes increases the probability of supporting his party by 0.60 even if the voter did not cite the economy as being personally important. This effect is consistent with the standard logic of economic voting. The data in Figure 4.4 also show, however, that if the voter cited the economy as being personally important, the predicted impact of

Figure 4.4: The Magnifying Effect of the Economy's Salience and Attributions of Responsibility on Support for the PAN

changing the voter's assessment of the current economy from "very bad" to "very good" is an increase in the probability of voting for the PAN of 0.68 even if he or she did not hold the incumbent responsible for those changes. Finally, the effect of that change in voter opinions about the economy on the probability of supporting the incumbent is especially large if the economy is highly salient and the voter holds the President accountable for it. The general finding we wish to highlight is that variations in the importance voters attach to economic issues intervene on economic voting just as much

as responsibility attributions do if not more. Yet these variations in the economy's importance have not been studied in the literature.

Discussion

In this chapter, we provide empirical evidence for one of the basic propositions underlying this dissertation: the economy's salience varies substantially within electorates. Voters do not universally cite the economy as their central political motivation even during a crisis and models of presidential approval and ballot choices confirm that some voters cast a stronger economic vote than others do. The existing economic voting literature, however, has largely assumed that either the economy's salience is constant or varies with national factors such as crises.[22] To a large extant, these assumptions were imposed by the research design most commonly employed within the comparative study of economic voting; most scholars interested in variations in the relationship between economics and elections have used aggregate election returns and macroeconomic indicators as their units of analysis and thus focus on national-level factors such as institutions. By moving to the individual level, we are able to broaden the theory available for explaining aggregate phenomena. Moreover, we

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[22] This characterization does overlook the literature on whether voters with negative economic characterizations place greater weight on economic questions than those with positive economic evaluations. The analysis in this chapter shows that while this may correlate with the weight given economic factors (voters with negative economic evaluations in each case did tend to be more likely to cite the economy as the basis of their vote), in no case did a majority of voters for whom the economy was viewed negatively classify themselves in our "high salience" group.

have been able to demonstrate the same types of divisions exist in three countries with different electoral and party systems and different economic structures, which suggests that this dynamic is relatively robust. Variations in the economy's salience matter.

The challenge this analysis creates is to identify the factors that cause the economy's salience to vary across the electorate. Elements of voters' personal economic situations which determine the economy's perceived importance are not easily changed. Voters cannot quickly change their social class, shift to more secure employment, move out of the informal sector, or (usually) gain access to additional safety-nets. Hence, if the theoretical approach we advance in this dissertation is correct, we will likely observe long-term differences within electorates and across them in the propensity to cast an economic vote.[23]

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[23] In the chapters that follow, most of the surveys that we analyze do not have questions that directly measure the economy's importance to voters. Thus we test these propositions by interacting measures of vulnerability with economic perceptions and then estimating vote choice or approval models.

5. Poverty and Wealth

Poverty remains a large problem in Latin America, with 40 percent of the region's population living in poverty in 2006 and 15 percent in severe poverty (ECLAC 2006, 19). Both these numbers represent declines since 2005, however, reflecting the continuation of a trend in since 2002. In fact, absolute poverty levels in 2006 were the lowest since 1980 (*ibid*). A similar trend can be observed with respect to citizens' perceived economic situation. The share of the region's population that reports that their household's income is not sufficient to meet their needs (56 percent in 2005) remains much larger than the share of the population that is able to save money (7 percent in the same year), but the proportion that cannot make ends meet has fallen over the 2003-2005 period (Latinobarometer 2005, 74).

Despite these trends toward reduced poverty, levels of inequality remain high across the region. Gini coefficients are larger than 0.45 in *every* Latin American country and surpass 0.55 in more than half the countries in the region (ECLAC 2006, 28). These high levels of inequality reduced the ability of growth over the previous half decade to more fully reduce poverty. As we outline in more detail below, in most cases the high levels of inequality reflect the large disparities in assets that different groups bring to the labor market and thus the ability of these groups to capture economic gains via high quality employment or investment of capital.

In this chapter, we explore the implications of these two tendencies for voting behavior and the way in which voters incorporate economic performance into their

evaluations of the incumbent and his or her party. Poverty, we argue, creates vulnerability by making voters unable to defend their consumption against economic shocks but may make voters less likely to experience such shocks due to national economic changes. Wealth, in contrast, creates a personal safety-net against economic dislocations but may tie economic interests closely to the overall state of the national economy. The result, we argue, is that poverty makes voters vulnerable to idiosyncratic shocks and thus pushes them to place weight on egotropic factors while wealthy voters are vulnerable to systematic shocks and thus focus on sociotropic factors. We test this intuition using survey data from Argentina, Peru, and Mexico and with aggregate presidential approval over time in Peru.

Poverty and Sensitivity to Income Shocks

In considering the incentives voters have to cast an egotropic vote, the relevant question is which voters have the most to gain from a small increase in their income and the most to lose from a small deterioration of their economic situation. Consider, for example, a scenario is which a rich voter and a poor voter each experience a personal economic dislocation such as loss of employment, reduced wages, rising prices due to inflation, etc. There are multiple ways in which each of these individuals could compensate for the lost financial resources. For example, Fiszbein et al (2002) consider three sets of strategies: adaptive, active, and social (also Lokshin and Yemtsov 2004). Adaptive strategies require that families in deteriorating financial situations change their consumption patterns. Active strategies require that families mobilize available

resources such as dipping into savings, adding additional workers to the workforce, or sell possessions. Finally, social strategies entail families relying on help from family, friends, governments, and social organizations. The choice of these strategies varies by the type of resources to which a household has access to.

In the Argentine crisis of 2001-2002, for example, citizens across all income groups resorted to a variety of strategies to deal with the personal economic dislocations that they experienced. Fiszbein et al (2002, 16-19) show that adaptive strategies were the most common (for example: 73 percent of households reduced their food consumption and 37 percent reduced their purchase of medications). While growing food was a common active strategy (used by 60 percent of households), very few respondents reported living off their savings or receiving support from friends or other sources (less than 8 percent). Not surprisingly, personal wealth was correlated with the active strategy of living of family savings while poor families that had no savings were significantly more likely to reduce consumption of food and medicine and to sell or pawn their belongings (ibid, 11-12). Similar differences in coping strategies across classes have been documented following financial crises in the Philippines (Datt and Hoogeveen n.d.), Russia (Lokshin and Yemtsov 2004), Brazil (Attanasio and Székely 2001), Jamaica (CGCED 2002), Peru (Escobal et al 1999), and Costa Rica (Trejos and Montiel 2001). In times of crisis "the ability of the poor to protect their consumption [is] more limited than that of the non-poor" (Datt and Hoogeveen n.d., 28). Inasmuch as poor people in Latin America spend about half their income on food (Cardoso and Helwege 1992, 24) the result is that poor voters are not only unable to smooth their

consumption but the goods they are going without are directly related to personal survival.

Returning to our two hypothetical voters facing a personal financial crisis, the extant literature suggests that the wealthy one will deal with the drop in income by relying on savings and wealthy friends. Poor voters may have access to friends and organizations as well, but in most cases these are likely to be cash poor as well. Thus poor voters are more likely to resort to active strategies that result in lowered consumption. Moreover, the nature of the adaptive strategies employed by voters differs across classes: rich voters facing a smaller pocketbook decrease their purchases of luxury goods whereas poor voters buy less food. Thus poor voters are more strongly affected by personal economic problems than are rich voters.

The same logic also implies that voters in different economic situations will place different weight on improvements in their personal financial situation. Poor voters who are using all their resources on household expenses and who have even a small financial windfall will likely use those resources to increase consumption. In contrast, workers who are able to make ends meet and are saving any surplus will not be greatly impacted in the short term by an increase in their personal income because it merely adds to the surplus. Thus while marginal increases in a wealthy voter's personal economic situation improves their security in the medium-term, they are unlikely to value it as highly as a poor voter for whom that improvement influences their ability to make ends meet in the short term.

Thus in both good times and bad, poverty strengthens the relationship between a person's personal financial situation and their overall well-being. Given the theoretical framework laid out in Chapter 2, we thus propose that poverty should generate incentives for voters to base their evaluations of the incumbent on changes in their personal economic situation. There is a large literature showing that personal economic concerns usually receive less economic weight than sociotropic ones, largely due to the difficulty that voters may have in holding politicians accountable for their personal situation (Dorussen and Taylor 2002 for a review). However, net of differences in attributions of responsibility, we propose that egotropic voting will be the most common among the poorest segments of society:

> **Hypothesis 5.1:** The relationship between changes in a voter's personal economic situation and their evaluation of the incumbent government and his or her party will be stronger as voters become poorer and have a more difficult time making ends meet.

Wealth and Exposure to Economic Shifts

The claim that poor voters are more sensitive to changes in their income is fairly uncontroversial in the literature. In this section, however, we claim that while poor people have incentives to vote their pocketbook, wealthy voters are more likely to vote on the state of the national economy. Specifically, participation in domestic capital markets creates a stake in a stable economy, especially in a society with high levels of

economic inequality. Poor voters, in contrast, are largely excluded from many of the positive gains of a strong economy and thus are insulated from many of its risks as well.

This claim goes in against to the common perception of the distributive impact of economic crises. Many scholars propose two dynamics that would make poor voters vulnerable in recessions (Halac and Shmukler 2004, 1-2). The first relies on the evidence outlined in the previous section: the income and employment shocks associated with economic recessions will have the largest marginal impact on poor voters who have few savings to rely on or access to credit markets. This dynamic should be captured in the results that follow by explicitly modeling egotropic evaluations and voter reactions to them. Second, it is also commonly argued that poor voters also face greater exposure to economic shocks than the rest of the electorate; they are the first to lose their jobs, the have cash assets that depreciate with inflation, they do not have capital rents, they are unable to pay for imported food (or domestic prices that also adjust upwards), and they are hurt by cutbacks in government spending. Thus the literature usually assumes that the poor are not only less able to deal with idiosyncratic income/employment shocks but are also more likely to experience such a shock if the economy contracts.

Despite these multiple connections between poverty and exposure to fluctuations in the national economy, the individual-level evidence for these propositions is mixed. There is little doubt that financial contractions lead to increased poverty and usually higher levels of inequality (Lustig 2000). However, just because the gap between the rich and the poor increases in a country does not mean that people who were rich before a crisis got richer or that people who were poor got even poorer. There

is substantial mobility in and out of poverty, a fact often disguised by aggregate figures (Krishna 2006, Krishna et al 2004, Birdsall and Graham 2000). Thus just because poverty is rising and the gap between the rich and poor is getting larger does not mean that the poorest are suffering more than the rest of the electorate. The increased number of poor voters might represent voters from upper income classes falling on hard times.

The data drawn from panel studies looking at household finances before and after financial crises in the 1990's in Brazil (de Ferranti et al 2004), Indonesia (Smith et al 2002), Mexico (McKenzie 2003, Maloney et al 2003, Baldacci et al 2002), the Philippines (Datt and Hoogeveen n.d.), and Russia (Lokshin and Ravallion) uniformaly show that the wealthy were at least as likely as the poor to face an employment or income shock in a recession if not more so. For example, in the Mexican crises of 1994-1995:

> "Despite the general trend toward higher poverty rates, *households that were already poor before the crisis were not necessarily hit hardest….* The income and expenditure shares of the poorest one-fifth of the Mexican population rose by 10 percent between 1994 and 1996. At the same time, the income and expenditure shares of the richest one-fifth fell by 2 percent (Table 2), partly because of a disproportionate fall in the income of the richest one-tenth of the population compared with the precrisis period. Average wages for this group fell by nearly 41 percent, compared with an average drop in wages of 34 percent. Despite the growing share in total income of the poorest one-fifth of the population, it should be noted that their monthly expenditures fell in absolute terms between 1994 and 1996" (Baldacci et al 2002, 6 emphasis in original).

Similar dynamics have been documented in these other crises: wealthy voters seem to be more likely to lose income in the short term than poor voters. Only in especially severe financial crises such as Chile in 1982 (Cortazar 1983), Brazil in 1982-3 (de Ferranti et al 2000), and Argentina 2001-2 (Corbacho et al 2007) do the poor seem to experience that largest economic dislocations associated with financial crises.

There is also evidence that in normal periods of economic growth, the wealthy often do disproportionately well. For example, Romer and Gugerty (1997) review income distribution data from a large cross-section of countries and find that in growth periods both the poorest 20 and 40 percent of society gain real income yet in a majority of cases these groups saw their share of overall income decline relative to the upper income group. In a similar dynamic, Cardoso and Helwege note that the resumption of growth in Brazil at the end of the 1980's had the result that "nearly every income class in Brazil experienced an increase in real incomes. Yet the piece of the pie served to the richest was vastly bigger than that received by the poor" (1992, 28). Thus even if growth is good for the poor, it may be even better for the rich in many societies.

What these empirical findings point to is the limited capacity of poor voters to take advantage of economic growth. For example, in an IDB report on "Inequality, Exclusion and Poverty in Latin America and the Caribbean: Implications for Development" there is a discussion of why the restoration of economic growth in Latin America in the 1990's did not result in a substantial reduction in poverty. The authors conclude that:

> "The skewed distribution of education among workers reduced the benefits of renewed growth on poverty. Growth during the 1990s was concentrated in capital intensive exports and modern services where labor productivity rates are high but unskilled employment generation is low. As a result, while educated workers benefited from the economic liberalization and faster growth that took place in the first half of the decade, workers with no education saw their wages stagnate and even decline in real terms (Saavedra 2003). In addition, the benefits of growth were greater for regions or localities well integrated into global markets. Lagging localities generally lacked the infrastructure support, access to markets and qualified human resources needed to take advantage of global market opportunities." (2003; 5).

The restructuring of the Latin American economy over the previous decades made the middle class and wealthy voters stakeholders in economic growth because they benefitted while the poor did not. By the same token, economic slowdowns affect the dominant elements in the economy and these sectors are populated by nominally upper class voters. Thus "the initial impact on the crises [of the 1990s] was on the corporate sectors, especially manufacturing and construction employment" (Fallon and Lucas 2002, 41; see also McKenzie 2003, 1189) while poor voters working in small firms or in agriculture did not face the same risk of a drop in employment or wages.[1]

It is also not necessarily true that poor voters "hold a greater proportion of their wealth in cash than do the non-poor" and thus are especially likely to be adverse to inflationary shocks. This assumption relies on differential access to financial markets and savings accounts but overlooks differences in the ability to save instead of consume. Many poor voters are forced spend income as they receive it to imperfectly meet their household needs and thus do not have substantial cash holdings at all (Cardoso 1992, Attanasio and Székely 1999). The middle class and wealthy, however, have sufficient assets to save. While these savings provide a safety net in the case of an income shock, inasmuch as they are imperfectly indexed to inflation national economic crises often result in their devaluation. In fact, it has been estimated that middle class and wealthy citizens pay a heaver "inflation tax" than poor citizens do because the latter have fewer assets (Kane and Morisett 1993). Thus Hibbs argues that middle and upper class voters

[1] It is important to note, of course, that within these sectors not all workers were equally at risk as informal employment levels are high even within the "formal" economy and, as we discuss in Chpater 7, informally employed workers were those most likely to lose their jobs.

should be more inflation adverse than poor voters (1987, Chapter 4). Easterly and Fisher (2001), however, argue that in a larger cross-section of countries that poor voters in industrialized countries are more likely to mention inflation as a problem (and also having less money to get by on) than developing ones.

In general, then, wealth give citizens a larger stake in the national economy because the relatively wealthy capture the majority of the returns to growth, are employed in areas that are closely tied to the national economy, and have assets whose value they want to protect. These various holdings provide a personal bulwark against income shocks that the citizen does experience but they also mean that middle class and wealthy voters will be more likely to perceive opportunities in a strong economy and threats in a weak one. This, in turn, suggests that it is the middle-class and wealthy that should base their vote on the national economy, not poor voters that are excluded from its benefits. Thus we hypothesize that:

> **Hypothesis 5.2:** The relationship between changes in a voter's perception of the national economic situation and their evaluation of the incumbent government and his or her party will be stronger among wealthier voters.

In other words, wealth is associated with sociotropic voting while poverty is associated with egotropic voting (Hypothesis 5.1).

Moreover, we propose that wealth creates incentives for a certain kind of economic voting. Specifically, we follow Hibbs (1987) and propose that middle and upper class voters will have a preference for economic stability because they are in a strong employment position and are primarily concerned about avoiding crises that

would devalue their accumulated assets or reduce the returns to accumulated capital. Thus we propose that

> **Hypothesis 5.3:** The relationship between changes in a voter's perception of the ability of the incumbent to generate economic stability and growth and their overall evaluation of the incumbent government and his or her party will be stronger among wealthy voters.

In the analysis that follows, we will thus contrast the weight voters from different income levels give the perceived ability to generate economic stability with the weight these groups give other aspects of macroeconomic management.

There have been a few previous studies we are aware of that look at differences in economic voting across classes. The most commonly discussed work was done by Hibbs (1977, 1979) and colleagues (Hibbs et al 1982a, 1982b, 1982c) arguing that low-class voters should prefer low levels of unemployment even at the cost of inflation while rich voters should prefer less inflation even if this results in higher unemployment. In a similar vein, Magaloni (2006, 167) is able to break down approval of President Carlos Salinas into his average support by the poor and the rich and test whether approval in the two groups responds to different economic factors. The cross-sectional time-series analysis suggests that poor voters in Mexico respond more heavily to changes in poverty and to inflation while rich voters respond to unemployment. The first result is not surprising and the second result is consistent with the work of Easterly and Levin instead of Hibbs. The third result is simply surprising though she does not look at growth and whether groups respond differently to it and unemployment might simply

track opverall growth. In the analysis that follows, we also break down presidential approval by class, but an advantage of the analysis that follows is that we are able also break down how members of the different classes perceive the national economic situation and their personal finances instead of relying on aggregate economic indicators that may or not be perceived equally throughout society.

These previous studies generally focus on whether different classes give the same weight to different aspects of the national economy. Our interest in this chapter, however, is whether class is associated with more or less sociotropic or egotropic voting more generally. A few studies have investigated parts of this relationship. The first was done by Weatherford (1978) looking at voting patterns in the latter half of the Eisenhower administration. The data from the 1956-1960 panel show that egotropic considerations have a larger impact on support for the incumbent party among poor voters than among working class voters. There is not sufficient information given, however, to evaluate whether this effect is significantly different across samples nor are any controls listed in the models. In addition, this article does not address whether upper-classes place greater weight on sociotropic concerns than the poor do.

While not focused on class, Gomez and Wilson have published a number of studies on the relationship between political sophistication, which is potentially correlated with wealth through education levels, and sociotropic and egotropic voting. They argue that because sophistication allows voters to perceive distal causal chains, sophisticated voters are more likely to perceive ways that the incumbent is responsible for changes in their own income and to perceive ways that the incumbent could not

control the national economy. Thus political sophistication should enhance egotropic voting and reduce sociotropic voting. They find evidence for this claim in American presidential and congressional elections and for their predicted dynamics with egotropic (but not sociotropic) factors in recent elections in Mexico, Canada, Hungary, and Taiwan. Inasmuch as sophistication correlates positively with income, their hypothesized relationship is in the opposite direction to our proposed hypotheses.

Finally, in his chapter on individual-level determinants of voter choices in Latin America Echegaray (2005, 140) says that voters in Argentina followed the pattern implied by Hypothesis 5.1 and 5.2. Poor voters were more egotropic (and retrospective) than rich voters while rich voters were more sociotropic (and prospective) than poor voters. However, that chapter does not present the actual test of difference across the two samples nor does it discuss whether this outcome occurred in the other two cases being analyzed in that chapter, Peru and Uruguay. Thus in this work we can potentially generalize Echegaray's findings to a larger set of cases and contexts.

Unlike most of the types of insecurity explored in this manuscript, wealth and poverty are commonly included on most surveys. Thus most of the surveys outlined in Chapter 3 will be examined here. By analyzing the largest number of surveys possible, we can probe the robustness of the hypothesized relationships. We first will examine the individual-level evidence for Hypotheses 5.1 and 5.2 by examining the determinants of presidential approval in Argentina, Peru, and Mexico. We then revisit two of the surveys to explore additional elements of the argument. First, we use the Torcuato di Tella survey from Argentina to compare the impact of wealth's intervening effect on

sociotropic voting with the impact of attributing responsibility for the economy to the incumbent. Second, we use the Universidad Católica survey from Peru to test Hypothesis 5.3's prediction that wealth conditions the weight given economic stability and not other elements of the national economy.

After conducting the individual-level analysis, we explore an implication of Hypotheses 5.1 and 5.2 in the behavior of aggregate groups over time. Using a unique data set on Presidential Approval in Peru from 1994-2006 in which approval ratings and economic expectations are broken down by classes, we analyze differences in how consumer confidence affects approval of the president over time among these different groups.

With the exception of the Peruvian analysis, we generally rely on subjective measures of the respondent's economic position. We use this measure for two reasons. First, direct measures of household incomes are often not included on surveys and, when they are, they often suffer from large levels of response attrition. However, even when both types of data are available we generally prefer the subjective measures of economic conditions because (1) they tap into how the respondent feels, which does not necessarily reflect actual earnings (the ability to save is only weakly correlated with income in these samples) and it is these perceptions that are likely to motivate behavior and (2) the measure of wealth specifically focuses on cash holdings in savings and participation in capital markets, which is the aspect of wealth that we think leads to greater stakeholder sociotropic voting. Moreover, when modeling voter citations of the economy as an important determinant of their vote, subjective measures of income have

a larger impact on voter behaviors than "real" household incomes do (Singer n.d.). In the case of Peru, however, we use an objective measure of wealth because of its availability in multiple surveys and the desire to link the individual-level analysis with the aggregate-analysis that follows.

Individual-Level Data: Argentina

As described in Chapter 3, we arranged for the inclusion of measures of economic insecurity on two quasi-national surveys conducted within a month of each other in Argentina. Both surveys focus on approval of incumbent President Nestor Kirchner and both surveys contain sufficient data to test Hypotheses 5.1 and 5.2. They differ, however, in their interview technique, the scope of their sample, and the specific questions being used and thus allow us to probe the robustness of any findings. Thus we begin with the survey conducted by IPSOS Mora y Araujo and then analyze the same dynamics in the survey conducted for the Universidad Torcuato di Tella. The latter survey will also be analyzed at the end of this individual-level section to put hypothesis 5.1 in perspective.

Presidential Approval in Urban and Rural Centers, June 2006

The IPSOS survey, conducted in 6 urban centers and 4 rural areas in June of 2006 (Chapter 3 for more details on the survey design), asked voters if they approved or disapproved of the job being done by President Kirchner. Voters were allowed to respond on a 5-point scale going from strongly disapprove to strongly approve. As in

late 2005, support for Kirchner remained high at the time of this survey. Nearly 73 percent of respondents gave Kirchner one of the two highest ratings, buoyed by consumer confidence levels that remained high (Figure 3.1) and his success in renegotiating much of Argentina's public sector debt.

We model support for Kirchner as a function of both egotropic and sociotropic evaluations. The sociotropic measure is retrospective in orientation and focuses specifically on the state of the national economy compared to 12 months prior on a 6 point scale (much-worse, somewhat worse, the same and bad, the same and good, somewhat better, much better). The egotropic voting question which is prospective in orientation asks voters only to evaluate their expected "personal situation" over the next twelve months without a specific reference to their finances, and allows voters only three responses (worse, the same, better).

To test Hypothesis 5.1 and 5.2, we interact economic evaluations with a measure of whether or not the respondent considered his or her income sufficient to meet their family's needs. We use this indicator because we believe that it captures the dynamics of poverty better than a pure income-based measure does. This indicator also tends to have less attrition for respondents who don't want to give an exact income figure. This variable, which is the primary indicator in all the surveys used in this section, takes on 4 values: the respondent's income does not meet their needs, their income meets their needs but just barely, their income allows them to live comfortably but does not allow them to save, and their income allows them to live comfortably and save money for the future. While only 10 percent of the sample was in the most secure situation, 32 percent

of respondents said that they lived comfortably and 40 percent said they were just barely meeting their needs. That leaves 17 percent of respondents who are unable to make ends meet on a monthly basis. As one might expect, poverty-levels were higher among, households where the primary income worker was unemployed, retired, working in the informal economy, or working part-time jobs (*changes*) and also among the lesser educated segments of the population.

From this indicator, we then generate a 4-point variable of relative wealth, with high values representing those who can save and low values those who do not make ends meet and multiplicatively interact it with our indicators of egotropic and sociotropic voting. If Hypothesis 5.2 is correct and wealthy voters with money in financial markets have greater incentives to cast a sociotropic vote, then the interaction term between income and sociotropic evaluations should have a positive sign. Similarly, Hypothesis 5.1's prediction that poor voters are most adverse to personal income shocks and thus cast egotropic votes is true, then we should see that the interaction term between income and egotropic voting is negatively signed as wealthier voters place less emphasis on personal finances than the baseline poor group does.

We nest these economic variables in a model of incumbent support that includes a series of demographic controls such as the respondent's gender, age, and educational attainment. We control for whether or not the head of household was unemployed, whether or not he or she was employed in the informal economy, and, to anticipate Chapter 7, the interaction of informal employment with sociotropic and egotropic evaluations. To control for the respondent's attitudes towards globalization, a major

issue in Argentine politics as Kirchner continued negotiating with the IMF and other international lenders, we control for whether or not the voter believed it was in the nation's interest to maintain good relations with the IMF. Finally, we control for voting dynamics in the capital district, where support for Kirchner tends to be lower than in the rest of the country, and for those who live in the suburbs of Buenos Aires where his support tends to be higher. The variables are described in more detail in Appendix 7. Because the dependent variable is a 5-point measure of approval, we model it using ordered logit. The results of this analysis are presented in Table 5.1 (below). In the first column, we present only the economic measures and their interaction effects while in column 2 we add the various controls. The general results are consistent with our theoretical expectations. Among the most economically vulnerable voters, which is the baseline category for the interaction terms, both sociotropic and egotropic evaluations are significant predictors of support for the incumbent. In interpreting the economic variables, it is important to remember that the sociotropic variable has a 6-point scale and the egotropic variable a 3-point scale and so their coefficients cannot be directly compared. If, however, these effects are standardized, then we see that for poor voters egotropic concerns are slightly more important than sociotropic ones.

The interaction terms, however, both take the expected signs. Increased wealth increases the weight given sociotropic evaluations, thus confirming Hypothesis 5.2. Increased wealth also decreases the importance of changes in voters' personal financial situation, consistent with Hypothesis 5.1. These results remain unchanged evan after adding controls in the second column.

Table 5.1: Approval of Nestor Kirchner, Urban Centers and Rural Areas June 2006

	[1]	[2]
Sociotropic Economic Evaluation	0.844***	0.718***
	(0.139)	(0.147)
Egotropic Economic Evaluation	0.995***	1.241***
	(0.234)	(0.276)
Income Sufficient for Household	-0.215	-0.142
	(0.306)	(0.216)
Income*Sociotropic Evaluation	0.098*	0.149**
	(0.048)	(0.048)
Income*Egotropic Evaluation	-0.244°	-0.346*
	(0.137)	(0.165)
Informal Sector Employee		-0.108
		(0.346)
Informal Sector*Sociotropic Evaluation		0.310*
		(0.143)
Informal Sector*Egotropic Evaluation		-0.532
		(0.288)
Age		0.004
		(0.005)
Female		-0.071
		(0.155)
Education		-0.061
		(0.043)
Head of Household Unemployed		0.439*
		(0.187)
Argentina Needs Good Relations with IMF		0.264***
		(0.071)
Capital District		-0.112
		(0.154)
Gran Buenos Aires		0.357*
		(0.142)
(cut1)	0.762	1.202
	(0.496)	(0.441)
(cut2)	2.323	2.866
	(0.572)	(0.529)
(cut3)	2.753	3.335
	(0.625)	(0.580)
(cut4)	6.075	6.688
	(0.822)	(0.737)
Number of Observations	1139	954
LR χ^2	458.89***	2993.34***
Pseudo R^2	0.137	0.149
Log Likelihood	-1219.88	-1010.01

° p<0.10, * p<0.05, ** p<0.01, *** p<0.001
Ordered Logit, Standard Errors Adjusted for Clustering in Parentheses

To put these results in perspective, we plot below the predicted probability of the average respondent giving Kirchner the highest approval rating given their evaluations of the national economy (Figure 5.1) and their personal economic situation (Figure 5.2).[2] For example, in Figure 5.1 we see that among the poorest citizens, the expected effect of changing their evaluation of the national economy relative to the previous year from its most pessimistic to its most optimistic is to increase the probability of strongly approving of the incumbent by 0.29 (the proportion of respondents in the entire sample who gave Kirchner the highest rating was 0.16). So even among these poor voters, sociotropic concerns have an important effect. However, the same change in economic perspectives among voters in the highest income category is predicted to increase the probability of approving of Kirchner by 0.48 or 60 percent more than for poor voters. In contrast, as Figure 5.2 demonstrates, egotropic concerns have essentially no impact on how the wealthiest voters evaluate the incumbent but changing them from their minimum to their maximum value increases the probability of a poor voter supporting the incumbent by 0.14.

Another way to place in context the impact of these intervening variables is to simulate the outcome of the survey if every person interviewed had given the same weight to their economic evaluations as the prototypical rich voter or poor voter did.

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[2] In interpreting the figures, note that the two have different scales, reflecting the larger impact of sociotropic factors.

Figure 5.1: Income, Evaluations of the National Economy, and the Probability of Strongly Approving of Nestor Kirchner, June 2006

Figure 5.2: Income, Evaluations of the Personal Situation, and the Probability of Strongly Approving of Nestor Kirchner, June 2006

For example, in the survey 72 percent of respondents gave Kirchner one of the two highest approval ratings, which is not surprising given that 65 percent of respondents

said that the economy was either better or much better than it had been a year before the survey. However, if all voters had given the national economy the same weight that the wealthiest voters did, then the economic optimism in the electorate would have generated approval ratings over 79 percent. In contrast, if voters had felt as excluded from the national economy as the poorest segment did, then the benefit Kirchner received from the national economy, while still significant, is mitigated and his predicted approval rating falls to 66 percent. Similarly, if all voters had placed the same weight on their egotropic evaluations as the poorest voters did, then approval for Kirchner is predicted to increase to 0.77 percent while if voters had ignored their personal financial situation as rich voters were predicted to do then support for the incumbent falls to 64 percent. Finally, if all voters had given sociotropic evaluations the same weight rich voters did and given egotropic considerations the same weight poor voters did, the rise in salience for both economic factors combine to generate a predicted approval rating of nearly 83 percent. In contrast, if both types of economic consideration had been at their minimal salience level, support for the incumbent falls to 56 percent. Thus differences in salience across the electorate are large enough to be politically relevant.

Presidential Approval in GBA and Other Urban Centers, May 2006

The May 2006 survey on consumer confidence and executive approval sponsored by the University Torcuato di Tella (described in more detail in Chapter 3) contains two indicators of executive approval. The first was "How would evaluate the national

government?" This is the central indicator used in their executive approval series presented in Figure 3.1. The second asked "How would you evaluate President Nestor Kirchner?" The two variables are coded on the same 5-point scale ranging from very-bad to very good and, not surprisingly, are highly correlated (r=0.78). We use both as dependent variables below because the two, despite their correlation, do have slightly different determinants.

As in the IPSOS survey, the indicator of financial security we use is a 4-point indicator of the degree to which the respondent's household income was sufficient to meet their needs. We interact this variable with indicators of the respondents' egotropic and sociotropic evaluations over the upcoming year. These variables are both coded as a 3-point scale that allow the respondent to say the economy will be "worse", "the same", or "better" in 12 months time. Again, we expect the interaction between income and sociotropic evaluations to be positively signed, reflecting the ties of those with capital investments to the national economy while poor voters are excluded from it, while we expect that the interaction between egotropic evaluations and wealth will be negatively signed as insecure voters cannot afford to experience even a small drop in income.

Because the primary purpose of this survey is to track consumer confidence, the number of available control variables is essentially limited to demographics (gender, age, and education level) and dummies for the region in which the survey was conducted. However, we control for whether or not the respondent self identified as a Peronist or a political independent and expect both sets of voters to be more supportive

of the government and the incumbent president than those who self identify with the opposition. The details of how these variables are coded are presented in Appendix 8.

As the indicators of government and president approval are 5-point scales, we model them using ordered logit, which we present in Table 5.2 (below). The first column uses as the dependent variable the respondent's evaluation of the national government, while the second column focuses on approval of Kirchner himself. As we noted above, while the two variables are highly correlated, they are not completely identical and thus differ in the factors that predict support for them.[3] Specifically, partisan factors and the respondent's gender only significantly influence evaluations of Kirchner (though the predicted signs are consistent across models). In addition, egotropic factors play a larger role in explaining support for the government than for Kirchner, a finding that has consequences for our test of Hypothesis 5.1. It is also interesting that both education and gender have significant effects on approval of Kirchner in this sample while neither did in the IPSOS sample, thought this may reflect the different sets of controls that are used in the two models.

The first column in Table 5.2 focuses on voter evaluations of the national government. The positive and large coefficients for both sociotropic and egotropic coefficients implies that poor voters are again incorporating both sets of economic factors into their vote. For example, a poor voter who thinks that the national economy will be poor next year is predicted to either approve or strongly approve of the

[3] Because the two dependent variables are highly correlated, we also estimated the equations in Table 5.2 using Seemingly Unrelated Regression. The substantive results do not change by using SUR instead of two independent ordered logits.

government with a probability of 0.274 but that probability increases to 0.568 if that same voter thinks the economy will be better (Figure 5.3). The effect of egotropic evaluations on how poor voters view the national government is even more pronounced; while a voter who cannot make ends meet and is pessimistic about the upcoming year is predicted to approve of the government with probability of 0.221, that probability increases to 0.636 if that same voter were optimistic about their financial situation (Figure 5.4). However, wealth changes the effect of sociotropic and egotropic evaluations on how voters assess the government in the predicted manner: wealthy voters place much more weight on sociotropic evaluations and almost no weight on egotropic factors.

Thus the results in column 1 of Table 5.2 are consistent with hypotheses 5.1 and 5.2. However, while the results in the second column, where the dependent variable is support for Nestor Kirchner, are consistent with Hypothesis 5.2 (wealth increases the importance of sociotropic evaluations) but do not support Hypothesis 5.1 about the impact of egotropic factors being conditioned by wealth; the interaction term's sign is in the incorrect direction though it is essentially equal to 0.[4] Thus while being in the highest income category doubles the marginal impact of sociotropic evaluations relative to the poorest voter, poverty does not seem to be enhancing egotropic voting by poor voters. While there is no obvious explanation for the non-support of this hypothesis (a

[4] The positive sign exists because the second-lowest income category placed greater weight on egotropic voting than the lowest income category; high income voters do place less weight on egotropic factors than the rest of the electorate does though this difference is not significantly significant.

non-finding that will be revisited below and in Chapter 6), one potential reason is that egotropic considerations in general are less important for evaluations of Kirchner;

Table 5.2: Approval of Argentine Government and Nestor Kirchner, Urban Centers, May 2006

	Evaluation of …	
	Government	Kirchner
Sociotropic Expectation for National Economy	0.624**	0.686**
	(0.216)	(0.222)
Egotropic Expectation for Personal Finances	0.909***	0.423º
	(0.223)	(0.226)
Income is Sufficient	0.167	-0.201
	(0.197)	(0.195)
Income*Sociotropic	0.343**	0.274*
	(0.117)	(0.118)
Income*Egotropic	-0.246*	0.023
	(0.124)	(0.124)
Peronist Party Identification	0.353	0.708
	(0.236)	(0.238)
Independent Identification	0.269	0.334*
	(0.165)	(0.164)
Education	-0.072º	-0.162***
	(0.038)	(0.038)
Female	0.117	0.283º
	(0.147)	(0.147)
Age	-0.002	-0.112
	(0.103)	(0.102)
Buenos Aires Suburbs	-0.211	-0.187
	(0.177)	(0.177)
Interior of the Country	0.206	0.341º
	(0.189)	(0.187)
(Cut 1)	-1.447	-2.681
	(0.496)	(0.509)
(Cut 2)	-0.199	-1.394
	(0.481)	(0.486)
(Cut 3)	2.111	0.674
	(0.488)	(0.480)
(Cut 4)	4.996	3.293
	(0.515)	(0.497)
N	698	698
LR χ^2	206.21***	218.55***
Pseudo R^2	0.116	0.119
Log likelihood	-788.49	-807.77

° p<0.10, * p<0.05, ** p<0.01, *** p<0.001
Ordered Logit, Standard Errors in Parentheses

Figure 5.3: Income, Evaluations of the National Economy, and the Probability of Approving/Strongly Approving of Argentina's National Government, May 2006

Figure 5.4: Income, Evaluations of Your Personal Situation, and the Probability of Approving/Strongly Approving of Argentina's National Government, May 2006

while the predicted effect of changing a poor voter's egotropic evaluation from its lowest to highest level is an increase in the probability of approving of the government by 0.42, that same change increases the probability of supporting Kirchner by only 0.21. Thus in the context of a small egotropic effect, wealth might have little room to further reduce the salience of pocketbook concerns.

In general, then, these two Argentine surveys strongly confirm that economic security and the generation of savings creates incentives to monitor the incumbent's handling of the national economy. Moreover, they generally suggest that poverty magnifies the attention to egotropic considerations, though this finding may be less robust than the first.

Individual-Level Data: Peru

Presidential Approval, May 2006

In Peru, we added a small battery of questions on vulnerability to the 2006 CSES survey conducted by the Catholic University in Lima (Chapter 3 for details on this survey). In this section, we use the data about how Peruvians evaluated Alejandro Toledo at the end of his term to test Hypotheses 5.1 and 5.2 in a very different economic, social, and political context than the one enjoyed by Nestor Kirchner in Argentina. We then revisit this survey in a later section to evaluate Hypothesis 5.3 about how wealth shapes the types of economic indicators that voters pay attention to when choosing prospectively among candidates.

In this survey, the dependent variable is whether respondents approved of Alejandro Toledo or not; only 26 percent of respondents said they approved of his performance as his term came to a close. We model this dichotomous choice as a function of the respondents' assessment of the current state of the national economy (a 5-point variable ranging from "very poor" to "very good") and of their personal economic situation compared to a year ago (also a 5-point variable coded from "much worse" to "much better"). We interact them with a 4-point measure of class that is standard on most Peruvian surveys where class is measured using a composite of the respondent's occupational type, possessions of consumer goods, and housing type. On that basis, respondents are coded as belonging to one of 5 classes labeled A-E, with A being the wealthiest and E the poorest. However, in this survey only 10 of the 2032 respondents were classified as part of the highest class, so we collapse the A and B classes together to form a general upper class group and create a 4-point class variable recoded so that high levels on it correspond to higher levels of wealth. We expect that the interaction term between class and sociotropic evaluations will be positive if Hypothesis 5.2 is true while Hypothesis 5.1 implies that the interaction between class and egotropic evaluations should be negative.

In addition to the basic economic and class variables that are the central interest of this chapter, we control for the respondent's self-described ideological position on the left-right scale. We also include several demographic controls including, in anticipation of Chapter 7, a measure of informal employment that we also interact with the economic perceptions (the results for that variable will be discussed in that chapter). We also

control for the respondent's age, education level, and gender, the employment status of the primary wage earner in the home, and the region of the country in which the survey takes place. These variables are described in more detail in Appendix 23e.

The results of the logit analysis are presented in Table 5.3 (below). In the first column we present the basic economic model without any of the controls while in the second column we add the measure of ideology and the other demographic conditions. The demographic controls are largely uncorrelated with approval of the executive, though support for Toledo was increasing with education and with residence in Lima. The inability of left-right ideology to predict support for Toledo is not surprising given that Toledo is a political independent and, because this variable results in the loss of 267 respondents, in column 3 we exclude it from the analysis. The inclusion of the left-right variable, and the subsequent drop in respondents, did have the effect of slightly reducing the economic voting coefficients and rendering several of them significant at only the more marginal 0.10 level.

In general, however, the results in Table 5.3 are consistent with Hypothesis 5.2. The baseline coefficient for sociotropic voting is restricted to voters who are outside the informal economy and also very poor, two groups for whom the national economy should be less salient. Thus is it not surprising that the views of this group toward the incumbent are not significantly correlated with their views of the national economy. As we will discuss in more detail in Chapter 7, poor voters who work in the informal economy do cast a sociotropic vote. However, increased wealth and the participation in the larger economy that comes with it also increase the emphasis given the national

Table 5.3: Approval of Alejandro Toledo, May 2006

	[1]	[2]	[3]
Current State of the National Economy	0.274	0.317	0.251
	(0.192)	(0.214)	(0.192)
Personal Financial Situation Compared to a Year Ago	0.585***	0.483*	0.559**
	(0.180)	(0.196)	(0.182)
Economic Class	0.051	-0.161	-0.130
	(0.241)	(0.272)	(0.251)
Class*Sociotropic Evaluation	0.229*	0.198°	0.217*
	(0.094)	(0.103)	(0.094)
Class*Egotropic Evaluation	-0.031	0.038	-0.002
	(0.088)	(0.095)	(0.089)
Informal Employment	-0.482	-0.561	-0.561
	(0.471)	(0.519)	(0.474)
Informal*Sociotropic Evaluation	0.450*	0.403°	0.462*
	(0.189)	(0.206)	(0.189)
Informal*Egotropic Evaluation	-0.160	-0.113	-0.144
	(0.174)	(0.187)	
Left-Right Position of Respondent		0.019	
		(0.025)	
Education Level		0.109*	0.105**
		(0.044)	(0.041)
Age		0.003	0.005
		(0.005)	(0.005)
Female		-0.149	-0.117
		(0.135)	(0.124)
Head of Household Unemployed		-0.229	-0.146
		(0.188)	(0.177)
Interior Urban	-0.235°	-0.325*	-0.333*
	(0.136)	(0.150)	(0.141)
Interior Rural	-0.320	-0.392	-0.377°
	(0.216)	(0.244)	(0.217)
Constant	-2.964***	-3.210***	-3.225***
	(0.498)	(0.641)	(0.570)
N	1717	1450	1717
LR χ^2	272.96***	248.34***	282.85***
Pseudo R^2	0.139	0.147	0.144
Log Likelihood	-849.11	-722.05	-844.16

Logistic Regression, Standard Errors in Parentheses
* p<0.05, ** p<0.01, *** p<0.001

that a voter who is dependent upon the formal economy (5.5) and informal economy (5.6) approves of Toledo given their class and evaluation of the national economy. In Figures 5.5 and 5.6, we plot the predicted probability economy. In both cases, voters from the two highest classes are substantially more likely than the poorest voters to approve of Toledo if they thought the national economy was doing strongly. Thus the problem for Toledo might not have only been that voters did not perceive that the national economy was strong but many of them did not give him the full reward for that outcome that the wealthiest 10 percent of society did. If all voters in this sample had placed the same weight on the national economy as the wealthiest 10 percent of voters did, his simulated approval rate in this sample would increase from the observed 26 percent an additional 5 points to 31 percent.

Figure 5.5: Income, Evaluations of the National Economy, and Approval of Alejandro Toledo among the Formally Employed, May 2006

Figure 5.6: Income, Evaluations of the National Economy, and Approval of Alejandro Toledo Among the Informally Employed, May 2006

The results in Table 5.3 do not, however, support Hypothesis 5.2's prediction that poverty would enhance egotropic voting. While egotropic concerns are clearly significant for the poorest voters, there is no evidence that wealthy voters place any less weight on their personal pocketbook than poor voters do. While the marginal impact of sociotropic concerns has a larger impact on the approval of Toeldo than a change in egotropic perceptions among wealthy voters, these voters are objectively just as egotropic as poor voters despite their personal financial stability. This is the second time in this chapter that Hypothesis 5.2 has not been supported by the data.

Support for Fujimori, January 2000

One question in interpreting the non-finding regarding poverty and pocketbook voting is whether this is a larger pattern in Peruvian political history or a finding in this particular survey. Hence we return to an election we analyzed previously: the 2000 reelection of Alberto Fujimori using the survey analyzed in the illustration of issue salience in Chapter 4. This survey was conducted by Aproyo and we use it because, in contrast to most surveys by that company, it asks voters to evaluate both the national economy and their personal economic situation. As the dependent variable, we model the stated intention in January 2000 of citizens in Lima to vote for the incumbent Fujimori or not in the upcoming April presidential elections. Specifically, we generate a dummy variable that takes the value of 1 if the respondent either said he was going to vote for Fujimori or, if he had not yet decided which candidate to support, said that he felt closer to Fujimori than any other candidate.[84] Forty-five percent of respondents expressed their intention to vote for Fujimori in the upcoming elections, which is slightly less than the fifty one percent he claimed to have received in Lima in the actual elections.

We model respondents' hypothetical vote choice primarily as a function of their retrospective evaluations of their personal economic situation and the national economy relative to 1 year previously. Voters were allowed to say the economy was either worse, the same, or better than it had been; in both cases the most common response was that

[84] In Chapter 4'd analysis of this survey, we used presidential approval as the dependent variable. Class has the predicted effect on sociotropic and egotropic voting in that context as well, but the effects are only marginally significant at the 0.10 level.

the economy was the same as it had been while the least likely response was to state it had improved.

Our interest is whether these economic evaluations generally affect support for the incumbent and whether their weight varies by class. While published reports by APOYO use a 5-point measure of class, we cannot find a direct measure of social or economic class in the questionnaire or the dataset deposited with the Roper Center. Instead, we use 4 measures of wealth included in the demographic section to generate a proxy for relative poverty. Voters were asked if they owned a working refrigerator and washing machine and about the number of bathrooms and lightbulbs in the house. From these variables, we generated dummy variables that takes the value of 1 if the respondent has a refrigerator, has a washing machine, has more than 1 bathroom, and has more than 5 lightbulbs in their house (the latter two cutoff points represent the upper 40 percent of the electorate). Respondents who scored 0 on all 4 variables were coded as belonging to the lowest class, those with one of these possessions were coded as being in the "less-poor" class, and respondents with at least 2 of these benefits were included in the upper class. Approximately 27 percent of voters are thus considered very poor, 25 less poor, and the remaining 48 percent are middle and upper class. We then multiplicatively interact this crude class measure with voters' egotropic and sociotropic economic evaluations. As in the previous analyses, we expect a negative interaction term for our combination of wealth and egotropic evaluations and a positive interaction term between sociotropic evaluations and social class.

In addition to the economic variables, we include several controls. While the survey does not contain many measures of issue positions, it does ask voters whether they would prefer the next government to increase the role of the market in the national economy or enhance state involvement and whether they prefer that the next government be democratic or authoritarian in its tendencies. Given that two of the largest issues of the Fujimori administration were his handling of the economy and his tendency to centralize power in the executive, we control for voter preferences on both dimensions. Preliminary analyses, however, suggested that for there were class differences in how voters responded to each of these issues; hence we also interact these measures with our measure of household possessions. We also control for demographic characteristics such as the respondent's age and gender, the education level obtained by the head of household (there is no measure for the respondent's education level) and whether or not the head of household was unemployed.

The results of the logit model are presented in Table 5.4 below. Looking first at demographic variables, we see that Fujimori tended to receive more support from women than from men and from households where the primary wage earner had received little formal education while his support declined if the primary wage earner was unemployed. In addition, support for the market economy instead of greater state intervention was negatively correlated with support for Fujimori among the poorest segment of the electorate but was insignificantly related to the propensity of those with more wealth to support the incumbent. Finally, preferences about whether the next

president should be more democratic were not associated with attitudes toward Fujimori at standard levels of statistical significance for any social class.

Our primary interest in this chapter is in the impact of economic factors across different classes. In general, poor voters tend to support Fujimori more than wealthy voters, especially among those with negative evaluations of the national economy and their personal economic situation. Thus Fujimori could generally rely on his base among the poorest segment of society. Economic evaluations did affect his support, however, and in a way that is consistent with the theoretical expectations laid out at the beginning of this chapter. First, sociotropic evaluations do not have a significant impact on support for the president among the poorest class of voters (in fact improved evaluations of the economy are predicted to have a slight negative effect on support for the incumbent though this effect is not significant at conventional levels), but their impact increases in magnitude as wealth increases. For example, Figure 5.7 (below) graphs the predicted probability of a voter supporting the incumbent given their evaluation of the national economy and class, holding all other values at their mean. The predicted effect of changing from a negative evaluation of the national economy to a positive one is twice as large among the richest class then among the immediately less wealthy one whereas the effect of sociotropic evaluations among the poorest segment of the electorate is small and negative. Thus the results in Table 5.4 are consistent with Hypothesis 5.2.

In contrast, the results in Table 5.4 also show that egotropic evaluations are strongly related to how poor voters evaluate the president but the magnitude of their

Table 5.4: Expected Vote for Alberto Fujimori, January 2000

	β
Economic Class	-1.324*
	(0.616)
Sociotropic Retrospective Economic Evaluation	-0.135
	(0.334)
Class*Sociotropic	0.613**
	(0.227)
Egotropic Retrospective Economic Evaluation	1.966***
	(0.403)
Class*Egotropic	-0.517*
	(0.260)
Favors Market Economy	-0.403**
	(0.138)
Class*Market Economy	0.258**
	(0.095)
Prefers Democratic President	-0.326
	(0.224)
Class*Democratic President	0.112
	(0.149)
Age	0.109
	(0.156)
Female	0.645**
	(0.236)
Education Obtained by Head of Household	-0.274*
	(0.128)
Head of Household is Unemployed	-0.795**
	(0.305)
Constant	0.862
	(0.913)
N	445
LR χ^2	137.81***
Pseudo R^2	0.226
Log Likelihood	-236.618

Logistic Regression, Standard Errors in Parentheses
°p<0.10, * p<0.05, ** p<0.01, *** p<0.001

Figure 5.7: Income, Evaluations of the National Economy, and Expected Vote for Fujimori, January 2000

impact declines with wealth until becoming insignificantly different from 0 among the richest segment of the electorate. Hence the predicted marginal effect of having a positive evaluation of one's personal financial situation instead of a negative one is 1.3 times larger for the poorest class of voters than the next highest class and 6 times larger among the wealthiest class (Figure 5.8). Thus in this survey, Peruvian voters also acted in a way that was consistent with hypothesis 5.1 as well.

The larger question, of course, is whether these differences in salience weights would have impacted the outcome of the election. The logistic regression in Table 5.4 predicts that 46 percent of voters would have supported the incumbent president. If we were to simulate the election with an electorate where all voters' responses to the

Figure 5.8: Income, Evaluations of Personal Economic Situation, and Expected Vote for Fujimori, January 2000

national economy were the same as that of rich voters while holding their class-specific reactions to their personal egotropic situation constant, the predicted result is that support for Fujimori would have increased to 51 percent, sufficient to avoid a runoff. Specifically, his predicted support increases from 57 percent to 70 percent among the poorest segment and from 48 to 57 percent among the slightly less-poor segment if these voters were to weight Fujimori's economic record as strongly as those voters most closely tied to the national economy did. Fujimori would also have gained support if all voters had placed the same weight on their personal pocketbook at the poorest voters did; his predicted support jumps 7 points to 54 percent among the entire electorate and specifically by 13 points to 53 percent among the most wealthy segment of voters. In contrast, if the poorest and middle class voters had placed the same weight on their personal pocketbook as the richest voters did, the predicted result is a decrease in

support for Fujimori to 40 percent as voters fail to reward the incumbent for any observed improvements in their personal financial likelihood.

In general, then, the results in Table 5.4 suggest that economic factors played a large role in determining support for the incumbent in the lead-up to the 2000 presidential elections in Peru. However, their impact is mitigated by their varied salience. In Chapter 4 of this work, we suggest that other issues such as Fujimori's social works programs and his handling of the Shining Path movement generally competed for voter's attention and reduced the electoral benefits Fujimori received from the generally strong economy at the time by reducing its salience. Here, we show that attention to the economy also differed by classes: if poor voters had placed more weight on the national economy or wealthy voters had placed greater weight on their personal financial situation, support for Fujimori would easily have superseded 50 percent without his resorting to electoral shenanigans.

Individual-Level Data: Mexico

The third context in which we explore the effect of financial insecurity and participation in financial markets is the end of Vicente Fox's six year term as president of Mexico. We note in Chapters 1 and 4 that there is extensive evidence that support for the incumbent party was a function of voter confidence in the national economy. We thus use the 2006 LAPOP survey, described in Chapter 3, to test the hypotheses that wealth enhances sociotropic voting while poverty enhances egotropic voting.

The dependent variable is the voter's evaluation of the work being done by the incumbent president, which respondents evaluated on a 5-point scale ranging from very bad to very good. Support for Fox was very high at the time; 45 percent of respondents gave him a rating of "very good" or "good" while an additional 48 percent gave him a rating in the neutral category. As we noted in Chapter 1, his popularity is remarkable because Mexicans remained much more divided about the national economy and their personal economic situations, with only 11 percent of respondents giving the national economy positive marks ("very good" or "good") when asked about its current state and only 18 percent having positive reports about the current state of their personal finances.

As in the analysis of public opinion in Argentina, we use a subjective measure of the respondent's financial security and participation in capital markets as our indicator of insecurity. Respondents were asked if their income was sufficient to cover their needs or if they were able to meet ends meet and save (Appendix 21. for more details on the variables in this model). We code this variable as a 4-point measure of insecurity/exposure and interact it with voters evaluations of the current state of the national economy and their personal finances. The expectations for these interaction terms are the same as in the other cases: sociotropic voting will be increasing with wealth while egotropic voting will decrease with wealth.

We nest the analysis of economic voting in a model of presidential approval that controls for the voter's expressed partisanship, evaluations of other issues that were salient at the time of the election (crime in their locality, experiences with crime and

corruption, and their views of democracy in Mexico), and various demographic factors. We also control for the region of the country where the survey was conducted since support for the PAN is traditionally higher in the north. One variable that we do not include here but which we add to this analysis in Chapter 7 is a measure of whether or not workers were enrolled in the national social security program. We do not include it here because it was not asked of non-workers, including respondents who were housewives, retired, students, or unemployed. Thus because it only captures heads of households who were employed, the sample of voters who are coded as "missing" by this question tends to be poorer than the rest of the sample.[85]

Because support for the incumbent is measured as a 5-point ordinal scale, we use ordered logit to estimate the model of presidential approval (Table 5.5 below). Not surprisingly, voters who self-described as PAN sympathizers were more likely to approve of the incumbent than the rest of the electorate was. While crime experiences were not significantly associated with support for the incumbent, voters who thought that Mexico's democracy was strong were significantly more likely to support Fox while voters who had been approached about paying a bribe in the past year were less likely to support the incumbent. Women and those who received remittances from foreign-based family members were also more likely to approve of Fox while those from indigenous backgrounds were less likely to support him. Finally, Federal District residents were less likely to support Fox than those who lived in the North (the baseline

[85] Specifically, there are 16 percent more respondents in the bottom two income categories among those that were not asked the social security question than among those who were.

Table 5.5: Approval of Vicente Fox, June 2006

	β	(SE)
Sociotropic Evaluation of Current Economic Conditions	0.346*	(0.150)
Egotropic Evaluation of Current Financial Situation	0.572***	(0.157)
Is Income Sufficient to Meet Needs	-0.115	(0.179)
Income*National Economy	0.142°	(0.086)
Income*Personal Situation	-0.159°	(0.096)
Respondent Was a Crime Victim	-0.215	(0.139)
Local Area is Safe From Crime	0.092	(0.062)
Respondent Has Paid Bribe in Last Year	-0.201°	(0.114)
Mexico is Democratic	0.391***	(0.082)
PAN Identification	0.996***	(0.148)
Age	0.001	(0.004)
Female	0.186°	(0.110)
Married	0.098	(0.113)
Education	0.016	(0.015)
Catholic	0.036	(0.154)
Family Receives Remittances	0.498*	(0.254)
Respondent's Mother is Indigenous	-0.497***	(0.119)
Federal District	-0.551**	(0.196)
Center-West	-0.045	(0.162)
Center	-0.294	(0.188)
South	0.312°	(0.162)
(Cut 1)	-1.500	(0.444)
(Cut 2)	0.091	(0.434)
(Cut 3)	2.800	(0.441)
(Cut 4)	5.593	(0.467)
N	1318	
LR χ^2	351.5***	
Pseudo R^2	0.107	
Log Likelihood	-1465.6	

° p<0.10, * p<0.05, ** p<0.01, *** p<0.001
Ordered Logit, Standard Errors in Parentheses

Figure 5.9: Income, Evaluations of the National Economy, and the Probability of Approving/Strongly Approving of Mexico's Vicente Fox, June 2006

Figure 5.10: Income, Personal Financial Situations, and the Probability of Approving/Strongly Approving of Mexico's Vicente Fox, June 2006

category) but voters in the South were more likely to support the incumbent than those in the North. The reason for this, we believe, is that we are controlling for the respondent's indigenous background and indigenous citizens are most heavily concentrated in the South. If the ethnic variable is excluded from the model then the South is not significantly different than the North, though it remains more positive than the Center and DF.

The results in Table 5.5 also support the central hypotheses tested in this chapter, though the two interaction terms of interest are only significantly different from 0 at the marginal 0.10 level. Poor voters place significant weight on the national economy but increases in wealth lead to increased sociotropic voting. Thus while the predicted impact of a poor voter with median values on all other variables in the model changing his or her evaluation of the national economy from "very poor" to "very good" is an increase in the probability of giving Fox a rating of "good" or "very good" by 0.32, the same change in attitudes by a rich voter increases the probability of approving of Fox by 0.59 (Figure 5.9). Also, as expected, poor voters place a tremendous amount of weight on egotropic evaluations of their personal economic situation but egotropic voting declines with wealth until evaluations of personal financial situation are not significantly associated with support for the incumbent at conventional levels among the wealthiest segment of society. Thus while if a poor voter were to change their evaluation of the national economy from "very bad" to "very good" the predicted impact is an increase in the probability of approving of Fox by 0.51, the same change increases the probability that a wealthy voter approves of him by 0.08 (Figure 5.10).

To put these effects into perspective, we can simulate the likelihood that each respondent in the sample given his or her evaluations of the economy and demographic characteristics while manipulating the weight they are assumed to place on economic factors. For example, the results in table 5.5 predict that 26.8 percent of respondents will give the incumbent one of the two highest approval ratings, which slightly underestimates Fox's actual support in the sample (34.9 percent). If, however, voters had disregarded economic questions by outing the same weight on the national economy that poor voters did and the same weight on their personal financial situation that wealthy voters did, then the predicted result is an approval rating of only 14.8 percent. Thus economic factors did buoy support for Fox given voter frustration with the state of democracy, the prevalence of bribes (40 percent of respondents had been asked to give a bribe in the previous year) and the other factors in the model. This bounce that Fox received occurred even though the economy itself was not especially strong; enough voters were satisfied with it (42 percent of voters qualified the national economy as being in the "neither bad nor good" category) that Fox benefited. However, if all voters had placed the maximum weight upon economic questions as wealthy voters did with the national economy and poor voters did with their personal situation, support for Fox is predicted to increase 20 points to 47.6 percent. Thus differences in the economy's salience reduced the bounce Fox and the PAN received from the improving economy.

Comparing the Moderating Effect of Wealth with Evaluations of Responsibility in Argentina

The individual-level analyses from all three countries presented thus far have universally supported Hypothesis 5.2 and have generally supported Hypothesis 5.1: differences in wealth and the risks and vulnerabilities that come with them enhance economic voting in predictable ways. The various figures graphic predicted probabilities and simulations of different salience weights within the samples also suggest that these differences in salience are quite substantial and are politically relevant. Another way to judge their effect, however, is to compare the mediating impact of class with the mediating impact of another variable known to affect economic voting: the attribution of responsibility for the national economy to the government.

Thus we return to the survey conducted in various Argentine urban centers on behalf of the Universidad Torcuato di Tella by the Catterberg and Associates polling firm in May of 2006 (Table 5.2) because we were able to add to this survey a measure of who the voter thought would be responsible for any changes in the Argentine national economy. Specifically, immediately after being asked about their expectations for the national economy over the upcoming year, they were asked "and who will be responsible for the national economy (staying the same, improve, worsening, etc.): the government, the IMF, Argentina's businesses, Argentina's workers, the international economy, or what?" A plurality of respondents (49.3 percent) said that the government and its policies would be the central cause of any changes in the national economy. The expectation is that these voters who blame the government should be more likely to cast

a sociotropic vote than those who do not see the government as responsible for the economy. Thus from this question we generate a dummy variable that takes the value of 1 if the respondent blamed the government for future economic outcomes and 0 otherwise, interact it with the sociotropic and egotropic economic measures (though because we only asked about the national economy we do not have expectations about its impact on egotropic factors since responsibility for the 2 types of outcomes need not be correlated), and add it to the models of governmental and executive approval presented in Table 5.2 above.

This reanalysis of support for the Argentine government is presented in Table 5.6 (below). The results are largely consistent with those presented above; wealth enhances sociotropic voting in both models even after controlling for attributions of responsibility to the government or not while poverty enhances the effect of egotropic evaluations on how voters perceive the government but not Kirchner himself. The table also supports conventional economic voting models that focus on attributions of responsibility; voters who held the government responsible for changes in the economy and thought it would do poorly over the next year were substantially less likely to support the incumbent but subsequently placed even more weight on their evaluations of the economy than the rest of the electorate did as the economy improved.

The question, then, is how does the effect of attributing responsibility to the national government on sociotropic voting compare with the effect of wealth and the subsequent exposure to financial markets on sociotropic voting? To compare these two effects on the national economy's salience, in Table 5.7 (below) we calculated the

Table 5.6: Approval of Argentine Government and President, Urban Centers, May 2006

	Government	Kirchner
Sociotropic Expectation for National Economy	0.079	0.060
	(0.253)	(0.266)
Egotropic Expectation for Personal Finances	0.719**	0.027
	(0.268)	(0.275)
Income is Sufficient	0.199	-0.231
	(0.202)	(0.202)
Income*Sociotropic	0.308*	0.256*
	(0.120)	(0.124)
Income*Egotropic	-0.257*	0.031
	(0.130)	(0.132)
Government Responsible for the Economy	-1.759***	-2.261***
	(0.380)	(0.383)
Responsible*Sociotropic	1.241***	1.420***
	(0.230)	(0.233)
Responsible*Egotropic	0.333	0.644**
	(0.242)	(0.245)
Peronist Party Identification	0.356	0.644*
	(0.245)	(0.251)
Independent Identification	0.247	0.255
	(0.169)	(0.170)
Education	-0.044	-0.147***
	(0.040)	(0.041)
Female	0.214	0.373
	(0.153)	(0.154)
Age	0.021	-0.103
	(0.106)	(0.106)
Buenos Aires Suburbs	-0.121	0.052
	(0.183)	(0.186)
Interior of the Country	0.231	0.528**
	(0.195)	(0.197)
(Cut 1)	-2.369	-4.006
	(0.556)	(0.568)
(Cut 2)	-0.982	-2.629
	(0.536)	(0.539)
(Cut 3)	1.486	-0.403
	(0.532)	(0.520)
(Cut 4)	4.404	2.386
	(0.560)	(0.534)
N	657	653
LR χ^2	246.57***	285.21***
Pseudo R^2	0.145	0.165
Log likelihood	-725.05	-721.46
° p<0.10, * p<0.05, ** p<0.01, *** p<0.001		

difference in the probability of the average respondent giving the government a "very good" or "good" approval rating as that voter changed his of her expectations of the national economy from a negative value ("the national economy will be bad") to a positive ("the national economy will be good") one given different configurations of wealth and attributions of responsibility. In other words, the values in the 4 main cells represent the marginal impact of sociotropic considerations on voters with differing combinations of 4 characteristics: the inability to make ends meet, the ability to save, attributing responsibility for the economy to the government, and attributing responsibility to someone else. For example, the predicted impact of changing a voter's evaluations of the national economy from pessimism to optimism on the probability of approving of the government if that voter was poor and did not hold the government responsible is 0.038 because voters who were in that situation approved of the government with a probability 0.375 if they had a negative view of the economy and with a probability of 0.414 if they had a positive one.

In the outer row and column of Table 5.7, we calculate the change on sociotropic factor's marginal impact by changing one factor that should enhance its salience while holding the other one constant. These changes in marginal impact describe the intervening effect of the variables of interest here, and are expressed in percentage changes given the baseline effect. Thus the marginal impact of sociotropic factors was 12 times greater among rich voters than among poor voters among voters who did not

Table 5.7: Predicted Change in Probabilities of Approving of the Argentine Government As Sociotropic Expectations Change from Negative to Positive

	Gov Not Responsible	Gov Is Responsible	% Change
Cannot Make Ends Meet	0.038	0.544	1340%
Income Allowed to Save	0.518	0.747	44%
% Change	1272%	37%	

blame the government. Among voters who held the government responsible, wealth increased their effect an additional 37 percent. National economic concerns strongly impact the vote of wealth voters even if those voters say that the government is not responsible for them-they are sufficiently salient that voters incorporate them into their vote anyway. More importantly, the intervening effect of increases in wealth on sociotropic voting are similar in magnitude, though somewhat smaller, than the impact of attributing responsibility. Thus the impact of wealth and the economic vulnerabilities that come with it, the variable of interest in this study, is comparable in magnitude to the impact of the responsibility attributions that most other economic voting scholars emphasize.

Wealth and Reactions to Different Elements of the National Economy

Thus far, we have demonstrated that differences in wealth lead voters to place differential emphasis on the national economy or their personal economic situation. We have also shown that this effect is similar in magnitude to the attribution of responsibility for national economic outcomes. A remaining question is whether we can

further refine our analysis of wealth's impact on economic voting. Above we hypothesized in Hypothesis 5.2 that the link between wealth and economic voting was depended upon wealthy voters having large stakes in the economic status quo and thus greater interest in stable growth than other goals such as full employment.

We are able to test this hypothesis in the context of the 2006 presidential elections in Peru using the Universidad Católica survey analyzed above. In the second round, voters were presented with the choice between Alan García of the APRA party and Ollanta Humala of the Peruvian nationalist Party (Schmidt forthcoming for more details). García had served as president from 1985-1990 and the failure of his heterodox stabilization plan led to a massive economic crisis and hyperinflation by the end of his term. Despite these past failures, García attempted to position himself as the candidate of experience, promising moderate changes to economic policies of the past and a slight expansion of the social-security system. In contrast, Humala, a former colonel in the army and leader of a failed coup against Fujimori, ran on a platform of Peruvian nationalism that included the nationalization of the country's natural gas fields and increased state investment in the impoverished southern highlands. García attempted to paint Humala as a radical and a threat to economic stability while Humala attempted to paint García as a corrupt member of the old guard. In the second round, García narrowly defeated Humala with 52.6 percent of the vote.

One possible reason why García may have won the 2006 election was that voters perceived him as a smaller economic risk. On the pre-electoral survey, voters were asked to state which candidate, independent of their voting preferences, they expect to better handle several policy areas, including creating jobs, ensuring economic stability, and reducing inequality. Voters were allowed to say if they though Humala was more capable, García was more capable, or they were both equally capable. As the data in Table 5.8 suggest, voters generally perceived García as being better able to manage the economy and create jobs but believed that Humala would do more to reduce inequality.[1]

Table 5.8: Voter Evaluations of Peruvian Presidential Candidates' Capabilities to Manage the Economy, May 2006

	Which Candidate is More Likely to:		
	Create Jobs	Ensure Economic Security	Reduce Inequality
Humala Better	30.03%	30.24%	43.40%
Both the Same	20.05%	20.44%	22.96%
García Better	49.92%	49.32%	33.64%

[1] While evaluations of the candidates' capabilities to generate economic stability and jobs are fairly highly correlated (r=0.71), their association is far from perfect. For example, 12.6 percent of voters who thought Humala was most likely to generate stability said that Garcia would do better at creating jobs and an additional 9 percent said both were equally capable. Similarly, 17 percent of voters who thought Garcia was more capable to create jobs did not think that he was more capable that Humala was to stabilize the economy. Overall, 21.7 percent of voters answered the two questions differently. The fact that Humala received a plurality for reducing inequality even though he was not favored by a plurality of voters also suggests to us that these questions are sufficiently independent from voter preferences to analyze as a predictor of their behavior. Even if we wanted to cannot control for reverse causality between evaluations of the candidate and evaluations of their management capacities, we would be unable to because there are no instruments in our dataset for how voters perceive the respective candidates' management capacities

In general, prospective theories of voter choice predict that voters will favor the candidate that is perceived as most capable, but when candidates differ in their capabilities voters must choose which capability to emphasize. So while in general we expect voters to support the candidate that is best able to stabilize the economy, we also expect that wealthy voters will have greater preferences for stability and thus put more emphasis on this factor than poor voters. Wealth may not, however, affect the weight voters give other aspects of economic management such as creating jobs or reducing inequality.[2] The salience of these factors, we propose, will be affected by other variables (such as informal employment-as we explore in Chapter 7).

To test Hypothesis 5.3, we model voters' responses to the question "Which candidate would you vote for if the second round election were held today?" excluding voters who did not plan to vote or had not decided which candidate to support. A majority of respondents in the survey who had decided between the two candidates, 54.1 percent, favored García, slightly more than the 52.6 percent that would actually support García in the election a few weeks later.[3] We code answers to this question as a dummy variable that takes the value of 1 if the voter planned to vote for García and 0 if they planned to vote for Humala. In Table 5.9, we model this dichotomous vote choice

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[2] In other work, we show that poor voters in Argentina put greater weight on changes in inequality when evaluating the incumbent than wealthy voters do (Singer and Rosas 2007). This hypothesis does not seem to be supported here, however.

[3] The slight drop in support for Garcia in the actual election relative to the poll might also reflect the urban bias of the sample and Humalas's strong support in rural areas.

as a function of voters' evaluations of the candidates' economic management capabilities. To explore how different types of economic vulnerability impact the weight given candidates' ability to stabilize the economy, create jobs, and reduce inflation, we multiplicatively interact each of the three types of economic management with the voters' social class as previously discussed in the above analysis of support for Toledo and also, in anticipation of Chapter 7, with the respondent's participation in the informal economy. Because the three management variables are strongly correlated, we introduce each one into the model separately to reduce multicollinearity. The controls included in the model are the same as those included in the model of support for Toledo described above.

Not surprisingly, there is a strong association between the perceived ability of candidates to create jobs, stabilize the economy, and reduce inequality and support for that candidate. Voters who perceive a candidate was competent tend to support him. However, wealth mediates these relationships in manners consistent with our theoretical expectations. Specifically, the positive and significant interaction term in the second column between wealth and evaluations of the candidate's ability to stablize the economy implies that while, on average, voters who though García would be better than Humala at generating economic stability did tend to support him, rich voters gave even more weight to this ability. Wealth does not, however, substantially impact the weight given the candidates' abilities to create jobs or, perhaps more

Table 5.9: Voting for Alan García in the Peruvian Presidential Elections, May 2006

	[1]	[2]	[3]
Primary Wage Earner Informally Employed	-0.878*	-0.355	-0.247
	(0.388)	(0.350)	(0.208)
Social Class	0.252	0.035	0.469*
	(0.210)	(0.145)	(0.213)
García Will Better Create Jobs	2.379***		
	(0.279)		
Informal*Create Jobs	0.461*		
	(0.217)		
Class*Create Jobs	0.006		
	(0.153)		
García Will Better Stabilize the Economy		2.121***	
		(0.366)	
Informal*Stabilize Economy		0.108	
		(0.242)	
Class*Stabilize Economy		0.158°	
		(0.088)	
García Will Better Reduce Inequality			2.137***
			(0.279)
Informal*Reduce Inequality			0.140
			(0.184)
Class*Reduce Inequality			0.194
			(0.143)
Female	0.539*	0.761***	0.250°
	(0.230)	(0.188)	(0.141)
Age	0.011	0.005	-0.021**
	(0.012)	(0.012)	(0.008)
Education Level	-0.084	-0.019	-0.114
	(0.081)	(0.084)	(0.083)
Left-Right Ideology	0.112***	0.131**	0.130*
	(0.035)	(0.041)	(0.063)
Head of Household is Unemployed	0.225	-0.101	0.284
	(0.158)	(0.163)	(0.164)
Interior Urban Areas	0.300	0.810**	0.285
	(0.260)	(0.263)	(0.200)
Interior Rural Areas	0.557	0.929*	0.228
	(0.355)	(0.414)	(0.305)
(Constant)	-3.888***	-4.020***	-1.686*
	(1.007)	(0.849)	(0.694)
Number of Observations	1052	1052	1064
LR χ^2	2239.55***	1519.02***	1772.68***
Pseudo R^2	0.575	0.507	0.513
Log Likelihood	-302.450	-350.724	-352.687

surprisingly, to reduce inequality. The implication from Table 5.9, then, is that wealth pushes voters to value economic stability when they are casting a general sociotropic vote and not other aspects of the national economy.

Social Class and the Basis of Support for Peruvian Presidents 1994-2006

The individual level data laid out above strongly confirms our hypothesis that wealthy voters place greater weight on national economic outcomes than poorer voters do. There is also evidence that poverty magnifies the impact of changes in voters' personal economic situations, though support for this hypothesis was mixed. In this concluding section of the chapter, we explore the aggregate implications of these cross-sectional hypotheses by looking at the determinants of presidential approval in Peru during the 1994-2006 period.

This period in Peruvian history comes after a series of political and economic upheavals, including the hyperinflation crisis of 1989-1990, Fujimori's shock treatment in 1990-1992, the self-coup in 1992, the capture of Sendero Luminoso leader Abimale Guzman in 1992, and the adoption of a new constitution in 1993. Each of these events provided a bump to Fujimori (Margan Kelly 2003). Moroever, in the wake of the economic crisis, there is evidence that voters in Peru were highly intertemporal and interpreted current economic difficulties as evidence that the economy would improve in the future (Stokes 1996). However, the 1994-2000 period has been described as

"normal politics" and the analysis of public opinion in this period showed that voters followed the basic retrospective voting model (Carrion 1999, Stokes 1999). In Chapter 3, we have also shown that the popularity of Toledo can be explained using a similar simple retrospective model and thus we combine these periods into the same survey.

Despite this long period of apparently "normal politics," the year in 2000 in Peru was anything but normal. April saw the contested presidential election where Fujimori's reelection came with accusations of fraud. September saw the public broadcast of videos of Fujimori's security chief Vladimiro Montesinos bribing an opposition legislator. In November, Fujimori called for new elections and eventually resigned as president, leaving Valentín Paniagua to serve as interim president. Thus we might be concerned that economic events fell of the radar in this period. However, we reran the analyses that follow with dummy variables for each of these events (as well as the Japanese hostage crisis in 1997) and they did not affect the importance of economic factors as explanations of Fujimori's popularity. Thus we pool the entire time period into a larger analysis of presidential popularity.

The presidential approval and economic evaluation data used here were conducted monthly by the survey firm Apoyo in the cities of Lima and Callao and each include approximately 500 respondents.[4] Apoyo publishes the aggregate results of these

[4] The smallest survey had 438 respondents while the largest survey had 648. The average survey had 532 respondents.

surveys each month in their *Informe de Opinión*.[5] This data series has been widely used to explore support for Fujimori (e.g. Stokes 1996, Carrion 1999, Morgan Kelly 2003) and we have previously used it in Chapter 3 to outline the role of economic performance in driving support for Alejandro Toledo from 2001-2006. These analyses have always looked at aggregate approval ratings across the electorate. However, in their printed reports Apoyo almost always breaks down answers to all questions by gender, age category, and, most importantly for our analysis here, by class. Specifically, prior to 1994 APOYO broke down its samples into 4 classes (A-D, with D the lowest) based on the type of housing they lived in and their possession of different material goods (Table 5.10. The highest class represented the top 4 percent of the electorate while the bottom class contained the poorest 40 percent, reflecting the skewed distribution of wealth in Peru. Midway through 1999, Apoyo began splitting the bottom class into 2 separate classes, with the lowest class no identifying the poorest 16 percent of Peru's population. Despite the number of studies of the aggregate Apoyo data series, to our knowledge there have been no examinations of how trends in support for these presidents breaks down by class or any other subgroup.[6]

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[5] The aggregate data analyzed here was initially compiled while affiliated with the Instituto de Estudios Peruanos in Lima in April of 2006. In the fall of 2006, Apoyo gave me access to the entire collection of reports available via their Opinion Data Plus service, which allowed me to verify the initial data collection and extend it backwards in time. we am grateful to the staff of La Biblioteca María Rostworowski del IEP and Alfredo Torres and Karina Miranda of Apoyo for their generous assistance.

[6] Stokes (1999) breaks down opinions of the nation's economic policies by subgroup.

Table 5.10: Distributions of Economic Classes in APOYO Surveys

	Mean Share of Sample	Minimum Share of Sample	Maximum Share of Sample
1999-2006			
Class A	3.87	3.3	5.1
Class B	15.78	14.3	17.4
Class C	30.46	26.6	33.1
Class D	33.82	28.5	36.1
Class E	16.07	11.9	21.2
1994-1999			
Class A	4.19	3.8	4.5
Class B	18.82	17.8	19.9
Class C	36.07	33.1	38.4
Class D	40.92	37.6	43.4

Thus in this last section, we explore whether the popularity of the president is driven by the same dynamics across different economic levels. Specifically, we explore whether the poorest segment of society, however defined by Apoyo at the time of the survey, placed different weight on economic performance than the rest of the electorate did. In this time series, we have two measures of how the average voter in each class perceives economic outcomes. First, the primary economic indicator in the Apoyo data is the respondent's evaluation of their personal economic situation over the previous 12 months. Per Hypothesis 5.1 above, we expect that high levels of egotropic voting by poor voters will cause there to be a stronger association between egotropic evaluations and presidential approval among the lowest class than among the rest of the electorate.

We also expect that, per Hypothesis 5.2, changes in average sociotropic evaluations will be associated with the president's popularity less strongly among poor

voters than among other classes. Unfortunately, Apoyo does not consistently ask voters about their evaluations of the national economy. However, prior to April of 1993, each survey asked voters about their opinions of the economic policies (*economía política*) being pursued by the nation's government. Time series analyses of this question's mean show that it tracks very strongly changes in the national economy in the post-1994 period (Stokes 1999). Our own analysis of a survey that contained this question and a traditional sociotropic evaluation of the current state of the national economy (the January 2000 survey analyzed above) found that while attitudes towards economic policies were significantly associated with both sociotropic and egotropic evaluations, the marginal effect of sociotropic factors on predicted attitudes was twice as large as the effect of egotropic factors. Thus we use voter opinions of the political economy as a proxy for sociotropic evaluations and expect it to have a stronger relationship with presidential approval rates among non-poor voters.

The dependent variable is the change in the percentage of voters belonging to a given social class who approve of the incumbent president relative to the same percentage in the previous month. Because this data is a nearly –integrated series, we analyze the data as an error correction model (described in more detail in Chapter 3). Thus we include the lagged value of incumbent approval in that class to control for the tendency of approval to return to its mean and then both the first difference and the lagged values of voters' economic evaluations as the main predictors. Finally, we

include dummy variables for each president to control for different baseline levels of support enjoyed by Presidents Fujimori, Paniagua, and Toledo over this period. Thus the model estimated takes the form for each class *i*:

$$\begin{aligned}\Delta\text{Presidential Approval}_{i,t} = {} & \beta_1\text{Presidential Approval}_{i,t-1} + \beta_2\Delta\text{Egotropic Economic Evaluation}_{i,t} + \\ & \beta_3\text{Egotropic Economic Evaluation}_{i,t-1} + \beta_4\Delta\text{Evaluation Economic Policies}_{i,t} + \\ & \beta_5\text{Evaluation Economic Polcieis}_{i,t-1} + \beta_6\text{Paniagua}_{t} + \beta_7\text{Toledo}_{t} + \mu_{i,t}\end{aligned}$$

We estimate this model using OLS regression. Months with missing values (where Apoyo reports the results for all of Lima but does not break down responses by class) are excluded from the analysis. We estimate three versions of the model. First, because Apoyo changed its operationalization of class in September 1999, we estimate the model separately for the 1999-2006 and 1994-199 periods. However, voters were not asked to evaluate economic policies after April of 2003; hence we estimate the model with both egotropic and economic policy evaluations for the 1999-2003 period and then estimate a basic approval model with only retrospective egotropic measures for the entire 1999-2006 period to maximize the number of months in our sample.

The results of the statistical analyses are presented in Table 5.11 below. In each estimation, we contrast the poorest class as defined in that survey (class E for 1999-2006, class D for 1994-1999) with the average trend across the other classes. In analyses not reported here, we also analyzed each class separately. The results of these regressions suggested that the largest difference was between the factors that predicted support among members of the lowest class and the factors that predict support among all the

Table 5.11: Monthly Changes in Aggregate Levels of Support for the Peruvian President

	1999-2003		1999-2006		1994-1999	
	[1] Lowest Class	[2] Other	[3] Lowest Class	[4] Other	[5] Lowest Class	[6] Other
Presidential Approval$_{t-i}$	-0.706***	-0.442***	-0.459***	-0.140**	-0.338**	-0.315**
	(0.124)	(0.119)	(0.076)	(0.052)	(0.118)	(0.101)
Δ Egotropic Evaluations	0.561°	0.223	0.362*	0.158	0.528*	-0.031
	(0.308)	(0.274)	(0.181)	(0.145)	(0.215)	(0.180)
Egotropic Evaluations$_{t-1}$	0.323	0.135	0.056	0.169	0.418°	0.066
	(0.447)	(0.297)	(0.222)	(0.112)	(0.247)	(0.200)
Δ Evaluations of Economic Policies	0.143	0.634***			0.202	0.549***
	(0.203)	(0.175)			(0.145)	(0.152)
Evaluations of Economic Policies$_{t-1}$	0.433	0.595**			0.119	0.276°
	(0.288)	(0.201)			(0.163)	(0.151)
Paniagua	1.118	9.156	-0.490	5.613*		
	(4.105)	(3.032)	(3.495)	(2.142)		
Toledo	-16.483**	-4.680°	-19.663***	-3.397°		
	(4.969)	(2.321)	(3.928)	(1.976)		
Constant	22.700**	2.485	24.604***	3.315	8.774*	4.090°
	(8.061)	(4.283)	(5.720)	(3.291)	(4.156)	(2.385)
N	40	40	76	76	52	52
F	6.58***	4.73***	10.13***	3.03*	3.45**	4.96***
Adjusted R^2	0.500	0.401	0.378	0.119	0.193	0.280
Root MSE	8.497	4.182	7.418	4.054	5.580	4.642

OLS Regression, Standard Errors in Parentheses ° p<0.10, * p<0.05, ** p<0.01, *** p<0.001

Columns 1-2 Distinguish class E from the other classes and uses months with information on evaluations of economic policies

Columns 3-4 Distinguish class E from the other classes and uses all months we have available

Columns 5-6 Distinguish Class D from other classes

other classes; the non-lowest classes appear to behave fairly similarly.[1] Thus we pool them into a single non-poor class and contrast it with the group that has been a central reference point of this chapter.

Looking first at the non-economic variables, we see that presidential popularity has a strong tendency to revert to the mean. Independent of the time period and social grouping, presidents whose popularity had been high the previous month were likely to experience a large drop in the subsequent month. Thus an error correction model is appropriate for this data. In addition, presidents differed in their baseline levels of support. For example, the negative and large coefficient for the Toledo dummy in the poor voter models in columns 1 and 3 implies that even after controlling for differences in their economic records, poor voters were less likely to support Toledo than they were Fujimori or Paniagua. Non-poor voters also tended to support Toledo less then other presidents after controlling for their economic records, but this difference is much smaller in magnitude among non-poor voters.

Our primary interest is in the role of economics and whether its impact varies across classes. First, short term shifts in egotropic evaluations are associated with short term changes in support for the president among the poorest segment of the citizenry but not among the larger population. The effect of changes in egotropic evaluations is

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[1] In the most recent time period, the impact of changes in egotropic indicators is larger in class A than in class B or C. The magnitude of these changes is still less than half that estimated for class E and does not approach statistical significance.

even more consistent among poor voters when we add the 2003-2006 period (for which we do not have data on how voters evaluate economic policies) in column 3 while its effect remains insignificant among non-poor voters. Finally, in the earlier time period both short term increases and long-term levels of egotropic evaluations are predicted to have a significant impact on approval ratings among the lowest class of citizens but not for the rest of the electorate. Thus increased satisfaction with personal financial outputs did have the expected effect of short term increases in support for the president, but this effect was concentrated only among the poorest voters in society.

While changes in personal economic circumstances affect the opinions of the poorest voters, the data in Figure 5.11 also suggest that evaluations of the overall economic policy agenda set by the administration only predicts overall levels of support for the President among those segments of the citizenry who were not in the lowest class. In both the 1999-2006 and 1994-1999 time periods, support for the president increased if approval of economic policies in Peru experienced a short term increase and after longer periods of positive evaluations. In contrast, positive evaluations of economic policies among the poorest class of respondents were not significant predictors of changes in support for the President among that class over time.

The results in Table 5.11 are thus consistent with Hypotheses 5.1 and 5.2. The average egotropic evaluations are only significant predictors of aggregate support for the president among the poorest segments of the electorate while aggregate support for

the president's overall economic agenda is a significant predictor of changes in approval ratings only among voters who fall outside the poorest category. Thus, again, class differences in economic exposure and priorities do seem to shape the weight voters place on different elements of the incumbent's economic record.

Discussion

We began this chapter with what was perhaps a peculiar perception of the relationship between economic insecurity and class. First, we claim that the marginal impact of changes in a voter's personal financial situation on their overall utility and consumption ability would be largest among poor voters who were already having trouble making ends meet and had little in reserve. This claim is unlikely to raise any controversy, and from it we hypothesized that poor voters would have greater incentives to cast an egotropic vote. We also propose that in a society with high inequality wealthy voters tend to capture most of the gains from the national economy during normal times while poor voters are excluded from them. Wealthy voters thus can insulate themselves from national shocks through their personal wealth but because of their larger participation in capital markets they are the ones who have incentives to monitor the overall national economy.

We have tested these two basic hypotheses using survey data from Argentina, Mexico, and Peru. These data all support Hypothesis 5.2 regarding wealth and sociotropic voting. Moreover, we demonstrate that the mediating effect of wealth on

sociotropic voting was essentially as large as the mediating effect of attributions of responsibility and that, as expected, wealthy voters are not just generally sociotropic; they specifically care more about economic stability than the rest of the electorate does. Finally, aggregate perceptions of the nation's economic policies are strongly associated with the Peruvian president's popularity among wealthy and middle class voters but less so among the poor. Thus the data in this chapter justify our linkage of wealth to exposure to the national economy at least in contexts characterized by high levesl of inequality; the subsequent step is to investigate whether this relationship holds in contexts with less economic inequality.

The data also have largely supported Hypothesis 5.1 about egotropic voting; in most cases poor voters do seem to have greater incentives to sanction incumbents for marginal shifts in their personal finances and to reward them for small improvements.[2] The aggregate time series analysis of presidential popularity in Peru also showed that aggregate approval rates correspondent most heavily to average pocketbook evaluations among the poorest segment of society. However, the impact of wealth on egotropic voting was less consistent, perhaps because egotropic voting is itself less consistent.

The question, of course, is why there is divergence across a few surveys in the support for the second hypothesis. The mixed support for the linkage between poverty

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[2] The 2000 Afrobarometer survey for South Africa has a very good battery on poverty that asks respondents whether their household went without a series of goods in the previous month. We have created a measure of insecurity from that battery as well and both Hypothesis 5.1 and 5.3 are supported in that context.

and egotropic voting is especially puzzling given that the claim that poor voters would be most heavily effected by small shifts in income seemed relatively unproblematic. Perhaps these non-findings are evidence that we are dealing with a probabilistic relationship whose effects are not always captured by any specific dataset. Or it may simply reflect the fact that in many cases egotropic factors were not important to any class of voters, including even the poor who instead may choose to vote prospectively for parties that will enact needed social reforms. However, more often than not we do seem to find that egotropic voting is higher among poor voters.

Thus the general finding of this chapter is that differences in wealth create different forms of economic voting. Classes differ in the areas of the economy to which they pay attention. While this basic point has been made with respect to unemployment and inflation by Hibbs and others, the implication of this work is that the classes differ on larger questions such as the degree to which they are sociotropic at all. Poor voters may care very little about national economic growth if it rarely reaches them. In contrast, the holders of capital might be quick to punish an incumbent if the economy slows. The result is that politicians hoping for cross-class support need to provide a mix of economic goods that combine national stability with individual-level rewards to voters excluded from the national economy's main windfall.

6. Insecure Employment

In this chapter, we focus on one of the most studied aspects of economic vulnerability: the degree to which a worker feels insecure in his or her employment. There is widespread evidence that the proportion of workers globally who report being concerned about the prospects of becoming unemployed has increased over the previous two decades (Neumark et al 1999, OECD 1997, Heery and Salmon 2000). In the case of Latin America, surveys consistently show that nearly three quaters of Latin American workers are somewhat or very concerned about becoming unemployed in any given year. Insecurity in the labor market is one of the primary reasons why Rodrik (2001, 3) argues that "there exists a pervasive sense of economic insecurity in Latin America, and a corresponding demand for social insurance that cuts across class lines."

There is an extensive literature showing that workers who feel insecure in their jobs seek to insulate themselves from possible dislocation by changing their economic position, preferring social protection measures, and sanctioning politicians who allow insecurity to grow. In other words, an effect of declining job security is that workers feel more vulnerable to employment shocks and mobilize for protection. This type of insecurity should thus also generate incentives to place greater weight on the management of the national economy when evaluating politicians. We test this intuition using the 2002 Latinobarometer survey.

Employment Insecurity: Types, Causes, and Consequences

In discussing employment insecurity, it is important to distinguish between two potential sources of voter anxiety (Anderson and Pontussen 2007). First, voters differ in the perceived probabilities that they will become unemployed. Some voters feel secure in their present job while others live with the threat of dismissal. This is the form of insecurity that we will focus on in this chapter. However, some scholars writing about insecurity focus less on the risks of being unemployed than on the ability of workers to find comparable work once becoming displaced. Workers with specific skill sets or who are in shrinking sectors may still feel quite nervous about their economic situation even if they have been able to negotiate job-protections because they face huge difficulties in finding a job for which they are qualified should they become unemployed (e.g. Iversen and Soskice 2001, Esteban-Abe, Iversen, and Soskice 2001, Palmer and Whitten 2002). In this chapter, however, we largely focus on the former definition because of difficulties in gaining data on the latter from of insecurity in the developing world. We would expect, however, that skill specificity would also enhance the salience of economic performance.

The most common explanations for the global rise in worker insecurity, as well as cross-national variations in job insecurity, in insecurity, are globalization, de-industrialization, and the contraction of the welfare state. While the linkage between globalization and worker insecurity has been widely claimed (e.g. Rodrik 1997), it is only recently that evidence for the linkage has been fully presented. Torres (2001), for

example, finds that trade integration increases employment volatility across a large sample of countries (also Rama 2003). Scheve and Slaughter (2004) also demonstrate that British workers in sectors with heavy concentrations of FDI report greater fear of becoming unemployed because FDI increases the elasticity of demand for labor. Deindustrialization also increases voter anxiety because it requires that workers shift their labor into areas where they have fewer relevant skills (Wiefek 2003, Cusack et al 2006). Deinindustrialization has also undermined traditional unions, which in turn has been linked to growing worker anxiety because union participation increases job security (Bender and Sloane 1999). Countries with stronger collective bargaining institutions have lower levels of average anxiety about becoming unemployed because of employment guarantees and strong unemployment protections (OECD 1997).[1] Finally, countries with more extensive safety-nets and employment protection regimes have lower levels of worker insecurity (Kramer and Stephenson on 2001, Anderson and Pontussen 2007) and thus the retrenchment of the welfare state has been linked to growing insecurity (Rodrik 1999).

Of course, not all workers are equally secure even within the same country. In developed countries, insecurity increases with age (as workers fear being replaced by younger workers) and decreases with education (Böckerman 2004, Manski and Straub

[1] Though this, in turn, potentially creates a cleavage between the unionized and non-unionized (Rueda 2007).

2000). In the United States, blacks report higher levels of insecurity than white do (Manski and Straub 2000). Security also varies by employment type. The self employed report feel more secure than those employed by others (Manski and Straub 2000), public sector workers report higher levels of security due to civil service protections (Clark and Postel 2005), and there is some evidence that temporary workers experience the least security (Clark and Postel 2005, c.f. Böckerman 2004).

As workers face growing insecurities, they turn to multiple coping mechanisms to reduce their exposure to risks. Workers feeling insecure tend to work more hours and to pursue additional employment to mitigate their risks (Burchell et al 2001). More relevant for the current study, insecurity creates incentives for voters to mobilize for political protection. Insecure workers favor the expansion of the welfare state (Cusack et al 2006, Aldrich et al 2002) and press for the expansion of trade protections (Mughan and Lacy 2002, Wiefek 2003). As a result, job insecurity has been linked to support for politicians that advocate these types of policies and the sanctioning of politicians that allow insecurity to rise (Mughan and Lacy 2002, Aldrich et al 2002). In addition, we argue, fears of becoming unemployed should lead to sociotropic voting.

Job Insecurity and the Salience of Economic Factors

The linkage between job insecurity and sociotropic voting is based on two assumptions. First, it assumes that voters who feel nervous about being unemployed will also fear the most in an economic slowdown or any other form of employment

shock. Inasmuch as perceived job insecurity correlates with "objective" job insecurities, these are the first workers who will be let go should a slowdown occur and thus they have much to gain from maintaining a strong economy. Moreover, even if workers only believe they are vulnerable, that belief should focus their attention on external threats that put them at risk. Inasmuch as they can cope with those threats by advocating policies which act as safety nets, they can also deal with those threats by attempting to motivate politicians to avoid macroeconomic conditions that increase those risks and by prospectively choosing strong economic managers. As jobs become secure, in contrast, then the risks associated with short term macroeconomic shocks may appear more distant because your employment, and subsequently, your income and consumption seem guaranteed.

Second, it assumes that workers who feel insecure in their employment not only look to the national economy as a potential source of threats but also as a potential coping mechanism. While vulnerable workers may fear shocks from the national economy, their vulnerabilities also likely stem from idiosyncratic circumstances related to their job, skills and abilities, relationships with their boss, and other factors out of the government's control. Thus Mughan and Lacy (2002) find that voters punish incumbents for allowing employment volatility to rise in the electorate as a whole but not for their own idiosyncratic vulnerability. However, these workers still have preferences for a strong national economy because they need employment options

should they become laid off. If the national economy is strong, workers might even accept risky employment options that promise larger rewards because they perceive that there are fall-back opportunities; but as the national economy slows/contracts, these insecure workers are robbed of a potential coping mechanism and thus have greater incentives to respond negatively than a more secure worker would.

Employment insecurity thus ties workers to the national economy in two ways: it increases their likelihood that national economic shocks will result in personal income shocks and also provides the major mechanism for coping with idiosyncratic shocks to which they feel vulnerable.[2] Thus employment insecurity should enhance the linkage between the national economy and their personal utility, which we expect should increase the salience of the national economy as voters evaluate the incumbent president. Hence we predict that

> **Hypothesis 6.1:** Workers who feel insecure in their present employment situation will place greater weight on evaluations of the national economy when evaluating the incumbent president and his or her party than similar voters whose jobs are less vulnerable.

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[2] It is interesting to contrast this type of insecurity with that created by informal employment as we discuss it in the next chapter. The informally employed are also vulnerable to being laid off in the case of an economic slowdown and use the national economy as their coping mechanism. In addition, however, the informally employed are especially vulnerable because they lack coping mechanisms should an employment shock occur, thus guaranteeing a decrease in consumption. Informal employment is thus an extreme case of employment vulnerability.

We do not expect, however, that employment insecurity will enhance egotropic voting. In the model of salience outlined in chapter 2, we propose that the factors that will enhance the salience of egotropic considerations are those that increase the sensitivity of a person to changes in his or her financial situation. In other words, factors that increase the elasticity of consumption to changes in income are those which focus voter attention on changes in their pocketbook. In the previous chapter, we demonstrate that poverty is one such factor and thus poor voters usually (though as we are reminded in this chapter, not always) place greater weight on experienced changes in their finances than rich voters do. Employment insecurity, in contrast, may increase the risks of a voter experiencing a decline in income but does not affect the marginal impact of any and all declines in income that a person actually experiences. Thus we expect:

> **Hypothesis 6.2:** Workers who feel insecure in their present employment situation will not place any more weight on evaluations of their personal economic situation when evaluating the incumbent president and his or her party than similar voters whose jobs are less vulnerable.

These are the two basic hypotheses that we intend to test in this chapter. One could imagine, however, that the prediction regarding sociotropic voting could be made more precise; we could predict, as we do in the next chapter with regards to informally employed workers, that workers who feel nervous in their current economic situation would especially place weight on the ability of candidates to create jobs. Unfortunately,

however, the Peruvian survey that we use to test that hypothesis in Chapter 7 does not contain a measure of worker insecurity. Moreover, the implications of this framework are that insecure workers will support candidates who promise to invest in social-safety nets and place more weight on those safety nets than other voters. Again, we do not have the data to test these hypotheses here but merely highlight them for further study.

Unemployment Insecurity in Latin America

In this chapter, we depart from the research design of the other chapters and utilize a broad, cross-national survey. The main reason for this is that by increasing the scope of the sample we have better statistical leverage for isolating the causal mechanism of interest while assuring that it is not specific to a single country context. In fact, if we had cross-national survey data on the other forms of vulnerability, we might not use the country by country approach that we use in the other chapters. Because the Latinobarometer has frequently asked about voter insecurity about becoming unemployed, we leverage this larger sample to test Hypothesis 6.1 and Hypothesis 6.2.[3] Moreover, by including dynamics from countries with different base-levels of insecurity, we increase the variance in the main independent variable.

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[3] We use the 2002 survey because we had been analyzing it for a separate study on democratic values and this survey has a large battery on that topic. Having thus sunk the costs to format the data, we utilize this survey here. We expect that the same relationship should hold if we were to use the other Latinobarometers.

The data in this chapter comes from the 2002 Latinobarometer Surveys, conducted in 17 countries in April and May of 2002.[4] In every country but one, at least 1000 citizens were selected from a sample that used a stratified probabilistic sample to select residences and then a quota sample by age and gender to select respondents (Paraguay had 600 respondents). The geographic coverage of the sample varied by country, with Argentina (73.8% of the total population being covered), Brazil (65.66%), Chile (70%), Colombia (51%), Paraguay (30%), Uruguay (80.01%), and (Venezuela (48.87%) falling short of 100 percent coverage of the country due to a reliance on largely urban samples with selective inclusion of rural areas (Latinobarómetro 2002, 13-15).

The main independent variable of interest in this chapter is the degree to which voters are insecure in their primary employment situation. The survey included the question:

> How concerned would you say you are that you will be left without work or unemployed during the next 12 months? Very concerned, concerned, a little concerned, or not at all concerned?[5]

From this question, we generate a 4-point variable that takes the value of 0 if the respondent is not at all concerned about losing their job and 3 if the respondent is very concerned. As a result of how this question is phrased, respondents who were not

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[4] The countries included are Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela

[5] P26st.

working due to being unemployed, a student, homemaker, or retired are excluded from the sample; these excluded groups comprise about 46 percent of the overall sample. Unfortunately, the survey does not ask about the employment situation of the primary wage earner in the home but only the respondent.

The average level of employment insecurity captured by this question has remained relatively high over the 1996-2005 period for which data have been released (Figure 6.1 below), with more than 70 percent of respondents to these region-wide surveys reporting being somewhat or very concerned about becoming unemployed. The degree of concern varies substantially by country, however, with employees feeling much more insecure about becoming unemployed in Uruguay and Costa Rica than in Honduras or Nicaragua (Figure 6.2 below).

Looking across the country trends, there is a general positive correlation between unemployment rates and nervousness about becoming unemployed. This correlation is far from perfect, however; Uruguay's 17 percent unemployment rate in 2002 was among the highest in the region while Honduras' 3.8 percent rate was among the lowest and yet Uruguay has among the lowest levels job insecurity while Honduras has among the highest. Preliminary analyses suggest that average levels of job insecurity in these 17 countries were increasing with unemployment and inflation levels and with FDI as a share of GDP (consistent with Scheve and Slaughter's individual-level analysis of the UK). Insecurity increases with high-levels of growth rate, though this latter result in

Figure 6.1: Percentage of Respondents Across Latin American Who Are Concerned with becoming Unemployed in Next 12 Months, 1996-2005

this small sample appears to be a function of Uruguay's 2002 recession. There is no obvious correlation with level of development, the reliance of the economy on agriculture, or volatility in growth or unemployment rates.

Levels of employment insecurity seem to be large in comparative perspective. When workers in EU member-countries were asked in 1999, for example, whether they "worry about the security of their present work" less than 30 percent of workers admitted to feeling insecure in every country except Germany (36%), Greece (60%), Italy (48%), and Spain (63%) (Böckerman 2004, 289). While these percentages cannot be

Figure 6.2: Percentage of Respondents in Latin American Countries Who Are Concerned with becoming Unemployed in Next 12 Months, 2002

strictly compared to those reported above because of the different question metric, they do suggest that workers in developed countries feel less threatened with becoming unemployed than in Latin America.

Effects of Insecurity on Voting Behavior

In Hypothesis 6.1, we predict that voters who are insecure in their employment will place greater weight on the state of the national economy when evaluating the incumbent and his or her party. To test this intuition, we model voter approval of the

incumbent president using a binary measure that takes the value of 1 if the voter approves of the way the president is running the country and 0 if the respondent disapproves. As our indicator of sociotropic voting, we use voters' evaluations of the current state of the national economy on a 5-point scale ranging from "very bad" to "very good," which we expect will be positively correlated with support for the incumbent. We then multiplicatively interact this measure with our indicator of employment insecurity and expect that the subsequently estimated variable will have a positive slope as increased insecurity means greater attention to the risks and opportunities associated with changes in national economic conditions. In addition, to test the prediction in Hypothesis 6.2 that employment insecurity will not affect pocketbook voting, we interact this same measure with a measure of how the respondent evaluates their personal economic situation measured on the same 5-point scale and expect it to not be significantly different than 0.

We nest these tests in a larger model of presidential approval using retrospective evaluations of other policy areas that were available on the survey as well as demographic controls. One challenge with modeling executive approval across contexts is that respondent positions on specific issue areas (e.g. support for neo-liberal reforms) may be positively correlated with support for the president in one context and negatively correlated with support for the president in other contexts depending upon the executive's personal stands and partisanship. Hence we restrict the substantive

controls to 3 issue areas measuring incumbent performance: corruption, crime, and drug addiction. For these three areas, respondents were asked if these problems had gotten better or worse over the previous year in their country; for all three we expect that negative assessments will undermine support for the executive. We also control for various demographic characteristics of the respondent such as their gender, age, and education level. Finally, per the analysis in Chapter 5 we include a measure of the respondent's financial security (was their income sufficient to make ends meet or not) and interact this with both the egotropic and sociotropic evaluations of the economy.[6] The specific variables included in the analysis are outlined in Appendix 22.

A final challenge in modeling approval across different contexts is that dynamics of public opinion and the sample generation processes vary across countries. In addition, in each country there are likely to be idiosyncratic predictors of incumbent support that we do not include in the model. As a result, we should expect that the errors to our model will cluster by country. When our interest is to model these variations in causal processes across countries, then the appropriate treatment is to use some sort of multi-level modeling (Steenbergen and Jones 2002, 223). If, however, the clustering is a "statistical nuisance" and not of theoretical interest to the researcher, then the use of corrections for clustering such as Robust standard errors or the inclusion of

[6] Does your salary and the total of your family's salary allow you to satisfactorily cover your needs? Which of the following situations do you find yourself in? Does not cover them, there are great difficulties; Does not cover them, there are difficulties; Covers them all right, without great difficulty; Covers them well, we can save? High values thus represent the ability to meet ones' needs.

country-fixed effects "perfectly capture any clustering for subgroups that may exist in the data" and "meet the statistical challenge" (Steebergen and Jones 2002, 220-221). As a result, in the analyses that follow we first use Huber-White standard errors corrected for clustering and then estimate the model with fixed intercepts for all countries (though we do not present these estimates to preserve space). Finally, it is also possible that even the demographic traits included in the model as controls have differential effects by country (groups might be supportive of the incumbent in some societies and oppose him or her in others) and hence, again in results which we do not fully report, we estimate a random effects model whereby the effect of all controls is allowed to vary across country. In all these specifications, our intent is to show that the dynamic between insecurity and economic voting is robust to specification choices.

Because the measure of executive approval is dichotomous, we model it using a binary logit regression. The results of the regression are reported in Table 6.1 (below). In the first column, we estimate a baseline model without the interaction terms of economic evaluations with wealth and employment insecurity. In the second column, we add the interaction terms of interest. In the third column we replace Huber-White standard errors with a model where separate intercepts are estimated for each country. Then in the fourth column we interact country dummies with the demographic variables gender, age, education level, and the respondent's native tongue being an indigenous

dialect to allow for their effects to vary across context. We thus do not report the coefficients for these variables but discuss their effects in the text.

Looking first at the non-economic factors, there is evidence in Table 6.1 that voters are holding incumbents responsible for outcomes besides economics. Beliefs that crime and corruption have gotten worse in a country are associated with lower levels of support for the incumbent while, interestingly, beliefs that drug consumption and addiction are increasing does not seem to have a universal political impact. This non-finding with respect to drugs corresponds with previous work on the bases of public support for the incumbent in Mexico by the author showing that drugs are less salient than many other economic and social issues in the region (Singer and Rosas 2007).

With regards to demographic variables, there is substantial volatility in their effect due to differences in the social cleavages represented by the incumbent in each country. Education, for example, is negatively correlated with support for the incumbent on average across the sample after controlling for country-specific effects but when we allow its effect to vary across countries in column 4, it has no effect on voter attitudes in Bolivia, Colombia, Chile, Ecuador, El Salvador, Honduras, Mexico, Nicaragua, Peru, Uruguay, and Venezuela while having a negative effect on support for the incumbent elsewhere that is both significantly larger than 0 and substantively quite large (results not reported). Specifically, in the remaining 6 countries, a one standard deviation change in educational differences would have the same predicted effect on

Table 6.1: Employment Insecurity, and Approval of Latin American Presidents, 2002

	[1]	[2]	[3]	[4]
Nation's Economy	0.583***	0.194*	0.148	0.141
	(0.089)	(0.085)	(0.102)	(0.103)
Personal Finances	0.067	0.204°	0.185	0.189
	(0.062)	(0.123)	(0.115)	(0.116)
Nervous About losing Job	-0.016	-0.062	-0.118	-0.116
	(0.032)	(0.080)	(0.082)	(0.083)
Nervous*National Economy		0.086*	0.085**	0.086**
		(0.041)	(0.031)	(0.032)
Nervous*Personal Finances		-0.039	-0.014	-0.019
		(0.034)	(0.037)	(0.037)
Income Sufficient to Meet Needs	0.049	-0.089	-0.011	-0.023
	(0.080)	(0.122)	(0.091)	(0.092)
Income*National Economy		0.142***	0.131***	0.135***
		(0.030)	(0.039)	(0.039)
Income*Personal Finances		-0.032	-0.041	-0.032
		(0.040)	(0.041)	(0.042)
Crime Gotten Worse	-0.220***	-0.223***	-0.157***	-0.158***
	(0.056)	(0.056)	(0.037)	(0.037)
Drug Addiction Gotten Worse	0.035	0.034	0.018	0.013
	(0.062)	(0.062)	(0.038)	(0.039)
Corruption Has Gotten Worse	-0.245***	-0.241***	-0.207***	-0.209***
	(0.048)	(0.048)	(0.035)	(0.035)
Female	0.004	0.007	-0.014	
	(0.062)	(0.064)	(0.055)	
Age	0.003	0.003	0.005**	
	(0.004)	(0.004)	(0.002)	
Education	-0.024	-0.024	-0.020**	
	(0.021)	(0.021)	(0.007)	
Not Spanish or Portuguese	-0.183	-0.160	-0.047	
	(0.271)	(0.264)	(0.155)	
Constant	0.185	0.470	-0.519	1.138
	(0.734)	(0.745)	(0.333)	(0.749)
Number of Observations	8210	8210	8210	8197
χ^2	592.27***	8278.99***	2152.91***	2254.46***
Pseudo R^2	0.079	0.081	0.196	0.206
Log pseudolikelihood	-5056.094	-5045.248	-4414.904	-4353.231
Errors Adjusted for Clustering	Y	Y	N	N
Fixed Country Effects	N	N	Y	Y
Demographics Vary by Country	N	N	N	Y

° p<0.10, * p<0.05, ** p<0.01, *** p<0.001
Standard Errors in Parentheses

support for the incumbent as a 1 standard deviation change in evaluations of corruption in the country. Similar variations are observable in the effects of gender, age, and language background across countries. Hence to diagnose the importance of these variables, we performed an F-test asking if the inclusion of each demographic variable and its interaction with each country dummy improved the fit of the model relative to the model in Column 3. The joint significance tests for gender, when allowing its effect to vary, and age both approach conventional levels of statistical significance ($p<0.07$) while the F-test confirms that education is an important predictor of support for the incumbent in some contexts ($p<0.001$).

Our primary interest in this chapter, however, is in the effect of economic perceptions on support for the incumbent and especially in testing whether nervousness about one's employment shifts the frame through which the incumbent is judged. The results in the first column suggest that approval of incumbent presidents in Latin America is largely driven, as it is in most other contexts, by sociotropic factors. Voters who believe that the current state of the economy is positive are more likely to approve of the incumbent than those who have a negative view of the current state of the nation. The results in columns 2-4 also are partially consistent with the analysis in Chapter 5: personal wealth is associated with increased reliance on the national economy but, in contrast to our expectations, poverty is not associated with egotropic voting.

From this baseline, we estimate the effect of employment insecurity. Interestingly, nervousness about losing one's job in the future does not have a significant direct effect on support for the incumbent, meaning that workers who fear for their jobs are no more likely to oppose the president than those who feel confident. This is consistent with Mughan and Lacy's (2002) finding that voters punish incumbents for increases in job insecurity in the nation as a whole, not their own personal vulnerability. However, in Columns 2-4, we see that nervousness about becoming unemployed does enhance sociotropic voting. After controlling for differences in levels of nervousness across states by including state dummies, the results in columns 3-4 imply that low-income workers who are not at all nervous about losing their job, all else being equal, give no weight to the state of the national economy. However, nervousness about losing one's job results in significantly increasing the weight given sociotropic evaluations when judging the incumbent. Thus the data are consistent with Hypothesis 6.1. Also, per Hypothesis 6.2, employment insecurity only enhances sociotropic voting but does not impact the salience of pocketbook concerns. The interactive effect between nervousness and egotropic voting is not significantly different from 0 and thus marginal increases in employment security do not significantly increase the marginal importance of egotropic evaluations.[7]

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[7] If anything, egotropic voting decreases with insecurity, though this marginal effect is far from being significant at conventional levels.

The size of employment insecurity's magnifying effect on the salience of sociotropic concerns is illustrated in the two graphs in Figure 6.3 (below). In each graph, we plot the predicted probability that an average voter approves of the incumbent given their evaluation of the national economy Because the effect of sociotropic concerns is also conditioned by the respondent's income, we plot the predicted probabilities separately for a low income voter (the top graph) and also for a high income voter (the lower graph). The first thing that is obvious from the two figures is that one indirect effect of high income's enhancement of the economy's salience is that there is less additional room for nervousness about employment to magnify economic voting even more. Thus the magnifying effect of employment insecurity is especially pronounced among low income voters who otherwise would have few incentives to cast a sociotropic vote. Among poor voters, the predicted effect of a voter who is confident in her employment changing her evaluation of the national economy from the lowest to the highest value is an increased probability of supporting the incumbent of 0.46. If the low-income voter were instead very insecure in their employment, the predicted increase in supporting the incumbent becomes 0.67, and increase of 44 percent. In contrast, among high income voters changing the sociotropic measure from its minimum to its maximum increases support for the incumbent by 0.78 among those who are securely employed and by 0.90 among the insecure, an increase of only 14 percent.

Figure 6.3: Predicted Effect of Sociotropic Evaluations on Approval of Latin American Presidents by Income Group and Employment Security, 2002

Another interesting feature of the predicted probabilities graphed in Figure 6.3 is that for most values of the sociotropic indicator the effect of enhanced insecurity is higher levels of support for the incumbent. However, this effect should be interpreted with caution, because in the model specifications we have constrained insecurity to have the same effect for all incumbents whereas we might imagine that insecurity would, on average, lead voters to reject a right-leaning incumbent and perhaps to support a left-leaning incumbent. Thus the counter-intuitive effect of insecurity on average might be a function of the types of incumbents that predominate in our sample. However, the results do clearly show that insecure voters who are optimistic about the economy will be more supportive of the incumbent than voters who are equally optimistic but have fewer incentives to reward the incumbent for the strong national economy.

To put employment insecurity's intervening effect in context, we can contrast its effect on sociotropic voting with the effect of wealth. The percentage change in the predicted probabilities of changing a voter's nervousness from its minimum to its maximum value on the effect of sociotropic evaluations is an increase of 44 percent for low income voters and 14 percent for high income voters. In contrast, the predicted effect of changing a voter's wealth from its minimum to its maximum value on the effect sociotropic evaluations is 69 percent for voters who are secure in their employment and 34 percent for those who are very nervous about losing their job. Differences in wealth

have a larger effect on the relative salience of the national economy than differences in employment security do. However, for voters for whom the economy is not already salient, employment insecurity can greatly magnify the incentives voters have to hold incumbent accountable for economic outcomes while the effect of employment insecurity remains marginally important even for voters that already have a stake in the national economy.

Another way to put these effects in context is to simulate for every voter in the sample (instead of just a hypothetical average voter) the likelihood of supporting the incumbent under two different conditions: feeling very secure in her employment and feeling very insecure in her employment. We can then compare what the predicted approval rating for the president in each country would have been if the sample of voters that was interviewed had all seen the economy as salient because they were nervous about their jobs with what it would have been if all voters were secure in their employment. In Figure 6.4, we graph the percentage of respondents who are predicted to approve of the President given their demographic characteristics and evaluations of his or her handling of the economy under these two hypothetical distributions of insecurity.[8] The x-symbol points are what the approval ratings would have been if all voters had been very secure in their employment situation while the circle points are

[8] We use the predicted probabilities for each respondent and then use 0.50 as the cut point for presidential approval.

Figure 6.4: Predicted Incumbent Support if All Employment Were Secure or Insecure

the predicted approval ratings if all voters had placed the maximum weight on their evaluations of the economy given their economic status. Countries are distributed along the X-axis according to the average economic mood in the country to compare the returns to optimism under different levels of salience.

As in the predicted probabilities in Figure 6.3, the simulations in 6.4 demonstrate that changing the economy's salience does not impact approval ratings in countries where attitudes toward the economy are very negative. Interim-President Duhalde in Argentina would have been just as unpopular given the continued difficulties of the economy after ending the pegged exchange rate with the dollar in January 2002 if everyone gave the minimum weight to the state of the economy because all voters

agreed that the economy was very bad. In fact, under these conditions of crises we might say that employment insecurity cannot make the economy any more salient than it already is.[9] However, as attitudes toward the economy become more varied and voters become optimistic, increases in the economy's salience, even if they occur because the voter is objectively more vulnerable, can lead to large returns for presidents who oversee strong economies.

The case of Costa Rica is especially interesting in this regard. The 2002 survey used here came at the end of Miguel Ángel Rodríguez's 4 year term in office. While the 2001-2002 slowdown that affected all Latin American economies reduced growth rates during the last two years he was in office, the Costa Rican economy expanded faster than all other countries in the region except Mexico and Nicaragua over the period he was in office. As a result, voters in Costa Rica were fairly optimistic about the state of the economy. However, Rodríguez's personal popularity still struggled throughout the latter portion of his term (despite relatively high approval ratings) and his party's nominee won the presidency in 2002 partially through repudiating his party's standard bearer and his economic policies (Wilson 2003). Part of Rodriguez's struggles stemmed from his failed privatization of the telecommunications industry, but the data here also suggests that he failed to gain the full rewards from overseeing a (relatively) strong

[9] Though we do show in the next chapter that informal employment enhanced the weight given to job creation during the Argentine crisis.

economy because with one of the most secure workforces in Latin America, economic performance is simply not as important to voters as it is in other countries. For example, among the 50.1 percent of the Costa Rican population that believed that the current state of the economy was "average", the model in Table 6.1 predicts that only 23 percent will approve of the incumbent. If, however, all voters holding that relatively positive view of the economy had placed the same weight on the state of the national markets as those who felt personally insecure in their job, then his approval among this group increases to 78 percent. Thus the low salience of economic performance, in this case, resulted in the president not being rewarded for the economic policies that produced that stability in the first place.

The results in the previous section thus confirm Hypothesis 6.1; fears of becoming unemployed force voter attention on the national economy. The result, ironically, is that voters who feel insecure have greater incentives to reward politicians for a strong economy than the rest of the electorate does. The question, then, is which voters feel insecure in their present employment.

Determinants of Employment Insecurity in Latin America

As we outline above, studies of voter insecurity in Europe largely focus on the impact of specific employment situations on employment security. Rehm (2005), for example, demonstrates that occupational unemployment rates affect the perceived risks workers face, while Scheve and Slaughter (2004) isolate differences across sectors in the

threats from globalization. Cusack et al (2007) find that workers whose skills are sufficiently specific to make employment in other sectors difficult perceive greater threats. Unfortunately, surveys in Latin America do not provide sectoral measures of employment types at sufficient levels of detail to replicate these West European studies. The best that we can do is compare different types of employment arrangements. In Table 6.2, we break down respondents according to whether they self-classify as being publicly employed, privately employed, or self employed. Then within the latter two categories we differentiate whether the worker was professional (the listed examples are "doctor, lawyer, pawnbroker, architect") or an executive (we collapse professionals and executives within the private sector), a business owner, a farmer, or other form of worker. In Table 6.3, then, we model the measure of employment insecurity used in the previous analysis as a function of these employment categories and demographic controls using an ordered logit analysis. The expectation is that civil service and political ties will make public employees feel secure in their employment as should ownership of capital provide confidence for self employed business owners and farmers. The question, however, is whether workers who freelance and are otherwise self-employed can be differentiated from workers who are wage earners.[10] We also control

[10] Unfortunately, this survey also does not have a measure of whether or not a respondent is a union member.

Table 6.2: Employment Categories in Latin America

Employment Category	Percent
Publicly Employed	16.8
Privately Employed: Professional/Management	4.3
Privately Employed: Other	25
Self Employed/Freelancer: Business Owner	12.6
Self Employed/ Freelancer: Professional	2.4
Self Employed/ Freelancer: Farmer	6.5
Self Employed/ Freelancer: Other	31.4

for the demographic factors suggested by previous research on insecurity as outlined in the literature review above.

As in Table 6.1, we corrected for intra-country clustering by both estimating adjusted White-Huber standard errors and also by including a series of country dummies. Both specifications largely yield the same inferences with respect to the demographic variables and the results are largely consistent with the extant literature. For example, voters who are poor are more likely to feel insecure in their employment than those who are rich. It is thus interesting to note that despite the correlation with poverty (which undermines sociotropic voting) nervousness about becoming unemployed still enhances the salience of the national economy. Women feel more insecure in their jobs then men (in contrast to most of the studies in the developed world cited above), and younger workers feel more insecure then older ones. Higher levels of education are also associated with lower insecurity, though this effect declines in magnitude and consistency with the addition of country dummies. Finally, indigenous

Table 6.3: Determinants of Employment Insecurity in Latin America, 2002

	[1]	[2]
Publicly Employed	-0.228**	-0.229***
	(0.074)	(0.061)
Privately Employed: Professional/Management	-0.151	-0.187*
	(0.113)	(0.079)
Privately Employed: Other	0.018	0.053
	(0.055)	(0.056)
Self Employed: Business Owner	-0.256*	-0.337***
	(0.109)	(0.068)
Self Employed: Professional	-0.274	-0.272*
	(0.213)	(0.135)
Self Employed: Farmer	-0.300*	-0.330***
	(0.149)	(0.092)
Income Sufficient	-0.430***	-0.429***
	(0.045)	(0.026)
Female	0.150***	0.156***
	(0.035)	(0.043)
Age	-0.005*	-0.004**
	(0.002)	(0.002)
Education	-0.012*	-0.007
	(0.006)	(0.006)
Language Not Spanish or Portuguese	0.096	0.035
	(0.241)	(0.112)
(cut 1)	-3.253	-3.396
	(0.145)	(0.143)
(cut 2)	-2.289	-2.426
	(0.136)	(0.140)
(cut 3)	-1.202	-1.324
	(0.152)	(0.139)
Number of Observations	9402	9402
Wald χ^2	211.7***	565.57***
Pseudo R^2	0.020	0.027
Log Pseudolikelihood	-10415.73	-10342.02
Errors Adjusted for Clustering	Y	N
Fixed Country Effects	N	Y

° p<0.10, * p<0.05, ** p<0.01, *** p<0.001
Standard Errors in Parentheses

respondents are no more nervous in their jobs, after controlling for other features, than the rest of the population.

Job insecurity is also strongly tied to the type of job that a worker has. Public employees are less likely to feel nervous about being fired. Workers who are their own boss, business owners and farmers, also have few worries about being let go. There is also some evidence that workers who describe themselves as having professional-level skills and qualifications are less worried about being fired no matter if they work in the private sector as a wage employee or freelance, though this difference is only significantly different from 0 when country-dummies are added. More interestingly, there is no significant difference between non-professional wage-employees in the private sector and non-professional freelancers, a group that many observers consider the informal sector.[11] In the next chapter, we demonstrate that this is because the type of employer weakly matches up with the "real" source of insecurity associated with informality--access to wage benefits and unemployment insurance. These guarantees likely matter more than the mere type of employer one has though the Latinobarometer data does not provide sufficient data to test this intuition.

In general, then, the small pseudo R^2 suggests that much of job insecurity is tied to characteristics of people and situations that our model cannot sufficiently identify. However, broad trends do emerge. Jobs which give workers guarantees against firing

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[11] Specifically, those that define informality by the size of the employee's firm.

(e.g. the public sector) or which provide workers with capital (business ownership, farming) reduce insecurity as does possession of education and skills that make workers valuable. Finally, insecurity is concentrated among the poor and women. Thus it is these groups who do not have protections of positions, skills, or status in which we expect anxiety to create an economic vote.

Discussion

The data analysis presented in this chapter confirms Hypothesis 6.1: voters who feel insecure in their jobs place greater weight on national economic conditions when evaluating the incumbent than the rest of the electorate.[12] However, this effect is not as large we in magnitude as the effect of income on sociotropic voting outlined in Chapter 5 nor the general effects of salience weighting studied in Chapter 4. There are three reasons why this might be the case.

First, it might be that differences in job security are not adequately captured by the survey-based measure used here: workers who report "not at all concerned" about being fired might not really feel all that more secure than those who are very concerned about fired in an economy where objective levels of job insecurity are high. Thus if we had a measure of insecurity that was more fine tuned, such as one based on the specific

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[12] It is also worth noting that as an additional robustness check we have estimated a model identical to the one in Table 6.1 on a large cross-national survey conducted in eastern Europe in 1999-2000. While we do not present those results here, they are consistent with the ones presented in this chapter, thus providing additional evidence of their robustness.

risks tied to different industries and skill profiles, then the effect of vulnerability (now properly measured) would be robust. Also, it might be that the more relevant category is not whether the respondent will become unemployed but whether the primary wage earner will become unemployed, which the question analyzed above does not tap.

Second, it is possible that we are examining the wrong form of job insecurity. As we noted at the beginning of this chapter, scholars distinguish between anxiety about becoming unemployed and anxiety about being able to find a job should they become unemployed. These two forms of anxiety are not necessarily correlated. Many workers who feel fairly secure about their present employment might still have much to fear from an employment shock because if they are fired, they will be unemployed for a long time whereas workers who feel quite insecure in their present job might be convinced that they will get another job (though perhaps one that is equally as insecure) at any time in the future. Thus perhaps it is the combination of these types of risk: low security in the present job plus high difficulty in finding employment in the future that we should be focusing on.

Third, and this is an extension of the previous point, perhaps not all vulnerable workers are equally insecure. Specifically, among those workers who face the threat of dismissal should the economy contract, we should expect there to be differences in the degree to which being fired affects personal consumption. These differences, for example, might be a function of whether fired workers could expect to receive severance

pay. Or they could be a function of the degree to which welfare protections in their country cover them. If workers have safety-nets to fall back on, they may have less to fear even if their employment situation is tenuous. Thus we turn to these two issues in the next two chapters.

7. Informal Employment

> *"For a majority of workers in the informal economy a not uncommon pattern is movement from one crisis to another, managing to break even till another crisis strikes"* (Dasgupta 2003, 1). [1]

Visitors to developing countries often become overwhelmed with the flux of street vendors lining the sidewalks, displaying their wares in permanent booths, makeshift tables, pushable carts, and even blankets on the street. These workers are among the most visible examples of the informally employed: workers who do not pay taxes, are not included in lists of workers given to labor ministries, do not have monies withheld from their paychecks for inclusion in the national pension program and unemployment programs, and who do not have the guarantees associated with having a written contract with their employer. The majority of unprotected workers are not street vendors, however; informal employment exists within firms of all sizes and all productive segments of the economy. While these types of employment arrangements are most common in developing countries (especially Latin America, Africa, and South Asia), employment informalization is also increasing in many developed countries as firms and governments seek to reduce labor costs associated with worker protections and insurance and increase hiring flexibility (ILO 2002, Schneider and Klingmair 2004).

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[1] Cynthia Pok and Jorge Paz deserve special thanks for helping me understand the dynamics of the Argentine informal economy over the previous decade. All errors, of course, remain our own.

What informally employed workers have in common is a certain precariousness of existence. Workers whose relationships with their employer are not fully formalized are denied protections that, in the medium term, make them vulnerable to severe income shocks and unemployment while denying them access to many safety nets that would cushion these shocks. The results are increased poverty and wage variability, dissatisfaction with their current employment, and, as we argue in this chapter, incentives for these workers and their dependents to focus their political energies on questions of economic policy and job creation as a way of mitigating economic risks.

With the growth of informal economies has come increased attention to their impact on countries' growth trajectories and patterns of development. The impact of the informal economy on economic outcomes remains unclear. Some argue that the informal economy operates more efficiently than many formal economies because it is not burdened by excessive regulation (de Soto 1989, Alonzo 1991), creates small-scale productive enterprises that reduce unemployment and supplement household incomes (Maloney 2004, Edin and Lein 1997, Fernandez-Kelly 1995, Beck et al 2005), and softens the dislocations associated with economic shocks by absorbing displaced labor (Portes et al 1989, Neri and Thomas 2000, Meagher 1995, Diaz 1993, Cuningham and Maloney 2000). In contrast, other studies argue that informal economies stunt growth because of a lack of credit access (Bell 1990, Huq and Sultan 1991, Tokman 2001, Tsai 2004) and formal property rights (Centeno and Portes 2006) while reductions in tax revenues and

social-service distribution slow the production of human capital (Loayza 1997, Funkhouser 1997, Loayza et al 2005). Also, informal firms often exist without state regulation only through the payment of bribes (De Soto 1989, Marcouiller and Young 1995, Johnson et al 2000). A similar debate exists on whether the informal economy reduces poverty by creating employment and opportunities for entrepreneurship (Hart 1973, Rakowsky 1994, Ssewamala et al 2006, Sethuraman 1997) or locks the informally employed into low-quality environments that do not provide the security usually associated with employment (Amuedo-Durantes 2004, Lund and Srinivas 2002, Canagarajah and Sethuraman 2001).

The growth of the informal economy is also predicted to have a profound impact on the organization of political competition. For example, because informalization often comes at the expense of organized labor, the growth of the informal economy has been linked to the breakdown of labor-based parties (Levitsky 2003) and resulting electoral volatility and the support of anti-system candidates (Cameron 1991, 1992, 1994; c.f. Kenney 2003, 2004). At the same time, unions of informal workers exist (Cross 1998) and have been key in leveraging their independence from traditional party structures to achieve their political goals (Cross 1998). A few papers have utilized surveys of informally–employed workers to examine whether they have especially low-levels of trust in democracy and political efficacy and lower propensities to participate in politics due to their poverty and exclusion of traditional market structures and organizations

(Aguilar 1995, Aguilar and Thornton 1998, Thorton 2000). Individual-level analyses of how informal employment shapes electoral behavior remain very limited, however, and do not explicitly compare the informally employed with the rest of the electorate in the same sample. By explicitly theorizing about the role of informality in creating economic vulnerabilities and preferences for economic security and testing this argument with survey data from Argentina, Mexico, and Peru, this chapter attempts to fill these gaps.

In the analyses that follow, we examine the specific forms of vulnerability that should be associated with informal employment. Specifically, we argue that the informally employed are placed at both greater likelihood of wage contractions and unemployment should the economy flounder and denied access to many of the economic and social safety-nets that would help them cope with such a dislocation. In this framework, we hypothesize that the economic insecurity associated with informal employment enhances the importance of strong national economic conditions and vibrant labor markets to provide options to cope with that insecurity. The result should be increased salience of sociotropic concerns for the informally employed when they evaluate the incumbent or vote. To test this proposition, we first analyze the determinants of Argentine citizens' opinions of President Nestor Kirchner during 2005-2006. We focus primarily on Argentina because its national census and statistics bureau has compiled a great deal of data on informal employment that allow us to place the contemporary survey analysis into a larger economic and political context, thereby

demonstrating the proposed link between informal employment and economic insecurity and vulnerability. After examining the Argentine data, we then analyze the voting behavior of informal workers in the 2006 presidential elections in Peru and citizens ealuating Vicente Fox at the end of his term in Mexico. This second analyses allows us to explore the robustness of the Argentine analysis and further generalize about the types of economic outcomes to which informal employees respond. In all three cases, informal employment increases sociotropic voting.

Definitions: The Informal Sector and Informal Employment

A challenge in discussing the informal economy is that the term itself has multiple meanings both in the parlance of academics and policymakers and in the way in which it is measured.[2] The International Labor Organization (ILO) body responsible for measuring the informal economy, for example, differentiates between *employment in the informal sector* and *informal employment* (Hussmanns 2004). While these two concepts are closely related, our analytic interest in this chapter is primarily in the latter.

Broadly speaking, the *informal sector* is measured at the level of firms, not individual workers, and categorizes firms and their employees as pertaining to informal economy by two characteristics. First, firms are categorized on the basis of their size and primary activities, with the informal sector comprised of "small-scale units engaged in

[2] See Moser (1984), Rakowksi (1994), Gerxhani (2004) and Fernandez-Kelly and Sheffner (2006) for more extensive reviews of the debates on meaning and measurement.

the production and distribution of goods and services with the primary objective of generating employment and incomes to their participants notwithstanding the constraints on capital, both physical and human, and know how" (Sethuraman 1981, 17).[3] Because informal-sector enterprises are defined by their size and scope, workers who are employed in either household enterprises or small companies/micro-enterprises (usually delineated as those with less than 5 employees) are considered to be in the informal sector while those who work in larger enterprises are then, by definition, employed outside of the informal sector. The proportion of workers employed in small enterprises is the cross-national indicator of the informal economy's size published by CEPAL (e.g. Portes and Haller 2004) and also by the ILO (e.g. 2002).

The second characteristic of informal sector enterprises is the relationship of the firm to the state: "The informal economy is ... a process of income-generation characterized by one central feature: it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated" (Portes et al 1989, 12).[4] By this definition, the informal sector (or "the underground economy") is comprised of firms that are not registered with the government and, most importantly, do not pay taxes on their sales, product, or wages (Feige 1989). While these firms escape

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[3] See Hart (1973), Sethuraman (1981), Tokman (1989), and de Soto (1989) for prominent early analyses of the informal sector along these lines; note that these various studies that define the informal sector in the same general way have very different explanations for its origins and impact on both workers and the larger economy.

[4] See Centeno and Portes (2006) for a review and Mazumdar (1976) and Weeks (1975) for early statements of this argument.

bureaucratic regulations, they also may be disadvantaged in seeking protections in the courts, in gaining credit, and in gaining subsidies and other forms of support. While nearly impossible to measure, the size of the unofficial economy is usually estimated by subtracting official production figures (which will tend to exclude the production of firms not reporting to the government) from an estimate of total economic activity based on energy consumption or currency movement. Friedman et al (2000), for example, estimate the size of the unregulated economy using this methodology as a share of the national GDP for 69 countries.

A difficulty these definitions, however, is that they offer no clear guidelines for categorizing workers whose personal employment situation meets only one of the two definitional criteria of the informal sector. Large construction firms and many other types of employers often pay many of their workers in cash under the table to avoid paying taxes or contributing to government-mandated pension and insurance programs (Thornton 2000). Thus formal economy firms may also employ workers that form part of the informal economy. Alternatively, employers of small firms and even self-employed workers may choose to register themselves and their employees with the government and formalize their business, thus providing them with the protections and security that informal sector workers are often thought to lack (Farrell 2004).

This disparity between definition and practice resulted in the creation of an alternative definition of informal economic activity based on specifics of the voter. The

ILO-sponsored 17th International Conference of Labor Statisticians in 2003 defines *informal employment* as those workers who are denied the legal protections usually associated with employment:

> "Employees are considered to have informal jobs if their employment relationship is, in law or in practice, not subject to national labor legislation, income taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.) for reasons such as: non-declaration of the jobs or the employees; casual jobs or jobs of a limited short duration; jobs with hours of work or wages below a specified threshold (e.g. for social security contributions); employment by unincorporated enterprises or by persons in households; jobs where the employee's place of work is outside the premises of the employer's enterprise (e.g. outworkers without employment contract); or jobs, for which labor regulations are not applied, not enforced, or not complied with for any other reason" (Hussmanns 2004, 5).

This definition takes the concept of the underground economy and applies it to individuals and looks at their status with relation to their employer and the state. By moving the frame of analysis to the individual rather than the firm, it allows for the possibility that a firm might employ workers both formally and informally as circumstances allow.

Most importantly for the present purposes, however, this form of informality which denies workers specific protections should place voters in precarious economic situations with respect to evolving economic circumstances. Specifically, the informally employed usually lack two types of benefits associated with contracts (Freije 2004): employment security and access to coping resources should a dislocation occur.

The first threat facing the informally employed stems from the denial of severance protections such as notice prior to being dismissed, the ability to appeal

dismissals, and the right to severance pay, all of which making the informally employed workers easier and cheaper to fire than similar workers with contracts. This ease of firing may allow workers to charge a risk-premium for accepting a job where his or her employer does not need to provide legally mandated benefits or severance pay, though the evidence on this point is mixed (ILO 2004, Marcoullier et al 1997, Itzigsohn 2000, c.f. Funkhouser 1997, Amuedo-Dorantes 2004) However, the ease of being dismissed makes informal employment associated with higher income volatility as national economic slowdowns result in employers cutting hours or firing the informally employed first (Marcoullier et al 1997, Barbieto and Lo Vuolo 2003, ILO 2004). Lacking a contract is especially associated with the risks of a severe drop in income in which the household goes hungry (ILO 2004). Surveys by economists show that informal employment is associated with both greater fear of becoming unemployed (Lora and Márquez 1998) and greater risks of actually becoming unemployed (Márquez and Páges 1998).

The second threat facing the informally employed is that working without a contract reduces access to many of the safety-nets that would ameliorate the risks associated with unemployment (Lund and Srinivas 2002, Canagarajah and Sethurman 2001). The informally employed have little leverage to demand legally mandated severance pay or holiday bonuses from their employers. Moreover, workers without contracts usually do not pay into national pension, unemployment, and healthcare programs and thus are usually denied the benefits from them (Mazza 2000). By

reducing access to safety nets that can smooth income shocks, informal employment enhances the impact of the wage and employment variability that are already inherent to informal employment. As a result, informally employed voters can only cope by seeking additional hours and new employment options; informally employed workers are more likely to be seeking additional hours, to have a second job, and to be actively looking for new employment than similar formal employees (ILO 2004, Avirgan et al 2004, El Mahdi and Amer 2003).

In Chapter 2, we identify two general sources of vulnerability facing households, exposure to risks and inability to cope with dislocations, that should raise the salience of economic performance and result in increased economic voting. Informal employment clearly combines both of those elements. These vulnerabilities tie household's welfare strongly to the national economy. While their lower wage costs make informal employees attractive during economic booms, their ease of dismissal makes them the first to be fired in an economic slowdown. Thus informality increases the risks and rewards associated with shifts in the macroeconomy. If informal employment makes voters vulnerable and exposed to shifts in the national economy, then the framework of issue salience outlined in Chapter 2 suggests this personal importance should translate into greater incentives to monitor the state of the economy and how politicians are managing it while increasing the accessibility of economic concerns. The result, we

propose, is that the informally employed will place heavy weight on the overall state of the economy.

Hypothesis 7.1: Informal employment will enhance the salience of sociotropic evaluations as voters evaluate the incumbent and form candidate preferences.

In other words, workers in the informal economy will value politicians who will manage an economy in such a way to reduce the risks inherent to having unstable employment.

Besides creating incentives to monitor overall economic performance, informality should also specifically heighten the salience of job creation. The combination of vulnerability to firings and exclusion to safety-nets makes the informally employed dependent on a strong labor market to provide opportunities should they become dislocated since they have few other coping options. Highly mobile informally workers also strongly benefit from the opportunities afforded by strong labor markets. Thus we expect that the informally employed and those dependent upon their income will perceive that the state of the labor market have a large impact on their personal life and vote accordingly.

Hypothesis 7.2: Informal employment will enhance the salience of employment creation as voters evaluate the incumbent and form candidate preferences.

These two hypotheses specifically stem from the risk associated with informality. These risks are net of an additional common correlate of informality, poverty. In Chapter 3, we demonstrate that poverty often turns voters' attention toward their own

pocketbook while reducing their incentives to respond to national economic shifts vis a vis wealthy voters with greater stakes in the national economy. Informality, in contrast, leads voters to emphasize the national economy that serves to magnify risks and the job market that creates opportunities and coping abilities.

Measuring Informal Employment

A challenge in measuring the impact of informal employment arrangements on political outcomes is that data on informality are rare. There are no global datasets we are aware of on the number of workers employed without the protection of formal contracts or other elements of formal employment, thus making cross-national studies difficult. In the survey analysis that follows, we thus focus on cross-sectional measures of informality within electorates to contrast the attitudes and behaviors of workers with and without formal employment protections.

With its recent attention to individual's contractual situations as the basis of informal/formal sector employment, the ILO has developed a battery of questions to determine if a worker is formally or informally employed for use by national statistics agencies. While the ILO report lists 8 possible questions, 4 were given the most weight in the discussion and in the proposed measure of informal employment:[5]

Are you employed on the basis of a written contract or agreement?

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[5] Additional question topics include maternity leave, the length of the contract (temporary or permanent), the ease of being fired, and whether workers receive termination pay.

1. Yes

2. No

Does your employer pay contributions to the pension fund for you?

1. Yes

2. No

3. Do not know

Do you benefit from paid annual leave or from compensation instead of it?

1. Yes

2. No

3. Do not know

In case of incapacity to work due to health reasons, would you benefit from paid sick leave?

1. Yes

2. No

3. Do not know

Our survey research on the political behavior of informally employed workers and their dependents is based on a subset of this basic battery of questions. While the ILO battery contains multiple measures of the worker's situation and answering "no" to any of them is sufficient for being considered an informal employee, the expectation is that answers to these questions will be highly correlated and the workforce can be divided into those with most protections and those with hardly any. Hence, not all questions may be necessary to identify informal employment. For example, in an

October 2005 survey of citizens of the greater Buenos Aires area (described in more detail below), we arranged for the inclusion of three of the ILO's main indicators of informal employment. We only included three of the four highlighted questions due to space constraints for the questionnaire's length. Specifically, voters were asked:

- Does the principal source of household income have a formal contract with his employer (works in white (*en blanco*-a local definition for the formally employed)?[6]
- In the head of households' work, does his or her employer withhold payments for retirement/pensions?
- In his work, does the principal income source get paid sick leave?

As expected, answers to these three questions were fairly consistent. Among respondents in households where the primary wage earner was employed, 37 percent did not have a formal contract with their employer, 37 percent did not have income withheld for retirement or pensions, and 40 did not receive sick leave. Just over 30 percent of the surveyed population did not receive any of these three benefits while 40 percent of respondents received all of them. These percentages are consistent with national census estimates of informal employment in the Greater Buenos Aires region. A confirmatory factor analysis shows that answers to the three questions all load on a

[6] Voters were also allowed to say that the primary wage earner in their household was self-employed or unemployed

single factor with the same weight. As a result, we believe that any of these three measures could be singly used as a measure of whether or not a worker's employment should be considered informal without losing much information relative to the use of all three.

Hence in the 2006 Argentine and Peruvian surveys (also discussed in more detail below), we only use the question of whether or not the voter had a formal written contract to measure the status of the respondent's employment. We chose this question because a written contract is an obvious formal guarantee and is the requirement for protection under Argentina's labor laws, making this, to us at least, the most direct measure of the respondent's informal-formal status. However, the strong covariance between questions allows us to use the data from surveys that do not contain our preferred measure of informal employment (such as the census bureau data described in the next section) to describe and analyze the informally employed without a loss of validity.[7] Thus we also analyze a survey from Mexico that asked workers whether or not they received social-security benefits to analyze this topic in that context.

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[7] In addition, the conclusions of the statistical analysis of informal employment's effect in this electoral context reported below do not change if we define the informal sector as being comprised of people who received just one of the protections, just two of the protections, or as those who received all three. Similarly, using whether or not the voter is included in the national pension plan or gets sick leave as a single indicator of informal-sector participation also yields a significant intervening effect on economic voting. Hence we do not believe that the results presented below are contingent on the choice of indicator.

Informal Employment in Argentina: A General Overview

Substantial work has been done on the informal economy in all three countries. We focus here on Argentina because the literature has focused specifically on the nature of informal employment that interests us and because we were able to obtain household survey data from their census that contains measures of informality and thus allow us to illustrate concretely our arguments that informality lead to vulnerability and insecurity. Prior to looking at the behavior of the informally employed in Mexico and Peru, however, we briefly review the literature on informality in those countries as well.

Argentina has both a large informal sector (in the traditional sense of small firms) and also a substantial percentage of workers employed without formal protections. In Figure 7.1 (below) we plot annual data between 1992 and 2003 on these two types of employment.[8] The data are collected by the Instituto Nacional de Estadística y Censos (INDEC) in the permanent household survey (*encuesta permanente de hogares* EPH), a survey of 45,000 individuals in 13,000 households done twice a year in urban centers across the country.[9] Prior to 1998, the sample was drawn from 15 cities; from 1998-2003 the sample expanded to an additional 13 cities.[10] In Figure 7.1, workers are categorized

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[8] Data compiled by Centro de Estudios Distributivos, Laborales y Sociales, Universidad de La Plata. Available at http://www.depeco.econo.unlp.edu.ar/cedlas/

[9] The questionnaires, methodologies, and the data in SPSS form from these surveys can be downloaded from http://www.indec.mecon.gov.ar/

[10] As the Figure shows, the change in samples did make a difference in the estimates of both the informal sector's size as well as of overall informal employment, increasing both of them. In 2003, the sample again expanded, this time to rural areas. The proportion of informal sector workers and workers without pension

Figure 7.1: Informal Employment and the Informal Sector in Argentina, 1992-2003

as employed in the informal sector if they work in small firms (less than 5 employees), are unskilled self-employed workers, or are unpaid family employees. Also, per INDEC definitions, a worker was coded as being informally employed if their employer does not withdraw money from their paychecks for the national pension plan. This question is also one of the indicators proposed by the ILO.

As the data from Figure 7.1 demonstrate, there has been a general increase in both the informal sector and general informal employment over the previous 15 years, with the two series moving together. However, the percentage of workers without formal protections is consistently about 6-8 points lower than the share of workers

protection jumped substantially with the inclusion of rural areas, making comparisons to the previous period difficult. However, descriptive statistics from the 2006 first trimester survey are discussed below.

employed in activities classified as belonging to the informal sector, evidence that many "informal sector" workers in small firms are in fact given some of the protections of formal employment.

The distinction between the informal sector as usually operationalized by national and international statistical agencies and the concept of informal employment can also be illustrated using individual-level data from the 2006 EPH. For example, Table 7.1 categorizes the 9912 individuals interviewed in the survey who were both employed and worked for salary (i.e. were not self-employed) by both the type of firm they work for and their personal employment situation. Per INDEC definitions, a worker was categorized as pertaining to the informal sector if he or she was employed by a firm with less than 5 employees; 25.97 percent of workers were employed in small firms. To measure informal employment, we use individuals' answers to five questions about whether or not they received benefits mandated by national labor laws: sick leave, holiday bonuses (*Aguinaldo*), national pension withholdings and enrollment, paid vacation, and enrollment by their employer in the national unemployment insurance program. Of the survey's respondents, a substantial proportion of them did not receive all the benefits promised by law: roughly 43.8 percent did not have funds withheld from their paycheck for the national pension program, 41.6 percent did not receive legally mandated sick days, 43.2 percent were not enrolled in the national unemployment insurance program, 41.1 percent did not receive a legally-mandated paid vacation, and

41.5 percent did not receive the legally mandated holiday bonus. These various indicators of formal/informal employment protections covary fairly strongly; the share of salaried heads of households who received either all 5 of these legally mandated benefits and protections (53.8 percent) or who received none of them (37.85 percent) account for over 91 percent of all households. Hence in Table 7.1 we divide workers into three general categories: the fully formal (receive all 5 benefits and protections), the fully informal (receive none of the 5 benefits and protections), and the partially informal (receive some but not all benefits and protections).

The data in Table 7.1 suggest that there is a general correspondence between informal employment and working in what the Argentine INDEC considers the informal sector. For example, 2538 interviewed employed workers work in the informal sector and only 591, or 23.3 percent, of them receive all the formal benefits and protections mandated by national laws while, in contrast, 67.5 percent of workers employed in small "informal" firms do not receive any formal benefits or protections.

Table 7.1: Informal Sector Employment and Informal Employment Among Employed Heads of Households in Argentina

	Formal Sector (Firm>5 Employees)	Informal Sector (Firm<5 Employees)	Total
Received All Protections/Benefits	3,590	328	3,918
Received Some Protections/Benefits	332	247	579
Received No Protections/Benefits	907	972	1,879
Total	4,829	1,547	6,376

Informal employment is also quite common in the "formal" sector: of the 7374 workers in Table 7.1 were employed in what the INDEC considers formal sector firms, 2102 of them, or 28.5 percent, did not receive at least some of the formal protections and benefits prescribed by national labor laws and 21.7 percent of them did not receive any of these benefits. Because the formal sector is much larger than the informal sector, almost half of the workers who are employed but do not receive any of the legally mandated benefits and protections of formal employment work in formal sector firms.

By any metric, then, informal employment in Argentina is quite pronounced. However, informal employment in Argentina is relatively small compared to other countries in Central or South America. Table 7.2 compares 17 countries for which household level data are available on either the share of the population that is informally employed (operationalized here as the share not enrolled in the national social security program because their employer does not make withdrawals from their paychecks) or on the share of the workforce that is employed in the informal sector; the Spearman rank correlation coefficient of the two variables is quite high (0.74) but not perfect. Of the 13 countries for which estimates of informal employment are available, the proportion of workers employed informally is smaller in Argentina than in all other Latin American countries except Chile, Uruguay, Brazil, and Venezuela. In comparison, for example, over 55 percent of Mexican workers and 70 percent of Peruvian workers are without formal employment protections.

Table 7.2: Informal Employment and the Informal Sector

Country	Year	Share of Adults Older than 15 that Are Without Social Security Rights	Salaried Workers in Informal Sector (Small Firms, Non-Professional Self-Employed and Zero-Income Workers
Argentina	2005	0.430	0.441
Bolivia	2002	0.744	0.752
Brazil	2003	0.348	0.550
Chile	2003	0.224	0.370
Colombia	1999	0.587	0.702
Costa Rica	2003	--	0.414
Dominican Republic	2004	--	0.512
Ecuador	2003	0.722	0.664
Guatemala	2002	0.599	0.695
Jamaica	1999	0.746	0.562
Mexico	2002	0.590	0.541
Nicaragua	2001	0.682	0.647
Paraguay	2003	0.744	0.723
Peru	2003	0.702	0.695
Suriname	1999	--	0.239
Uruguay	2005	0.262	0.416
Venezuela	2003	0.416	0.539

(Source: Centro de Estudios Distributivos, Laborales y Sociales, Universidad de La Plata)

The increase in informal employment in Argentina over the previous decade has been largely driven by three factors.[11] First, labor laws in Argentina were reformed in 1991 and then again in 1995 to make it easier to hire workers on a temporary basis without providing the employment guarantees and benefits of formal employment (Marshall 2004). Second, newly unemployed workers during recessions took informal

[11] The origins of the Argentine informal economy are beyond the scope of this paper; see Gasparini (2000) and Paz (2004) for more detailed reviews and analyses of these dynamics and Olmedo and Murray (2002) for a discussion of how state regulations impact the informal sector.

employment to supplement their unemployment compensation (Paz 2003, 2004). Finally, workers employed in informal sector jobs have tended to remain in the informal sector (instead of taking a job in the formal sector) at increasingly higher rates since 1995 while new labor market entrants also have tended to enter informal employment at higher numbers than in previous periods (*ibid*).

The EPH data confirm the linkage between informality and vulnerability discussed in the general literature review. Despite evidence from other countries that informal employment is associated with slightly higher wages in some types of sectors, (de Soto 1989, Marcouiller et al 1997, Johnson et al 2000), informal sector employment in Argentina seems to have substantial costs for those households who are depend upon it for their income. Data from the EPH and from the two political surveys analyzed here suggest that households led by informal employees have lower incomes, fewer material comforts, and are less likely to have health insurance than formally employed workers in similar positions across sectors. These income differences remain even when controlling for educational and demographic factors that lead workers to be informally employed in the first place.[12]

Informal employment also places workers at a much higher risk of becoming unemployed. The unemployment rate among workers who are formally employed (or who were in their previous occupation before becoming unemployed) is 2.3 percent but

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[12] From analyses of the EPH done by the author but which are not presented here.

among the informally employed the unemployment rate is 16.8 percent. This difference remains even after controlling for education levels, the segment of the economy in which the person worked, age, gender, the size of the firm, and the time the worker had been employed (author's analysis of EPH data not presented here). The result, according to surveys conducted in Argentina by Barbieto and Lo Vulo (2003), is that informally employed workers tend to have wage volatility levels 2.5 times higher than formally employed workers.

Moreover, the nature of unemployment differs for those who were employed informally. For example, 50.9 percent of unemployed workers who had been employed formally prior to being fired or their business closing received a severance package while only 5.1 percent of informally employed workers did. More starkly, while only 7.3 percent of unemployed workers whose previous job was formal were receiving unemployment benefits, the percentage of former informal workers who were unemployed and receiving unemployment benefits was 0.1 percent. Moreover, while we found some evidence in the EPH that former informally employed workers tend to be unemployed for less time than those who had formal jobs, this result is not especially robust. Hence informal employment both exposes workers to higher risks of unemployment and provides a smaller cushion for those who do become unemployed without giving them an obvious advantage to bounce back as markets recover. Hence, Barbieto and Lo Vuolo (2003) find that informal employment is associated with fears

regarding their future economic security. The proportion of informally employed workers who believe that their probability of receiving some sort of pension benefits in their old age is either low, very low, or not at all, for example, is more than three times larger than the similar proportion among formally employed individuals.[13]

Thus household surveys from Argentina paint a portrait of unprotected workers consistent with the global literature on this topic: informally employed workers tend to be less well educated and poorer than formally employed workers in similar fields. More importantly for present purposes, informal employment is associated with higher income variations and unemployment risks and lower access to social and economic safety-nets. The result is that voters dependent upon informal employment for their livelihoods will see economic questions as personally important and salient and will, as a result, differ from the rest of the electorate on the weight they give national economic conditions when evaluating the incumbent and his party.

The Informally Employed and Economic-Based Approval of Kirchner

In the analysis that follows, we first look at the individual-level determinants of support for President Kirchner based on two surveys conducted in Argentina in 2005-2006. We present the results of both surveys because neither individual survey contains all the variables researchers might be interested in to present a fully specified model of

[13] An additional result of the relationship between informality and insecurity that we have documented in our data is a strong preference among the informally employed for increasing government safety-nets.

incumbent support. For example, in neither survey are the sociotropic and egotropic economic questions both phrased with the same time horizon (prospective or retrospective). While this is a hazard of doing research when the majority of the questionnaire is designed by other researchers, we believe that presenting as many specifications of the same type of model using different questionnaires and phrasings provides additional robustness checks of the ideas discussed here.

Data

The analyses in this chapter come from two recent surveys conducted in Argentina, both described in Chapter 3 in greater detail. The first was a small (N≈400) post-electoral poll conducted by the Buenos Aires-based polling firm of Carlos Fara y Associados in October of 2005. While the October 2005 survey has the advantage of being in a campaign environment, its small size and limited geographic scope potentially limit our ability to generalize from it. Hence we contracted for our measure of informal sector participation to be added to IPOSOS Mora y Araujo's June 2006 omnibus survey in large urban centers and several rural areas across the country.

While the dependent variables and specifications of the models of presidential approval vary with the content of the survey, in each case our basic approach is the same. As outlined in Chapter 4, the most common method for assessing whether a variable influences the salience of the economy or any other criteria for assessing political leaders is to multiplicatively interact the two variables and test if the variable of

interest significantly enhances or reduces the weight given the economy relative to the rest of the population. Hence to test Hypotheses 7.1 and 7.2 about the impact of informal employment on sociotropic and egotropic voting respectively, we first generate a dummy variable that takes the value of 1 if the primary wage earner in the voter's house did not have a written contract and 0 otherwise. We then multiplicatively interact this variable with the sociotropic and egotropic economic measures available in each survey. If Hypothesis 7.1 is correct and informal employment enhances the salience of sociotropic concerns, then the estimated coefficient for interaction term between informal employment and the voters' evaluation of the national economy should have a positive slope. We include an interaction term between egotropic measures and informal employment as a comparison. We test Hypothesis 7.2, which specifically predicts that voters will respond to the employment market in a subsequent section using data from Peru.

A challenge in codifying workers as being employed informally or formally is the classification of self-employed workers, which make up between 13-20 percent of workers in Argentina. Traditionally, self-employment has been considered part of the informal sector and hence self-employed workers are usually considered to be informally employed. However, the individuals in the two Argentine surveys used here who said the head of their household was self employed tended to be similar to formally employed workers; not only are the household salaries of self-employed workers closer

to those earned by formally employed workers than informal ones but a majority of self-employed workers paid into the government pension programs, the indicator that the INDEC uses for informal employment.[14] Self-employed workers also are much more likely than informally employed workers to have a credit card or debit card. Finally, many self-employed workers have the option of selling business assets as a coping mechanism, an option that unprotected employees of firms do not have. Hence we decided to combine formal workers and self-employed workers into the same baseline category in the analyses that follow. We differentiate voters dependent upon informally employed workers for their household incomes by creating a dummy variable that takes the value of 1 if the primary wage earner does not have a written contract with his or her employer and 0 otherwise. However, in analyses not reported below[15] we replicated the analysis of the 2005 elections by combining self-employed workers without pension coverage or sick leave (more than 15 percent of self-employed workers did receive sick leave) into the same category as workers who did not have written contracts. The substantive conclusions do not change.[16]

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[14] Though most did not receive sick leave.

[15] These results are available from the author upon request.

[16] An additional question is the status of households whose primary income earner is not working. Excluding these households from the models in this chapter do not change the central result that informally employed workers and their households tend to place significantly more weight on economic performance than other voters. However, unemployed voters tend to place at most the same amount of emphasis on national economic policy and even the politics of job creation (in the Peru models reported below) that formally employed voters do. While we speculate that this is because these voters see themselves as withdrawn from the overall economy and are focused on other coping mechanisms instead of larger questions of policy and outputs (Powers 2001), this question merits further attention.

Results, Greater Buenos Aires 2005

In the survey conducted by Carlos Fara y Asociados, there is no direct question asking voters whether they approve/disapprove of Kirchner's government. However, voters were asked: "If a presidential election were held today, which of the following candidates would you vote for?" Among the eight potential candidates listed as options, the incumbent was easily the most frequently mentioned; 31 percent of voters said they would vote for Kirchner, which was 20 percent more than the second most frequently mentioned candidate and 10 percent more than the proportion who answered "none of the above". From this question, we created a dummy variable that takes the value of 1 if the voter would vote for the incumbent and 0 otherwise and use this indicator of incumbent support as the dependent variable in the subsequent analysis.

The 2005 GBA survey contains both a sociotropic prospective and an egotropic retrospective measure of economic perceptions. These variables are measured on four point scales, going from bad to good. The majority of the voters interviewed in the Fara survey were fairly optimistic about the economy. While slightly less than 50 percent reported that they were personally as good or better than they had been 12 months previously, a majority of voters said that the economy would be slightly better or better in the upcoming year. The egotropic question used by the firm is retrospective

compared to the previous year while the sociotropic question is prospective looking forward 12 months.[17]

We include the economic evaluations and their interactions with our informal employment measure in a logit model of whether or not the voter would vote for Kirchner if the election were held today. In this model we control for the voters' political affiliation, employment status, education level, gender, age, and whether or not they live in the suburbs of Buenos Aires instead of the city center. Because informal workers in Argentina earn significantly less (even after controlling for education, age, gender, etc) than formal workers, we control for income to attempt to isolate the effect of a worker's contractual status from that of their earning power. However, controlling for income results in the loss of 50 respondents (about 1/6 of the sample for which we have measures on all other variables) in what is already a fairly small sample; hence we also estimate the model without controlling for income to test the model on a larger sample of respondents.[18] The statistical model presented is in Table 7.3 (below) is a logit estimation of support for the incumbent in a hypothetical presidential election. While

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[17] In the next section we use data collected by IPSOS-Mora Y Araujo on a more extensive sample where the only egotropic question is prospective and the only sociotropic question is retrospective. Hence between the two surveys we can isolate the effect on egotropic and sociotropic evaluations independent of their time-horizon: in both cases we expect egotropic evaluations to not be effected by employment status, but we expect the informally employed to place greater weight on the sociotropic measure when evaluating Kirchner.

[18] We also exclude from this model the interactions between income and egotropic and sociotropic evaluations discussed in Chapter 3 because there are too few cases to disentangle the multicolinearity (the interaction terms are jointly significant but none is individually). These interaction terms are included below in the analysis of Iposos-Mora Y Araujo's larger sample.

the inclusion or exclusion of the income variable (and the missing respondents that come with its inclusion) does change the coefficients somewhat, only one variable changes in statistical significance. The estimated effect of being unemployed is significantly different that 0 when we control for income but not when we exclude the income control. The variables are described in more detail in Appendix 9.

The results presented in the Table 7.3 largely conform to previous studies of Argentine public opinion. Self-identified Peronists are much more likely to support the incumbent president from their party than non-PJ partisans. Increased education is associated with lower levels of support for Kirchner, and he also polled more strongly outside the capital district than within it. Household income, age, and gender are not significant predictors of presidential approval, reflecting the broad base from which Kirchner draws support. In the model with income included, unemployed voters were more likely to support the incumbent than voters in similar income groups who were employed, a result that perhaps speaks to the traditional Peronist commitment to raising employment and investing in welfare as well as Kircher's attention to the piquetero movements.

Our main theoretical interest is in economic voting and whether the electoral impact of economic performance is larger among respondents dependent upon informal jobs. Consistent with the descriptive data presented in Figure 7.3, support for Kirchner

Table 7.3: Would Vote for Nestor Kirchner if Election Were Held Today, Capital District and Greater Buenos Aires October 2005

	[1]	[2]
Sociotropic Economic Evaluation	0.442*	0.515*
	(0.194)	(0.195)
Egotropic Economic Evaluation	0.556*	0.554*
	(0.233)	(0.255)
Informal Sector Employee	-0.387	-0.159
	(1.000)	(0.833)
Informal Sector*Sociotropic Evaluation	0.554*	0.482*
	(0.284)	(0.245)
Informal Sector*Egotropic Evaluation	-0.086	-0.174
	(0.377)	(0.342)
Unemployed Voter	0.871*	0.522
	(0.359)	(0.326)
Peronist Party Member	1.593***	1.524***
	(0.429)	(0.396)
Monthly Household Income	0.267	--
	(0.173)	--
Education Level	-0.082*	-0.064*
	(0.033)	(0.018)
Male	-0.270	0.185
	(0.418)	(0.368)
Age	0.006	0.006
	(0.011)	(0.007)
Outside Capital District	0.956**	0.798**
	(0.317)	(0.295)
(Constant)	-4.372***	-3.786***
	(1.095)	(0.780)
Number of Observations	279	325
Wald χ^2 (10 or 11)	157.120***	180.060***
Pseudo R^2	0.280	0.264
Log Pseudo Likelihood	-125.697	-147.557

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$
Logit, Standard Errors Corrected for Clustering by Neighborhood in Parentheses

increases with optimistic evaluations of the national economy and of voters' personal economic situations even for those voters who are not informally employed. However, voters employed informally place even greater weight on their evaluations of the national economy than the rest of the electorate: the interaction term between sociotropic evaluations and informal employment is positive and statistically significant. Thus the results in Table 7.3 are consistent with Hypothesis 7.1: informal employment and the subsequent vulnerability to economic shocks seems to increase the salience of the national economy. The interaction between informal employment and the egotropic economic measure is negative, but it is not significantly different from 0.[19]

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[19] This non-finding is not entirely unexpected. While we expect informal employment to affect the salience of national economic factors, we do not expect that informal employment will greatly affect the weight voters give to personal economic dislocations. In Chapter 2, we distinguish between exposure to risks of experiencing a dislocation of a given magnitude and the risks associated with that dislocation should it occur. While vulnerability to shifts in the national economy is a function of factors that tie voters' personal income to the state of the national economy, the risks associated with shifts in personal income are magnified if the elasticity of household consumption and current income is high. Economic vulnerabilities can thus be distinguished between those that expose voters to the risk of being displaced and those that determine the magnitude of that displacement should it be realized. In Chapter 5, for example, we show that poverty is a factor that magnifies the impact of changes in income because the majority of household resources go to consumption. Hence we predict (and subsequently observe) that poverty enhances the salience of egotropic concerns.

Informality, however, is an example of the latter type of vulnerability: the protections associated with formal employment can prevent a household from having to report a decline in the household's personal economic situation by insulating them from shifts in the national economy and providing additional coping options that are not themselves a function of national economic conditions. Hence we predict that informality magnifies the importance of national economic conditions and thus heighten their salience. But we do not believe that having a contract affects the elasticity of income and consumption and thus it does not reduce the short-term impact of any shifts a formally employed worker does experience. Hence, after controlling for a household's overall income and the actual shocks to their income that they did experience after taking into account their various coping strategies and opportunities, we expect that the personal importance given shifts in personal economic situations, and thus their overall salience, will be the same for formally and informally employed voters.

The enhanced marginal impact of the economy on voter support if the voter is employed in the informal sector is illustrated by the Figure 7.2 (below), which graphs the predicted probabilities of an average non-Peronist voter supporting the President in a hypothetical election as a function of his evaluations of how the economy will perform over the next 12 months. While the average probability of supporting the president is about 0.31, the predicted support for the incumbent generally increases with economic optimism. More importantly for present purposes, however, the change in the probability as economic evaluations go from "worse" to "better" is twice as large for

Figure 7.2: Informal Employment and Support for Nestor Kirchner, Capital District and Greater Buenos Aires October 2005

informal workers and their dependents as for workers with formal protections. Voters employed informally were very unlikely to support Kirchner if they were pessimistic about the economy (predicted probability=0.08) and very likely to support him if they were very optimistic (0.63). Informal employment is thus predicted to double the impact of changing a voter's evaluation of the economy from the most negative to the most positive.[20]

In the context of the 2005 legislative elections, the difference between how formally employed and informally employed voters treated Kirchner's positive national economic record had important implications for Kirchner's popularity. If, for example, all voters in the sample had placed the same lesser weight on the economy as the average formally employed voter, the proportion of voters who, given their other characteristics and evaluation of the economy, are predicted to vote for him drops by 12 percent among decided voters. In contrast, if the economy had been as salient to all voters as it was to those who were informally employed, his predicted support rises by 10 percent. The irony, then, is that the increase in informal employment during the 2002 crises created a vulnerable electorate that was primed to reward the current incumbent for his relatively strong economic record.

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[20] In analyses not reported here, informal employment also substantially magnified the roll of economic concerns in voting to fill the Buenos Aires Senate seats, though these results are based on a very small sample.

Results, Urban and Rural Centers 2006

While the results from the Carlos Fara y Associados Survey presented in the previous section are consistent with our theoretical expectations, they are based on a relatively small sample of voters from only one part of the country (albeit the home of a third of the country's residents). Hence we probe the robustness of the above results by replicating them in a larger sample of voters interviewed in June of 2006.

The indicator of presidential approval available in the IPSOS Mora y Araujo survey is a question asking if voters approved or disapproved of Nestor Kirchner's performance in office; voters were allowed to respond on a 5-point scale going from strongly disapprove to strongly approve. As in late 2005, support for Kirchner remained high at the time of this survey. Nearly 73 percent of respondents gave Kirchner one of the two highest ratings, buoyed by consumer confidence levels that remained high (Figure 3.1) and his success in renegotiating much of Argentina's public sector debt.

We model support for Kirchner as a function of both egotropic and sociotropic evaluations. The sociotropic measure is retrospective in orientation and focuses specifically on the state of the national economy compared to 12 months prior on a 6 point scale (much-worse, somewhat worse, the same and bad, the same and good, somewhat better, much better). The egotropic voting question, in contrast, is prospective in orientation, asks voters only to evaluate their expected "personal situation" over the next twelve months without a specific reference to their finances, and

allows voters only three responses (worse, the same, better). To test Hypothesis 7.1, we interact with the sociotropic measure our dummy-variable measure of informal employment. We nest these economic variables in the model of incumbent support described in Chapter 5. The variables are described in more detail in Appendix 7.

Because the measure of approval/disapproval of Kirchner is a limited 5-point scale, we model its determinants using ordered logit but modeling his support as an interval variable via OLS regression yields the same substantive conclusions. The results of the ordered logit analysis are presented below in Table 7.4. In the first column we include economic factors while in the second we include demographic controls. The standard errors are adjusted for clustering by city.

Looking first at the model without controls, we see that economic factors are strongly related to support for the incumbent for voters without informal employment; both of the non-interacted sociotropic and egotropic variables have a positive association with approval of Kirchner. In general, then, the electorate rewarded the incumbent if they saw the economy prospering and expected to personally prosper. However, the impact of the national economy on evaluations of the incumbent was significantly larger for voters who worked without formal contracts; the interaction term between sociotropic evaluations of the economy and informal employment is significant and positive as predicted. Working informally does not have a significant effect on egotropic evaluations of the incumbent.

Table 7.4: Approval of Nestor Kirchner, Urban Centers and Rural Areas June 2006

	[1]	[2]
Sociotropic Economic Evaluation	0.865***	0.718***
	(0.123)	(0.147)
Egotropic Economic Evaluation	0.794***	1.241***
	(0.150)	(0.276)
Informal Sector Employee	0.000	-0.108
	(0.385)	(0.346)
Informal Sector*Sociotropic Evaluation	0.262*	0.310*
	(0.124)	(0.143)
Informal Sector*Egotropic Evaluation	-0.429	-0.532
	(0.249)	(0.288)
Income Sufficient for Household		-0.142
		(0.216)
Income*Sociotropic Evaluation		0.149**
		(0.048)
Income*Egotropic Evaluation		-0.346*
		(0.165)
Age		0.004
		(0.005)
Female		-0.071
		(0.155)
Education		-0.061
		(0.043)
Head of Household Unemployed		0.439*
		(0.187)
Argentina Needs Good Relations with IMF		0.264***
		(0.071)
Capital District		-0.112
		(0.154)
Gran Buenos Aires		0.357*
		(0.142)
(cut1)	0.866	1.202
	(0.242)	(0.441)
(cut2)	2.486	2.866
	(0.339)	(0.529)
(cut3)	2.940	3.335
	(0.370)	(0.580)
(cut4)	6.250	6.688
	(0.597)	(0.737)
Number of Observations	1068	954
LR χ^2	183.64***	2993.34***
Pseudo R^2	0.136	0.149
Log Likelihood	-1146.662	-1010.01

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

Ordered Logit, Standard Errors Adjusted for Clustering in Parentheses

The estimated effects of the demographic and socio-economic controls in the second column of Table 7.4 are largely consistent with expectations. As in Table 7.3, unemployed voters tended to have more positive evaluations of the Peronist president. In addition, while Kirchner had attempted to appeal to his base by criticizing the IMF and its policies and by paying off the debt owed to the IMF, his support surprisingly tended to be higher among those voters who felt that good relations with the IMF were necessary. Support for Kirchner was also much higher in the suburbs of Buenos Aires than in the rest of the areas included in the survey though, again surprisingly, voters in the capital district, an area usually considered a rightist stronghold, were not significantly less likely to support the president than the rest of the country. Finally, as described in Chapter 3, wealth does play a conditioning role on economic voting: voters who report that their income is sufficient to meet their needs place significantly more weight on national economic conditions and less weight to their personal economic condition than do those voters whose household income does not cover their necessities.[21]

However, the central result of interest in this chapter remains the same even after adding additional controls: voters with positive economic outlooks tend to support the president but the impact of the national economy is magnified if the voter works

[21] The direction and significance of the interaction terms between informal employment and economic evaluations or between household wealth and economic situations does not change if only one of the two sets of interaction terms is included in the model.

without a formal contract. To illustrate the magnitude of informal employment's effects on the probability of supporting the incumbent, Figure 7.3 graphs the predicted probability that a respondent gave Kirchner the highest approval rating possible given their evaluations of the national economy and their type of employment, holding all other variables at their mean. If an individual who is not informally employed were to change their evaluation of the national economy from the most pessimistic to the most optimistic view possible, the predicted probability of giving Kirchner the highest

Figure 7.3: Informal Employment and Support for Nestor Kirchner, Urban Centers and Rural Areas June 2006

approval increases by 0.239. If that same voter were employed informally, the predicted probability increases by 0.435, an increase nearly twice as large as in the baseline group.

In general then, the two Argentine surveys analyzed here generally confirm the basic economic voting model: support for Kirchner is markedly higher among those voters who are optimistic about economic conditions. The salience of the national economy is contingent, however, upon the voter's personal economic situation and their economic vulnerabilities. In two separate surveys, Argentine voters who are informally employed place greater emphasis on national economic conditions when evaluating the incumbent president and his handling of the economy. Informal employment that leaves voters without many of the rights and protections guaranteed to other workers by law also creates incentives for voters to value outcomes at the national level which protect them from employment shocks. Vulnerability to a shock enhances its salience. Given the relatively positive view Argentine voters have of their national economy at the current time, this increased economic voting by a large segment of the population appears to be providing a substantial boost to President Kirchner and his party in the polls.

Informal Employment and Economic Voting in Peru

Having demonstrated the basic relationship between informal employment and the economy's salience in Argentina, in this section, we test its generalizability by looking at informal employment's effect on economic voting in Peru at the time of the

2006 presidential elections. This analysis has three purposes. First, by replicating the basic analysis in a different economic, political, and social context, we can assess the robustness of the theoretical perspective presented above. Second, informal employment is substantially larger in Peru, adding a contextual control of potential importance. Third, and more importantly, the data available from Peru allow us to extend the argument in an important ways. In Hypothesis 7.2, we propose that not all elements of the national economy should be equally important to the informally employed. Specifically, for this sector of the electorate the labor market is the most important determinant of their potential for income gains and losses and also serves as their main coping resource in the absence of welfare protections and severance pay. Hence the informally employed should attach the greatest salience to labor-market policies than other elements of economic management.

We thus revisit the statistical analysis of presidential approval and prospective candidate choice in the 2006 Peruvian presidential elections previously presented in Chapter 3. As we demonstrated in Chapter 5, evaluations of Toledo and preferences between García and Humala were strongly impacted by voters' perceptions of their economic competencies. We represent the statistical analyses of economic voting presented in Tables 5.3 and 5.4 and then discuss the impact of informal employment on voter behavior; for a more detailed reading of the other variables in the model, we refer the reader to Chapter 5.

While Argentina's informal economy is substantial, informal employment there is smaller than in most other countries in Latin America. Peru, in contrast, has one the largest informal economies in the region. National household surveys estimate that 70 percent of workers do not receive guaranteed benefits, for example (Table 7.2 above). The informal sector in Peru has received substantial attention by academics and policy makers both because of its size and also because Lima is the home of Hernando de Soto and his Institute for Liberty and Democracy, one of the premier institutes studying the development and conseuqneces of the informal economy in the world.[22] There has also been a debate specifically over whether the growth of the informal sector contributed to the breakdown of the party system and the election of Fujimori in 1990 (Cameron 1991, 1992, 1994; Kenney 2003, 2004).

We first model the effect of informal employment on support for the incumbent president Toledo, using as the dependent variable answers to a question asking voters if they approved of his time in office or not: 26.2 percent of voters in the sample said they approved of Toledo. As our main economic indicator, we use voters' evaluations of the current economic situation in the country on a five point scale ranging from very bad to very good; while a majority of voters responded evaluated the economy as "regular", or neither good or bad, only 6.7 percent of voters said that the economy was somewhat

[22] See de Soto (1989), Saavedra and Chong (1999), and Hays-Mitchell (1993), for descriptions of the composition and origins of the informal sector and informal employment in Peru.

good or very good. We then interact this sociotropic economic evaluation with both the dummy variable for informal employment and also a variable for the respondents' social class on a 4-point scale with higher values representing higher classes. As described in Chapter 5, the multiplicative interaction between class and sociotropic economic evaluations is positively signed, reflecting the tendency of upper-class voters whose personal finances are closely tied to the performance of national markets to cast sociotropic votes. However, per Hypothesis 7.1, we also expect the interaction between informal employment and sociotropic evaluations to also be positive. We then also control for the voter's ideological leanings, gender, age, education level, and whether or not the head of household was unemployed, and the region in which the survey was conducted (Appendix 11).[23]

Because the primary dependent variable of approval/disapproval is a binary outcome, we model it using a logit model. The statistical results, presented previously as Table 7.11.3, are presented below in Table 7.5 for the reader's convenience. The first column presents the basic economic voting model without any of the controls while the second column presents the full model.[24] These results allow us to test Hypothesis 7.1 in the context of Peru.

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[23] The reference region is Lima and Callao. Controlling for the specific department instead of the region yields slightly better model fit but does not change the significance or substantive magnitude of any of the other variables, so we present here the results only with regional controls.

[24] If the "class*sociotropic evaluation" interaction term is omitted from the first column, the interaction term between informal employment and economic perceptions is marginally significant at the 0.06 level.

Table 7.5: Approval of Alejandro Toledo, May 2006

	[1]	[2]	[3]
Current State of the National Economy	0.274	0.317	0.251
	(0.192)	(0.214)	(0.192)
Personal Financial Situation Compared to a Year Ago	0.585***	0.483*	0.559**
	(0.180)	(0.196)	(0.182)
Economic Class	0.051	-0.161	-0.130
	(0.241)	(0.272)	(0.251)
Class*Sociotropic Evaluation	0.229*	0.198°	0.217*
	(0.094)	(0.103)	(0.094)
Class*Egotropic Evaluation	-0.031	0.038	-0.002
	(0.088)	(0.095)	(0.089)
Informal Employment	-0.482	-0.561	-0.561
	(0.471)	(0.519)	(0.474)
Informal*Sociotropic Evaluation	0.450*	0.403°	0.462*
	(0.189)	(0.206)	(0.189)
Informal*Egotropic Evaluation	-0.160	-0.113	-0.144
	(0.174)	(0.187)	
Left-Right Position of Respondent		0.019	
		(0.025)	
Education Level		0.109*	0.105**
		(0.044)	(0.041)
Age		0.003	0.005
		(0.005)	(0.005)
Female		-0.149	-0.117
		(0.135)	(0.124)
Head of Household Unemployed		-0.229	-0.146
		(0.188)	(0.177)
Interior Urban	-0.235°	-0.325*	-0.333*
	(0.136)	(0.150)	(0.141)
Interior Rural	-0.320	-0.392	-0.377°
	(0.216)	(0.244)	(0.217)
Constant	-2.964***	-3.210***	-3.225***
	(0.498)	(0.641)	(0.570)
N	1717	1450	1717
LR χ^2	272.96***	248.34***	282.85***
Pseudo R^2	0.139	0.147	0.144
Log Likelihood	-849.11	-722.05	-844.16

° p<0.10, * p<0.05, ** p<0.01, *** p<0.001

The results in the first column of Table 7.5 are consistent with the results from the analysis of support for Argentina's Kirchner. In general, there is a statistically significant positive relationship between voters' evaluations of the economy and their propensity to approve of the incumbent president even if those voters were the in the lowest social class and formally employed. Of central interest here, however, is the evidence that informal employment increases sociotropic voting as expected: the interaction term between informality and sociotropic voting is positively signed and significantly larger than 0 at conventional levels. Hence in Peru sociotropic concerns are high in salience among the informally employed. The effect of informality on the economy's salience does not change in magnitude or significance after adding demographic controls in the second column. While presidential approval in Peru is highly dependent on the perceived state of the national economy, being without the protections and benefits that result from having a formal contract magnifies its impact.

The magnitude of informal employment's impact on how voters evaluate the incumbent is illustrated in Figure 7.4 (below), which plots the predicted probability that the average voter (a 37 year old women living in Lima who is a political centrist, has a secondary education, and is from the second lowest social class) supports the incumbent given their evaluation of the economy. If the voter lives in a household whose primary wage earner is informally employed, then the predicted effect of that voter changing her evaluation of the economy from the most negative to the most positive is to increase the

Figure 7.6: Economic Evaluations and Approval of Alejandro Toledo, May 2006

probability of supporting the incumbent by 0.45. If that same voter were dependent on household income from informal employment, then the increased probability of supporting the incumbent from the same switch in economic perspectives increases to 0.72, an increase of 50 percent.

In addition to affecting the relationship between perceptions of the economy and support for the incumbent, informal employment should affect how voters incorporate economic information into their vote. Using the same 2006 Peru survey, we explore how informal employment affected economic voting as voters chose between Humala and

García in the second round of the presidential elections. We previously demonstrated in Table 5.8 that voters generally perceived García as being better able to manage the economy and create jobs but believed that Humala would do more to reduce inequality.[25] The question is if informal employment results in voters giving greater weight to the job market as predicted by Hypothesis 7.2.

To answer this question, we model voters' responses to the question "which candidate would you vote for if the second round election were held today?" excluding voters who did not plan to vote or had not decided which candidate to support. A majority of respondents in the survey who had decided between the two candidates, 54.1 percent, favored García, slightly more than the 52.6 percent that would actually support García in the election a few weeks later.[26] We code answers to this question as a dummy variable that takes the value of 1 if the voter planned to vote for García and 0 if they planned to vote for Humala. In Table 7.6, (which is a copy of Table 5.9) we model this dichotomous vote choice as a function of voters' evaluations of the candidates'

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[25] While evaluations of the candidates' capabilities to generate economic stability and jobs are fairly highly correlated (r=0.71), their association is far from perfect. For example, 12.6 percent of voters who thought Humala was most likely to generate stability said that Garcia would do better at creating jobs and an additional 9 percent said both were equally capable. Similarly, 17 percent of voters who thought Garcia was more capable to create jobs did not think that he was more capable that Humala was to stabilize the economy. Overall, 21.7 percent of voters answered the two questions differently. The fact that Humala received a plurality for reducing inequality even though he was not favored by a plurality of voters also suggests to us that these questions are sufficiently independent from voter preferences to analyze as a predictor of their behavior. Even if we wanted to cannot control for reverse causality between evaluations of the candidate and evaluations of their management capacities, we would be unable to because there are no instruments in our dataset for how voters perceive the respective candidates' management capacities

[26] The slight drop in support for Garcia in the actual election relative to the poll might also reflect the urban bias of the sample and Humalas's strong support in rural areas.

economic management capabilities. To explore how different types of economic vulnerability impact the weight given candidates' ability to stabilize the economy, create jobs, and reduce inflation, we multiplicatively interact each of the three types of economic management with our measure of informal employment discussed and with the voters' social class. Because the three management variables are strongly correlated, we introduce each one into the model separately to reduce multicollinearity. The controls included in the model are the same as those included in the model of support for Toledo described above.

These basic results have been discussed in Chapter 5; here we will only focus on the effect of informality. The positive and significant interaction term in the first column between informal employment and evaluations of the candidate's ability to create jobs implies that while, on average, voters who though García would be better than Humala at creating employment did tend to support him, informally employed voters gave even more weight to their evaluations of the candidates' abilities to create jobs. Informal employment does not, however, substantially impact the weight given the candidates' abilities to stabilize the economy or to reduce inequality. The implication from Table 7.6, then, is that informal employment pushes voters to value job creation and not economic stability. This result is consistent with the theoretical rationale laid out in Hypothesis 7.2: informally employed workers who lack the protections of a formal contract and unemployment insurance should value a job market with many options should their

Table 7.6: Voting for Alan García in the Peruvian Presidential Elections, May 2006

	[1]	[2]	[3]
Primary Wage Earner Informally Employed	-0.878*	-0.355	-0.247
	(0.388)	(0.350)	(0.208)
Social Class	0.252	0.035	0.469*
	(0.210)	(0.145)	(0.213)
García Will Better Create Jobs	2.379***		
	(0.279)		
Informal*Create Jobs	0.461*		
	(0.217)		
Class*Create Jobs	0.006		
	(0.153)		
García Will Better Stabilize the Economy		2.121***	
		(0.366)	
Informal*Stabilize Economy		0.108	
		(0.242)	
Class*Stabilize Economy		0.158°	
		(0.088)	
García Will Better Reduce Inequality			2.137***
			(0.279)
Informal*Reduce Inequality			0.140
			(0.184)
Class*Reduce Inequality			0.194
			(0.143)
Female	0.539*	0.761***	0.250°
	(0.230)	(0.188)	(0.141)
Age	0.011	0.005	-0.021**
	(0.012)	(0.012)	(0.008)
Education Level	-0.084	-0.019	-0.114
	(0.081)	(0.084)	(0.083)
Left-Right Ideology	0.112***	0.131**	0.130*
	(0.035)	(0.041)	(0.063)
Head of Household is Unemployed	0.225	-0.101	0.284
	(0.158)	(0.163)	(0.164)
Interior Urban Areas	0.300	0.810**	0.285
	(0.260)	(0.263)	(0.200)
Interior Rural Areas	0.557	0.929*	0.228
	(0.355)	(0.414)	(0.305)
(Constant)	-3.888***	-4.020***	-1.686*
	(1.007)	(0.849)	(0.694)
Number of Observations	1052	1052	1064
LR χ^2	2239.55***	1519.02***	1772.68***
Pseudo R^2	0.575	0.507	0.513
Log Likelihood	-302.450	-350.724	-352.687

current employment end; economic stability without jobs does not benefit the informally employed.[27]

Informal Employment and Economic Voting in Mexico

Our third case, Mexico, has an informal economy that is estimated to be somewhat larger than the one in Argentina and smaller than the one in Peru (Negrete 2002 for a more extensive discussion). The informal economy in Mexico has received a great deal of scholarly attention in the debate over the merits of this type of employment. In a series of pieces, for example, Maloney (1999, 2004) argues that participation in the informal economy is largely a choice made by risk-acceptant workers seeking higher levels of consumption. This choice may be short-sighted. Fajnzylberg, Maloney, and Montes (2003) demonstrate that being registered with the tax authority brings higher profits, however, they reject the argument that informal workers are vulnerable or underprotected when their participation in those activities is by choice. Moreover, Maloney, Cunningham, and Bosch (2004) find that households led by

[27] This same pattern emerges in an additional analysis not presented here of support for Argentine President De la Rua in 2000. Using data from a survey conducted by Raul Jorrat of the Universidad de Buenos Aires of 250 voters in GBA in November of 2000, we analyzed the determinants of approval for the president. Voters were categorized as being informally employed if they did not have monies withheld for the national pension program. We then model support for the president as a function of how the voter categorized the national business environment, the job market, and whether it was a good time to buy major appliances. While the purchasing environment had the largest impact on presidential approval (reflecting the overall salience of inflation in Argentina at the time), the national job market was only a salient predictor of presidential approval for two groups in society we could identify: the unemployed and the informally employed. These results are consistent with those presented in Table 7.6.

informal workers were no more likely to experience a consumption drop in the 1995 peso crisis than other households. Thus their evidence suggests that our attention to informality may be misguided. However, their definition of informality is self-employment or employment in a small firm, not a lack of protection via labor laws. In the previous chapter, we saw that the self-employed may actually be slightly more secure in their positions than the rest of the electorate. Thus in the analysis that follows, we test whether informal employment in Mexico corresponds to enhanced economic voting as predicted by our theory or vulnerability.

To test Hypothesis 7.1 in the context of Mexico, we use the 2006 Lapop survey. The dependent variable is the rating the respondent gave President Fox on a 5-point scale ranging from very-bad to very good (the specific question wording is provided in Appendix 21 below). We focus on this survey because all workers were asked if they received *Seguro Social*, which implies that they are enrolled in the national pension and health insurance programs run by the Instituto Mexicano del Seguo Social (IMSS). While the IMSS has been reaching out to businesses to get them to enroll their workers, a majority of workers in this survey (55%) in Mexico said they are not covered by this program. A majority of these uncovered workers, however, are self employed. Among workers who have an employer, the percentage that is informally employed remains high (33 percent). Because in the previous analyses we have differentiated the informally employed and the self-employed, we follow that convention here and

designate workers as being informally employed if they report that they are not self-employed and still do not have participation in IMSS programs. Unfortunately, this question was only asked of workers; for households where the respondent was a housewife, student, or unemployed laborer we have no data on their situation and thus we exclude them from the analysis. After their exclusion, we are left with approximately 680 respondents.

Using that indicator, we test Hypothesis 7.1 that informal employment enhances sociotropic voting by interacting our informal-employment dummy variable with the respondent's evaluations of the current state of the national economy and their personal financial situation, both variables coded on a 5-point scale from very bad to very good. Our expectation is that the interaction term between informality and sociotropic evaluations will be positively signed. In addition to economic factors, we control for voter experiences with and perceptions of crime, whether the voter had to pay a bribe, and evaluations of democratic institutions in Mexico because security, corruption, and the functioning of Mexico's institutions were all central issues being raised in the 2006 campaign. Finally, we control for various demographic characteristics and include dummy variables for regions. The model specification is identical to the one used in Chapter 5. We do not include the interactions between income and economic perceptions in this model because of the correlation between the two sets of interaction terms in this reduced sample, though even after adding the interaction term between

sociotropic evaluations and wealth, the effect of informal employment on sociotropic voting remains significant at conventional levels.

Because evaluations of the president are on a limited 5-point scale, we model them using ordered logit. The results of this ordered logit analysis of presidential approval are presented in Table 7.7 (below). Looking first at the controls, the results are fairly consistent with previous analyses of public opinion in Mexico and the results presented previously in Chapter 5 on the larger sample of respondents. Workers who had been asked to pay a bribe in the previous year were less likely to support the incumbent as were those who had negative evaluations of Mexico's democratic institutions generally. Workers of indigenous heritage had negative views of the President as did residents of the Federal District. However, support for the incumbent was increasing with education and with receiving remittances from family members working abroad. Not surprisingly, workers who considered themselves PAN identifiers were more likely than the rest of the electorate to approve of their party's standard bearer. Perhaps a little bit more surprisingly, however, voters from the South were more likely than even voters in Fox's native North to approve of the president. However, in interpreting this effect we should remember that the model controls for the respondent's ethnic background. So while 77 percent of workers in Southern Mexico consider themselves to be of indigenous descent (the largest proportion of any region of the country) and thus this region as a whole tends to have low levels of approval for the

Table 7.7: Informal Employment and Support for Vicente Fox, June 2006

	β	(se)
Sociotropic Evaluation of Current Economic Conditions	0.649***	(0.117)
Egotropic Evaluation of Current Financial Situation	0.345*	(0.137)
Is Income Sufficient to Meet Needs	-0.108	(0.105)
Worker Does Not Have *Seguro Social*	-0.174	(0.550)
No *Seguro**Sociotropic	0.546*	(0.279)
No *Seguro**Egotropic	-0.386	(0.299)
Respondent Was a Crime Victim	-0.122	(0.184)
Local Area is Safe From Crime	0.015	(0.089)
Respondent Has Paid Bribe in Last Year	-0.397*	(0.158)
Mexico is Democratic	0.423***	(0.120)
PAN Identification	1.327***	(0.212)
Age	0.003	(0.007)
Female	-0.010	(0.179)
Married	0.138	(0.164)
Education	0.039°	(0.021)
Catholic	0.237	(0.217)
Family Receives Remittances	0.809°	(0.426)
Respondent's Mother is Indigenous	-0.511**	(0.174)
Federal District	-0.692***	(0.263)
Center-West	0.332	(0.241)
Center	-0.011	(0.267)
South	0.748**	(0.245)
(cut1)	-0.691	(0.545)
(cut2)	0.837	(0.534)
(cut3)	3.682	(0.554)
(cut4)	7.056	(0.621)
Number of Observations	678	
LR χ^2	246.97	
Pseudo R^2	0.147	
Log Likelihood	-714.93	

° p<0.10, * p<0.05, ** p<0.01, *** p<0.001
Ordered Logit Model, Standard Errors in Parentheses

PAN as a result, Fox had a baseline of support in this region after controlling for those demographic characteristics. If we were to drop the ethnic origins variable from the

model, then the Southern region dummy decreases greatly in magnitude and is no longer statistically significant.

Our central interest, however, is in the effect of economic perceptions. As we previously documented in Chapter 3, there is evidence that Mexican voters follow the general pattern of being more heavily sociotropic than egotropic, though both sets of evaluations are positively associated with support for the incumbent among the self-employed and formally employed. The interaction terms between not having social security and the respondent's sociotropic evaluation has the expected positive sign, which implies that informal employment increases sociotropic voting as Hypothesis 7.1 predicts. Informal employment does not effect the propensity of voters to cast an egotropic vote, which is consistent with the theoretical logic laid out above and the other cases studied in this chapter. Thus we again see that informality focuses voter attention on the national economy.

To put this effect in perspective, we graph in Figure 7.5 (below) the predicted probability that an average voter in this sample gives Fox one of the two highest approval ratings on the 5-point scale used here given their evaluation of the national economy; in this sample 35 percent of respondents considered him to be either doing a good job or a very good job as president. As in the other figures in this chapter, we contrast the informally employed with the rest of the sample. In general, economic factors were highly salient at as voters evaluated Fox and in the context of the 2006

Figure 7.7: Informal Employment and Approval of Vicente Fox, June 2006

presidential elections (as we demonstrated in Chapters 1, 4, and 5 as well). Among those who were formally employed or self-employed, a change of seeing the economy as very poor to believing it is very good increases the probability of approving of the president from 0.12 to 0.65, an increase of 0.53. In contrast, informally employed workers who see the economy as being very bad start off with (essentially) the same low probability of 0.11 of approving of the president but place much more weight on their improved economic evaluations such that the probability of an informally employed worker who thinks that the economy is very good gives the president a high rating is 0.94, an increase of 0.82 or 55 percent more than among the rest of the sample.

It is also worth noting that the Lapop survey also asked workers about the size of their firm, the indicator of informality often used in the literature. Interestingly, workers in small firms were no more likely to cast an economic vote than workers in large firms nor were the self-employed more likely to cast a sociotropic vote than the rest of the electorate. If Mahoney and his colleagues are right that these types of employment arrangements are voluntary and thus do not imply uncompensated vulnerability, then our results are consistent with that analysis. Yet these results suggest that workers whose employers do not extend to them the financial protections required by the law behave in a way consistent with our theory of vulnerable voting behavior.

The Informal Economy and Support for Presidents Across Latin America

The individual-level dynamic studied in this chapter has potential implications for cross-national voting patterns. Specifically, in involvement in the informal economy enhances the salience of changes in the job market, then we might expect the overall salience of unemployment to be higher in countries with large informal economies. In this final section, we test whether the relationship between economics performance and support for the incumbent is mediated by the size of the informal economy in a country. Through statistical analysis of presidential approval ratings in 12 Latin American countries from 1992-2005, we provide preliminary evidence that informal employment

enhances the linkage between short term changes in unemployment and shifts in support for incumbent presidents.

The data on incumbent support comes from the *Barómetro Iboamericano*, a series of surveys produced by the Consorcio Iboamericano de Investigaciones de Mercado y Asesoramiento (CIMA) reported in their 2006 document *Barómetro Iboamericano de Gobernabilidad* (available at the website http://www.cimaiberoamerica.com/). This report compiles and presents the results of coordinated surveys conducted by polling firms in 17 countries over the period 1992-2005.[28] Surveys were conducted on random samples of adults in urban centers across these countries. The samples vary in size from approximately 300 interviews in the Central American countries of Costa Rica, Guatemala, and Panama to over 1000 in Argentina and Bolivia; most surveys have about 500 respondents. Each survey contained identical questions and were conducted in all 12 countries during the same time period using the same methodology. At least one survey was conducted per calendar year, though in some years more than one survey was conducted. There is no fixed period of time between the surveys; the smallest gap between surveys was 4 months and the largest gap was 19 months. The resulting data thus include up to 17 measurements of presidential approval in each country.[29]

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[28] In addition to the 12 Latin American countries analyzed here, these surveys were conducted in the Dominican Republic, Spain, Portugal, Puerto Rico, and among Latinos in the United States. we don't include these countries due to limited observations (Dominican Republic) and a lack of informal economics data (the others).

[29] There were fewer surveys conducted in Panama.

The outcome of interest in these surveys is the rating given the president on a 1-5 scale, with high levels signifying ratings of "strongly approve." No president ever received a rating over 4 in the period analyzed here, however. There is also substantial variation across countries in the average approval rating, as illustrated by Figure 1. While many of the large shifts in approval represent changes in presidents between surveys (which we model explicitly in the models that follow), there is also substantial variation within countries over time. Changes in approval ratings over time are the dependent variable in the subsequent analysis.

We follow previous studies of aggregate election results in Latin America (Remmer 1991, 2003; Molina 2001) and other regions of the world (Lewis-Beck and Paldam 2000 for a review) and model support for the incumbent as a function of per capita GDP growth, the inflation rate, and the urban unemployment rate from the year in which the incumbent's popularity was measured. The economic data is drawn from the World Bank's *World Development Indicators*. Unemployment data are missing in multiple years for Bolivia (5 years) and Guatemala (12 years); years without employment data are excluded from the analysis.

The extant literature on presidential approval and economic voting predicts that presidential popularity should increase with growth and decrease with unemployment and inflation. While we expect this relationship to hold generally, we hypothesize in Chapter 6 of our dissertation that unemployment should be especially salient in

countries with large informal economies as families rely on strong labor markets to provide resources should the breadwinner become dislocated. we test this hypothesis by estimating the model (described in more detail below) separately in two subsets of countries: those with relatively large informal economies and those with relatively small informal economies. we use this broad division because there are no measures of informal employment available that vary over time for this entire period and because there is a natural gap within the sample between which we can divide the countries.

In Table 7.8 (below), we divide the countries into those with the largest informal economies and those with the smallest using two indicators of informal economy size: the percentage of workers who are not enrolled in the national pension plan (*informal employment*) and the number of workers enrolled in small firms or who are self employed (*informal sector employment*).[30] The 6 countries with the largest informal economies are Bolivia, Ecuador, Peru, Guatemala, Mexico, and Colombia. In each of these countries, a majority of workers do not receive pension benefits and, with the exception of Mexico, over 66 percent of workers are employed in small enterprises. The informal sector in Mexico is similar in size to the one in Brazil and Venezuela but because the number of unemployed workers in Mexico is much larger than in those

[30] As we outline in Chapter 6, we believe that informal employment as defined by the ILO (employment without full legal protection) relates more strongly to our larger concept of economic vulnerability than the traditional concept of the informal sector as small enterprises. However, cross-nationally the sizes of the two economies seem to be fairly strongly correlated and thus we use both measures to be able to classify countries for which only the latter is available.

Table 7.8: CIMA Descriptive Statistics Broken Down by Informal Economy Size

	Informal Economy Classification		Average Values, Variables in Model				Other Forms of Vulnerability		
Country	Informal Employment[a]	Informal Sector Employment[a]	Average Approval Rating[b]	Annual Inflation Rate[c]	Annual Growth Rate[c]	Annual Unemployment Rate[c]	annual Per Capita GDP, $2000[c]	% Worried About Losing Job[d]	% Living on less than $2[c]
Chile	0.224	0.370	3.187	6.681	4.082	6.494	4716	65	10.454
Brazil	0.348	0.550	2.588	536.552	1.333	7.782	3377	76	22.390
Venezuela	0.416	0.539	2.467	38.209	-1.015	11.777	4889	74	28.170
Argentina	0.430	0.441	2.763	7.241	2.721	13.247	7441	65	12.640
Costa Rica	--	0.414	2.940	12.969	2.785	5.471	3871	67	10.930
Panama	--	0.502	2.764	1.043	2.393	13.159	3784	76	17.738
Colombia	0.587	0.702	3.067	15.171	1.278	12.594	2034	82	19.518
Mexico	0.590	0.541	3.206	12.360	1.378	3.153	5560	82	22.898
Guatemala	0.599	0.695	2.931	8.490	1.163	2.200	1654	81	27.977
Peru	0.702	0.695	2.861	16.226	2.998	8.876	2003	79	32.445
Ecuador	0.722	0.664	2.365	31.337	1.039	9.994	1367	82	37.275
Bolivia	0.744	0.752	2.578	1.315	6.215	5.223	985	77	42.080
Average	0.355	0.469	2.785	100.449	2.050	9.655	4680	70.5	17.054
Average	0.657	0.675	2.835	14.150	2.345	7.007	2267	80.5	30.365
Difference[e]	0.303***	0.206**	0.050	-86.299	0.295	-2.648	-2412*	10**	13.312*

a. Source: CEDLAS, *Socio-Economic Database for Latin America and the Caribbean*

b. Source: CIMA, *Barómetro Iboamericano de Gobernabilidad*

c. Source: World Bank, *World Development Indicators*

d. Source: Latinobarometro 2005

e. P values calculated using the student t difference of means test with 10 df.

other two countries we code it as a high informality case. The high informality countries have, on average, 30 percent more workers without pension benefits than the low informality countries.

In the analysis that follows, we use these divisions of countries to test whether approval ratings are more strongly driven by macroeconomic performance in some economic contexts than others. Our expectation is that the relationship between unemployment and presidential approval will be stronger among countries with large informal economies. As the data in Table 7.8 demonstrate, the two subsets of countries do not differ significantly in their average approval ratings or in average short term levels of economic performance (especially if we discount Brazil's bouts with hyperinflation at the start of this period). Hence divergences in how economic performance shapes incumbent approval across the two subsamples cannot easily be tied to differences in the central tendencies of the independent or dependent variables.

The division of countries by the size of their informal economy does correspond, however, with divisions across countries in other types of economic vulnerability; countries with large informal economies tend to have smaller per capita GDP's, greater employment insecurity, and higher poverty rates.[1] There are too few countries to attempt to insulate the effect of the informal economy from these other factors and so while the results that follow can generally be interpreted as evidence that insecurity

[1] These three types of insecurity all correlate with each other at 0.6 or higher.

enhances economic voting, the direct linkage to informal employment instead of other forms of insecurity can only be hinted at with this coding scheme.[2]

Modeling support for the incumbent as a function of macroeconomic indicators such as the unemployment rate or changes in GDP is potentially problematic, however, if these data do not include outputs of the informal economy. The norm in Latin America, however, is for national employment surveys to consider a worker as employed if they are employed either formally or informally; informal economic activity is often underemployment but not unemployment. Hence we should expect unemployment figures to have the same meaning in countries with large and small informal economies; the main difference between the two contexts is that, on average, unemployment is associated with fewer coping resources in countries with large informal economies. GDP figures, however, likely underreport total economic activity in countries with large informal economies because unregistered activities are often not included in national production estimates (Charmes 1998). Thus we might expect electorates in countries with large informal economies to pay less attention to changes in

[2] While the various types of insecurity do correlate fairly strongly, dividing the countries up according to different criteria does yield slightly different results. For example, if we compare the 5 countries with the most poverty to the 7 countries with the least, the impact of unemployment across the two groups is not quite statistically significant at conventional levels but inflation has a significantly larger impact (and an overall impact that is significantly different from 0, in contrast to the larger sample) among countries with lower poverty rates. These slightly different results are consistent with the analysis in Chapter 3 in our dissertation.

official GDP figures not because the salience of growth is smaller or being crowded out by unemployment but because the figures have less of a relationship to reality.

In addition to the macroeconomic indicators of interest, we include three additional controls. we control for the previous approval rating because presidents who have high (low) approval ratings should find it easier to lose (gain) support in subsequent periods. we include a dummy variable that takes the value of 1 if an observation was the first evaluation of any given president to control for honeymoon effects. Finally, we control for the number of months between each survey. While we do not expect this variable to have a consistent relationship with presidential approval, we include it as a fixed effect that will control for heterogeneity in approval ratings over time because variance in approval is likely to be larger if the gap between surveys is larger.

We analyze presidential approval using an error correction model of short term shifts in presidential approval as a function of lagged approval and both short term and long-term trends in economic performance. Specifically:

$$\Delta Approval_{i,t} = Approval_{i,t-1} + Honeymoon_{i,t} + Economics_{i,t-1} + \Delta Economics_{i,t} + Gap\ Between\ Surveys_{t} + \varepsilon_{i,t}$$

As discussed in Chapter 3, this model specification provides several of advantages. First, as with other specifications that specify variables as first differences, it reduces problems of non-stationarity that have been shown to disturb presidential approval series, especially those which are as short as those analyzed here (Granger and Newbold

1974, De Boef and Granato 1997), while the inclusion of lagged variables allow us to explicitly model potential integration between the two series (Engle and Granger 1987, Murray 1994) by which economic steady-states prevent presidential approval from deviating too far from the baseline established by the incumbent's economic record (Beck 1992).[3] Analytically, the error correction model also allows us to differentiate the short term (difference) and long term (lagged) effects of economic performance on approval.

Prior to exploring the impact of the informal economy on the economics-popularity link, we model changes in incumbent approval as a function of per-capita growth, inflation, and unemployment for all 12 countries in the sample to serve as a baseline for comparison. These results are presented in Table 7.9 (below).

Looking first at the non-economic controls, presidential approval in Latin America mirrors trends in other regions of the world. Presidents who have been riding high approval ratings in the past are more likely to experience a drop in support, implying that approval is mean reverting. In addition, newly elected presidents tend to get a honeymoon boost in their first year in office after controlling for the state of the economy.

[3] While error correction models provide these statistical properties, they may still be used even if the data is stationary (Beck 1992).

Our primary interest here, however, is in the impact of economic performance on presidential approval. Economic growth significantly impacts presidential approval in two ways. First, incumbents are rewarded for short term increases in economic growth rates with short term increases in their approval. Approval ratings also tend to increase if incumbents have overseen expansions in the longer term. In contrast to studies of

Table 7.9: Economic Performance and Changes in Incumbent Support

Variable	[β]
$Approval_{t-1}$	-0.360***
	(0.064)
New President	0.397***
	(0.091)
$Growth_{t-1}$	0.023*
	(0.011)
ΔGrowth	0.024*
	(0.010)
$Inflation_{t-1}$	0.001
	(0.000)
ΔInflation	0.001
	(0.000)
$Unemployment_{t-1}$	-0.001
	(0.009)
ΔUnemployment	-0.036°
	(0.021)
Months Between Surveys	0.005
	(0.009)
(Constant)	0.841***
	(0.232)
N Observations	146
F	9.87***
Adjusted R^2	0.355
Root MSE	0.414

OLS Regression, Standard Errors in Parentheses
° 0.10, * 0.05, ** 0.01, *** 0.001

election results in the region during the 1980's and 1990s have demonstrated that inflation plays a dominant role in determining incumbent fortunes (e.g. Remmer 1991, 2003) neither long-term or short term trends in inflation affect presidential approval in this specific sample of countries or time period. Short term increases in the unemployment rate result in drops in incumbent support, though this effect is not very consistent. On average, then, approval of Latin American presidents during the 1992-2005 period was at least partially driven by the economic situation, but only by changes in economic growth rates and not other aspects of the macroeconomy.

While incumbent approval is a function of economic performance on average, in our dissertation we argue that informal employment should increase the weight voters give the national economy and especially the job market. Hence in Table 7.10 (below) we present the identical model of presidential approval as in the previous table only the 12 countries are divided according to the size of the informal economy as described above. The first column analyzes support for presidents in the 6 countries with the smallest levels of informal employment while the 6 countries with the largest informal economies in the region are included in the second column.

We examine first countries with relatively small informal economies. As in the previous model of the entire sample, high-levels of popularity tend, on average, to be followed with drops in support in the short term. Presidents also start with relatively high support in their initial period. Finally, as in the larger sample, incumbent

popularity in countries with small informal economies is a function of both short and long-term trends in economic growth. In contrast to the results for the entire sample, however, short term shifts in unemployment do not significantly affect incumbent support in countries with relatively small informal economies.

Table 7.10: Economic Performance, Informal Economy, and Changes in Incumbent Support (Split Sample Approach)

Variable	Small Informal Economy	Large Informal Economy	Difference Between Large and Small
$Approval_{t-1}$	-0.551***	-0.227**	0.324*
	(0.102)	(0.086)	(0.134)
New President	0.388**	0.437***	0.049
	(0.137)	(0.123)	(0.185)
$Growth_{t-1}$	0.044**	0.008	-0.037°
	(0.016)	(0.016)	(0.023)
ΔGrowth	0.030*	0.025	-0.005
	(0.013)	(0.016)	(0.020)
$Inflation_{t-1}$	0.001	-0.002	-0.002
	(0.001)	(0.003)	(0.003)
ΔInflation	0.001	-0.004	-0.005
	(0.001)	(0.005)	(0.005)
$Unemployment_{t-1}$	-0.006	0.004	0.010
	(0.015)	(0.011)	(0.019)
ΔUnemployment	-0.001	-0.087**	-0.086*
	(0.031)	(0.029)	(0.043)
Months Between Surveys	0.004	0.004	0.000
	(0.014)	(0.012)	(0.018)
(Constant)	1.421***	0.480	-0.941°
	(0.374)	(0.331)	(0.500)
N Observations	72	74	
F	6.27***	5.14***	
Adjusted R^2	0.401	0.339	
Root MSE	0.439	0.375	

OLS Regression, Standard Errors in Parentheses
° 0.10, * 0.05, ** 0.01, *** 0.001

The second column in Table 7.10 estimates the same model for presidents in countries with large informal economies. Again, presidential approval tends to be higher at the beginning of the president's term. Approval ratings also return to lower levels if the president was previously very popular, but this tendency for presidential popularity to return to mean levels is smaller in countries with large informal economies. The third column of Table 7.10 compares the predicted effect of each variable across the two subsets along with the estimated error of that difference; the positive and significant coefficient for the lag of approval implies, for example, that the long term predicted tendency of approval to revert to mean levels is consistently less negative in countries with large informal economies.[4] The difference in constants also implies that, all else equal, incumbents in countries with large informal economies are less popular than their counterparts in countries with small informal economies.

The question, then, is whether role of economics as a determinant of presidential approval is different in countries with large informal economies. Looking first at growth, presidents in these countries do not significantly gain from long-term expansions of the economy; the predicted effect of the lagged growth rates is significantly smaller than in the small informal economies subset of countries and is not significantly different than 0. The predicted effect of short term growth rates is about the same size as in countries with small informal economies but is not significantly

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[4] The associated standard error of the estimated difference (β_1- β_2) is (var(β_1)+ var(β_2))^2

different than 0. The inconsistent and weak effects of gross domestic product growth on incumbent approval in countries with large informal economies are understandable, of course, if these statistics do not capture changes in the informal economy or if their effect is being crowded out by other economic indicators.[5]

While the estimated relationship between growth and approval is weaker in countries with large informal economies, we expect that informality should increase the electoral role of unemployment. The results in Table 7.10 are consistent with this hypothesis. In countries where a majority of workers are informally employed, politicians are quite heavily punished for short term increases in the unemployment rate. The third column of Table 7.10 implies that increased cost of increased unemployment in countries with large informal economies is significantly significant at conventional levels. Thus the evidence in Table 7.10 is consistent with our hypothesis 6.2 that a large informal economy should increase the weight electorates give unemployment when evaluating the incumbent president.

An alternative to the spilt sample approach used in Table 7.10 is to interact a dummy variable that takes the value of 1 if the country was classified in the previous analysis as having a large informal economy and 0 otherwise with the macroeconomic variables that we believe affect incumbent popularity. These interaction terms allow us

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[5] It is worth noting that the predicted effect of short-term growth rates approach conventional levels of statistical significance in Table 7.10 and have a significant effect on presidential approval in the fixed effects results presented in Table B of the appendix.

an additional test of the hypothesis that unemployment increases in importance for voters evaluating the incumbent in large informal economies. we thus add multiplicative interaction terms between informal employment size and lagged approval ratings, the lagged growth rate and unemployment rate, and the first differences of growth and unemployment to the basic model of incumbent support.

The results of the OLS regression are presented in Table 7.11 (below). As in the previous table, a large informal economy results in a smaller tendency for popular presidents to lose support over time. In contrast to the split sample approach, the interaction terms for the lag and first difference of growth are not significantly different across economy types. However, the results in Table 7.11 are consistent with the basic hypothesis we test in Chapter 6; the short term effect of unemployment is significantly larger in countries with large informal economies.

This, again, is consistent with the individual-level results in our dissertation showing that people dependent upon the informal economy engage in sociotropic voting and especially base their vote on the ability of political actors to create jobs. The insecurity associated with informal employment raises the salience of economic production and labor stability. The result, when aggregated across an electorate where the majority of people work in the informal economy, is a closer relationship between short terms shifts in the employment market and incumbent approval. Thus the

Table 7.11: Economic Performance, Informal Economies, and Changes in Incumbent Support (Interaction Term Approach)

Variable	[β]
Approval$_{t-1}$	-0.551***
	(0.093)
New President	0.399***
	(0.089)
Growth$_{t-1}$	0.044**
	(0.015)
ΔGrowth	0.030*
	(0.012)
Inflation$_{t-1}$	0.001
	(0.001)
ΔInflation	0.001
	(0.001)
Unemployment$_{t-1}$	-0.006
	(0.014)
ΔUnemployment	-0.001
	(0.028)
Months Between Surveys	0.004
	(0.009)
Large Informal Economy	-1.029*
	(0.421)
Informal*Approval$_{t-1}$	0.347**
	(0.126)
Informal*Grow$_{t-1}$	-0.031
	(0.021)
Informal*ΔGrow	-0.002
	(0.020)
Informal*Unemployment$_{t-1}$	0.011
	(0.019)
Informal*ΔUnemployment	-0.081*
	(0.041)
(Constant)	1.414***
	(0.329)
N Observations	146
F	7.19***
Adjusted R^2	0.390
Root MSE	0.402

OLS Regression, Standard Errors in Parentheses
° 0.10, * 0.05, ** 0.01, *** 0.001

evolution of economic protections and insecurity in a polity have important implications for the development of electoral politics in that polity.

The methodology used here where we simply divide countries into 2 groups based on the relative size of the informal economy in the late 1990s does not allow us to state with certainty that this difference across the two subsamples is a function of the informal economy and not some other form of vulnerability. However, the results in Tables 3-4 are at least consistent with this basic hypothesis and the individual-results presented in Chapter 6 of our dissertation; informal employment enhances the salience of economic performance and especially the state of the job market. This is true at the level of individual voters and at the level of electorates. Insecurity shifts the basis of voter behavior.

Discussion

The epigraph captures the basic character of informal employment: living and working without a contract means that the threat of unemployment or a severe drop in wages is always hanging over your household while you are denied the shield of severance pay or other social benefits. These economic threats are both widely perceived and often experienced. The result, we argued, was that informal employment should enhance the weight given voters' sociotropic economic evaluations. The survey data from Argentina, Peru, and Mexico analyzed above was consistent with this basic hypothesis: informally employed voters gave between 50-100 percent more weight to

their evaluations of how the incumbent managed the national economy when evaluating of the incumbent. The data from Peru also confirm that informal employment's largest impact is on the weight voters give the ability to manage the labor market and create jobs, which directly affects both their employment security and their coping ability. These findings are important evidence for the major contention of this study: the salience of economic performance is a function of a voter's economic vulnerability and the resulting incentives to focus on economic outputs.

In addition, the empirical results presented above have implications for the larger literature on democratization in Latin America. As we noted in the introduction, several scholars have looked at whether the growth of the informal economy in the region contributed to the severe drop in support in many countries for traditional political parties and other institutions (e.g. Cameron 1991, 1994; Levitsky 2003). Other observers have argued that the informal economy may undermine support for democracy itself. For example, one early analysis argued that "The informalization of the working class in Latin America may well imply creating longer term conditions for political disaffection" (Coleman 1992, 19). Similarly, the recent UNDP report on Democracy in Latin America argues that the rise of informal employment is a major factor in the decline in social citizenship and trust in democratic institutions across the region (UNDP 2004: 24, 41-42, 56, 152). The common wisdom is that informality not only increases poverty (which it does-Amuedo-Durantes (2004)) and undermines the

power of unions and labor-based parties (Levitsky 2003) but also that the insecurity that is inherent to informal employment is expressed through frustration with the government and perhaps even the regime.

The results in this chapter, however, present an interesting counterpoint to this argument. In none of the regressions presented above was informal employment directly associated with support or rejection of one candidate at higher levels than other groups. Informally employed voters were not more likely to disapprove of presidents Toledo, Kirchner, or Fox nor were informally employed voters and their households more likely than the rest of the electorate to support Humala's anti-system campaign in Peru. In fact, informally employed voters who perceived the national economy was strong under the sitting president were more likely to support the status quo president than equally optimistic voters in less-vulnerable situations. More broadly, the effect of heterogeneous evaluations of the economy among informally employed voters and their families results in this group containing both strong supporters and strong opponents of the incumbent president. The results in this chapter suggest that informal employment's effect on support for political actors and, perhaps, other institutions will also not be a simple relationship but is contingent upon democracy's economic impacts.

The strong relationship between economic perceptions and voting behavior among the informally employed does imply, however, that the allegiances of these voters will shift quickly as the economy changes. In analyses of volatility data compiled

by Roberts and Wibbels (1999) that we do not report here, we do indeed see that countries with large proportions of informally employed workers have greater electoral volatility than those where a larger proportion of workers are protected. There are many potential reasons for this relationship, including the weak ties between the informally employed and political parties, but one potential reason for this relationship is the propsensity of this group to swing their votes as economic outcomes and perceived competences change.

Finally, while the result that informal employment induces voters to feel economic insecure and to emphasize their evaluations of the candidates/economic management and job creation capabilities is only explored here in the context of three Latin American democracies, we expect that this relationship is generalizable to more economically developed contexts. There is growing concern among observers of advanced industrial economies with the informalization of labor contracts in these countries and the reduction of pension and welfare coverage (e.g. ILO 2004, Gerxhani 2004). The theoretical rationale presented here suggests that one side effect of this should be an increase in materialistic electoral behavior.

8. Welfare Safety-Nets

"The modern welfare state decisively advantaged society's ability to treat each of its members equally. It did so, however, less by redistributing wealth than by reapportioning the costs of risks and mischance." (Baldwin 1990, 1)

In the previous chapters, we have primarily focused on variables specific to the voter and their personal employment situation that make them more or less sensitive to changes in the national economy or their personal economic position. Specifically, we have focused on factors that make voters more or less likely to experience an economic dislocation and their access to resources that will reduce its severity. In this final individual-level chapter, we focus on the ability of voters to leverage economic guarantees from the state in the form of welfare protections. By providing a safety-net should an economic dislocation occur, government social programs should reduce their reliance on the national economy for their income and their insecurity about their consumption should a national economic shock occur.

In this chapter, then, we test the hypothesis that welfare programs reduce vulnerability to national economic shocks and thus reduce sociotropic economic voting. We present evidence for this hypothesis using surveys from Mexico from 1993-2004 as well as surveys from Formosa province in Argentina.

Welfare Programs and Economic Insecurity

Government social assistance programs are not only acts of redistribution across economic sectors or periods of the earnings cycle; they seek to provide a series of safety-nets that reduce economic insecurity.[1] Unemployment assistance reduces the objective risks of becoming unemployed, anti-poverty programs reduce the risks associated with falling into poverty, etc.[2] For example, an empirical study comparing workers enrolled in the Argentine government's unemployment program *Jefes y Jefas de Hogar* to similar workers who were unable to enroll found that the program substantially reduced the economic costs associated with the national economic crisis of 2002 and reduced the risks of falling into poverty (Galasso and Ravallion 2004). Welfare programs thus represent society-wide risk-pooling (Baldwin 1990, Moene and Wallerstein 2003). "Protection against risk has been sought more universally than a redistribution of resources" (Baldwin 1990, 18). Citizens whose economic situation is precarious, whose employment situation is risky, or who fear the devaluation of their skill-set systematically prefer higher government expenditures on anti-poverty and unemployment programs to insulate against the risks of displacement (Cusask et al 2006

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[1] In discussing welfare programs, it is usually important to distinguish between those that target wage maintenance for the unemployed, those that seek to reduce poverty, and pensions (Moene and Wallerstein 2001, 2003 for examples). However, these three sets of policies all capture the same basic feature of providing guaranteed income despite market fluctuations and thus we combine them into the same conceptual framework.

[2] The most common cause of poverty is idiosyncratic factors such as a health crisis and thus all citizens face this risk (Krishna 2006).

for a review). Firms facing different risk profiles also adopt different attitudes toward unemployment programs, as those that face volatile economies preferring the expansion of safety-nets to their workers to avoid having to pay a wage premium (Mares 2003). As a result of the convergent preferences of firms and workers in high risk economies, countries with high average risk profiles tend to have more expansive welfare states, though this dynamic is conditioned by political and partisan institutions (Mares 2005).

Social safety-nets thus reduce the perceived risk voters face from economic slowdowns. As Pacek and Radcliff summarize, "With institutionalized welfare systems … citizens are less vulnerable to the vagaries of the business cycle" (1995, 4). Voters who are enrolled in social-insurance programs have a back-up plan, coping strategy, and a safety net if things go sour while voters who cannot access to these plans are walking without a net in the case of economic setbacks. One anticipated result of investments in social programs, then, is that voters protected by a welfare state should experience less anxiety with respect to changes in the national economy because their well-being is a function of ongoing government generosity and not economic performance. Thus, voters who participate in government welfare programs should have fewer incentives to monitor the government's management of the economy or to cast an economic vote than similarly situated voters who do not have access to those resources. Thus we propose the following hypothesis:

Hypothesis 8.1: Voters who receive welfare benefits place less weight on the state of the national economy in evaluating the incumbent's performance than similar voters who do not participate in safety-nets.

In statistical terms, this hypothesis posits a negative interactive relationship between a sociotropic evaluations and receipt of welfare benefits on support for the incumbent party.

The argument that welfare programs reduce the electoral importance of the economy was first proposed by Pacek and Radcliff (1995), who compare the predictive power of changes in national income on changes in the voteshare garnered by incumbent governments among European countries with very extensive welfare states to those with minimal welfare regimes. They find that welfare systems reduce the electoral importance of changes in the macroeconomy. Palmer and Whitten (2002), however, find that the relationship between changes in growth levels and aggregate levels of support for the incumbent is actually *higher* in OECD countries with generous welfare states. The challenge, of course, is that countries with large welfare states also tend to have large numbers of voters who feel nervous about their economic situation and hence mobilized for the welfare protections in the first place. There have been no attempts that we are aware of, however, to look at the effects of welfare programs on

individual-level use of sociotropic economic questions when evaluating the incumbent.[3] One reason for this may be that welfare programs in developed countries have sufficient coverage to include most eligible voters in their programs, thus making it difficult to distinguish the effect of welfare from other socioeconomic factors. There have been some recent works to distinguish the degree to which unemployment insurance programs would completely replace a worker's wages or not and then use differences in anticipated benefits should a dislocation occur as a predictor of attitudes (Hays et al 2005). Latin American welfare programs, however, fall far short of universal coverage or perfect targeting to the poor and thus, from a research design standpoint, provide a perfect arena to tease out the relationship hypothesized above.

It is worth noting that we could discover a statistical relationship that is consistent with this hypothesis without confirming it because the reader might instead posit that the negative association between welfare reception and sociotropic voting merely reflects the relationship between poverty and lower levels of economic voting as documented in Chapter 5. This potential problem of a spurious relationship exists despite the historical tendency of anti-poverty and social-insurance programs to move beyond the poorest segments of the population. In the analysis that follows, we attempt to distinguish the effect of welfare programs from the effect of poverty in two ways.

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[3] A partial exception is Grafstein (2005), who finds that unemployed voters receiving unemployment benefits are less likely to vote for the Democratic Party (or what he labels "the party of growth") than unemployed voters who did not receive help. This paper thus suggests that voters looking to cast a prospective issue vote are less inclined to use economic factors as the basis of their vote.

First, we control statistically for income using whatever measure of wealth the survey has available. In the case of welfare recipients in Mexico City, we are able to go one step further and add an interaction term between subjective exposure to economic forces and sociotropic perceptions to demonstrate that these two dynamics are uncorrelated.

In addition to controlling for poverty levels, we also expect that welfare programs will have a different effect on voter incentives than simple poverty. Specifically, poverty reduces incentives to cast a sociotropic vote and increases the incentives to cast an egotropic vote. We do not, however, expect receipt of welfare benefits to reduce the salience of the voters' personal economic circumstances. Voters who participate in social-insurance programs may tend to have more positive evaluations of their personal economic situation than voters in similar employment circumstances. However, any shocks that the voter reports to their personal economic situation in our surveys are net of welfare programs' effects and thus the program cannot do anything to further cushion the shock or reduce their impact on the household's consumption in the short term.[4] Social-insurance programs insulate voters from uncertainty and provide income transfers but do not reduce the pain of real income

[4] Another way of looking at this dynamic would be to contrast the impact of changes in the voter's reported personal financial situation and changes in the voter's objective situation such as being unemployed. If two voters become unemployed and one of them is on welfare, the voter who is on welfare is shielded from the effects of that program and should report a smaller drop in their overall personal economic situation and place less weight on that change in employment if we were to model incumbent support as a change in employment situation. But because the effect of the welfare program is included in the net egotropic evaluation, we do not expect the welfare program to have any continued influence on the ability of the voter to adjust their consumption.

shocks that voters do actually experience. Hence we hypothesize welfare policies reduce the electoral impact of sociotropic evaluations (H8.1) but also hypothesize that voters receiving welfare benefits place the same weight on their personal economic situation as voters with similar economic evaluations who do not receive assistance. If welfare is merely a proxy for poverty, it should also generally be associated with increased egotropic voting.[5]

Latin American Welfare Programs in Comparative Perspective

It is beyond the scope of this work to describe social assistance programs in Latin America in any detail.[6] The key element to understanding welfare programs in Latin America, however, is that they fall far short of providing a universal safety net. In discussing "Why is there so much economic insecurity in Latin America?" the first factor highlighted by Rodrik is the weakness of public insurance programs in the region. Prior to the debt crises, several countries in the region had welfare systems with coverage levels that were fairly extensive, at least by the standards of other less developed countries (Mesa-Lago 1978, Segura-Ubiergo 2007). The recent experience in Latin America with respect to social programs, however, has been less than ideal. During the

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[5] With the caveat, of course, that Chapter 5 showed that poverty does not always increase egotropic voting, though it did more often than not.

[6] see Lindert et al (2006), Haggard and Kaufman (forthcoming), Mesa-Lago (1997), Rudra (2007), and Segura-Ubiergo (2007) for descriptions and analyses of the scope and targets of welfare programs across the region.

1982-1986 debt crisis, real per capita social spending declined by 10% and it has been slow to rebound (IDB 1997, CEPAL 1999). Social protections in the region therefore are lower than in 1980 and are generally more limited than those provided in Western and Eastern Europe as well as in South-east Asia (Braun and di Gresia 2003).

The weakness of welfare policies in Latin America extends beyond spending levels to issues of timing and distribution. Social insurance spending is pro-cyclical, increasing during periods of economic prosperity but decreasing with economic crises (Braun and Gresia 2003, Ames 1987, Kaufman and Segura-Ubiergo 2001, Rudra 2002, Brown and Hunter 1999, Laurell 2000). Wodon et al (2002), for example, estimate that social spending per poor person falls by 2% for every 1% reduction in GDP. Changes in social spending thus accentuate downturns in the macroeconomy instead of reducing them. The combination of lower social spending and higher levels of poverty also result in lower levels of spending per poor person and thus many eligible citizens are excluded from their nation's welfare programs. For example, social assistance programs in Argentina only reached 18.5 percent of poor families during the 2002 economic crisis due to budget constraints on the program (Fizbein et al 2002). Across Latin America, just about half of the population are not included in any social insurance program (Lindert et al 2006, 21) and some of the largest anti-poverty programs in the region such as Argentina's *Jefes y jefas*, Brazil's *Bolsa Escola*, and Mexico's *Oportunidades* only cover a third of the eligible populations (*ibid* 22).

Finally, benefits intended for the poor often are captured by other groups. In their survey of welfare beneficiaries in 8 Latin American countries, Lindert et al (2006) find that most social assistance programs remain regressive, providing larger income boosts to well-off groups in the formal sector or in public employment at the expense of the truly poor. "Deficit-ridden and largely truncated social insurance schemes seem to have created a 'Reverse Robin Hood' phenomenon of taking from the poor and redistributing to the rich – and exacerbating LAC's high social and economic inequalities" (Lindert et al 2006, 13). Every pension/social insurance program studied by Lindert and her colleagues was regressive and while 60 percent of social assistance programs aimed at reduced poverty are progressive, 35 percent are regressive in nature and provide more benefits to non-poor citizens than they do poor ones (*ibid* 26).[7] The poor are often excluded from these programs because they do not participate in the formal economy (de Ferranti 2004). However, these failures to redistribute also reflect the ability of wealthy constituencies to mobilize for support (Huber et al 2004). As a review of an Argentine welfare program put it delicately "the program still had to assure that a small but relatively well-protected share of its benefits went to the non-poor. *This appears to be a political economy constraint*" (Ravallion 2002, 95 emphasis

[7] Conditional cash transfers (CCT) such as Mexico's Oportunidades program discussed below were very progressive and thus represent an improvement over other programs.

added). Groups that engage in social protest are also more likely to become enrolled in social insurance programs (Weitz-Shapiro 2006).

Given the gap between the need for social protection programs in Latin America and their current provision, a great deal of scholarly attention has been given to the determinants of social expenditures in Central and South America. Democracy seems to result in smaller reductions in social programs during economic downturns though many social-welfare programs were enacted by authoritarian regimes (Brown and Hunter 1999, Avelino et al 2005, Segura-Ubiergo 2007, mares and Carnes forthcoming) while trade openness's effect on social insurance spending is contested (Kaufman and Segura-Ubiergo 2001, Adserá and Boix 2002, Rudra 2002, Rodrik 1998). There is also conflicting evidence about whether social welfare programs in the region receive the most support from right-wing (Huber et al 2006) or left-wing governments (Kaufman and Segura-Ubiergo 2001).

Most observers also agree that agree that social programs in Latin America are strongly shaped by electoral considerations. Social spending generally increases as elections near (Diaz-Cayeros et al forthcoming, Magaloni 2006). Moreover, politicians often manipulate the distribution of welfare goods in one of two ways. First, they have incentives to channel funding to electoral strongholds, thereby rewarding their supporters while punishing areas that do not support them (Diaz-Cayeros and Magaloni 2003, Cox and McCubbins 1986). Additionally, politicians often target areas where they

are vulnerable electorally (Graham and Kane 1998, Schady 2000, Ballón and Beaumont 1996, Bruhn 1996, Stokes 2005). Not surprisingly, then, students of Latin American politics often characterize the welfare programs initiated during the 1990's as mere exercises in electioneering and populism. For example, Roberts argues that one of the central strategies of neo-populist candidates is to create "an economic project that utilizes widespread *redistributive* or clientelistic methods to create a material foundation for popular sector support" (1995, 88 emphasis added). Despite widespread evidence that politicians attempt to manipulate social programs for electoral benefits, the few quantitative studies which have evaluated the electoral impact of specific programs have reached mixed conclusions regarding the returns that incumbents gain from doing so.[8]

Thus welfare programs in Latin America are both weak and incomplete in their attempts to provide social safety-nets for the poor and vulnerable. This is unfortunate for the lives of those that live in this region and for the ability of these countries to generate social capital, lower levels of poverty, and perhaps even sustained economic growth. The division of Latin American society into those that have secure access to welfare programs and those that do not, however, allows us to compare individuals in similar economic circumstances and their reactions to the perceived state of the economy

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[8] See, for example, the contrasting results of Roberts and Arce (1998), Graham and Kane (1998), and Weyland (2000) about FONCODES and support for Fujimori. The evidence from Mexico provides much stronger evidence for the hypothesis that welfare benefits enhance political support (Diaz-Cayeros et al forthcoming, de la O 2007).

and thus potentially distinguish the effect of enrollment in government programs separate from the effects of class or employment situation.

In the remainder of this chapter, we use individual-level survey data to test Hypothesis 8.1 as outlined above. The majority of this data comes from Mexico, where interest in the electoral consequences of welfare programs has been high since the 1990's. This country allows us to examine the effects of several different types of welfare programs that followed different economic and political logics that have been extensively documented. It also allows us to test for the effect of these policies during economic booms and busts, divided and unified government, election and non-election years, and on the traditional ruling party and the party that only recently defeated it. These various contexts thus allow us to evaluate the robustness of any findings in any given case. We then further examine the robustness of these findings from Mexico using limited surveys that are available from Peru and Argentina.

The Politics of Welfare Programs in Mexico

In a forthcoming volume on the politics of social programs in Mexico, Diaz-Cayeros et al (forthcoming) argue that welfare programs in Mexico can historically be distinguished along two dimensions. The first is the degree to which they target society in general (and thus tend to be distribution neutral or even regressive) or target poor people specifically (and thus are progressive). The second dimension is the degree to which politicians have discretion over the areas and individuals that receive benefits

instead of eligibility criteria being clearly defined and strictly enforced. The welfare programs we study here cover the scope of this typology, though they have become less discretional and more directly targeted at poor citizens over time.

Our analysis begins with the National Solidarity Program, known by the acronyms PRONASOL or SOLIDARIDAD. This program was started by President Carlos Salinas (1988-1994) with the related twin goals of reducing poverty after the economic crash of the 1980's and rebuilding the PRI's electoral base that the crisis and the subsequent strain on traditional corporatist institutions had weakened.[9] The program funded infrastructure developments at the municipal level as well as health insurance, education scholarships, and cash transfers and credit programs to impoverished groups. However, there was a great deal of presidential discretion in the allocation of these programs (Bailey 1994, Cornelius et al 1994) and there is evidence at both the state (Molinar and Weldon 1994, Bruhn 1996) and municipal (Hiskey 1999; Diaz-Cayeros et al forthcoming) level that PRONASOL funds in general and especially the individual-level cash transfers and assistance programs were targeted by explicitly political criteria. Moreover, the clientelistic nature of PRONASOL increased as the 1994 elections neared. The result, Diaz-Cayeros and colleagues show, is that PRONASOL did not necessarily reach the poorest voters or areas and, when it did, the welfare benefits of

[9] See Dresser (1991), Bruhn (1997), Magaloni (2006), and Cornelius et al (1994) for a more extensive discussion of the political questions.

these programs were often reduced. However, from the recipients' point of view these welfare programs represented an important safety net and that is expected to shape their voting behavior.

While PRONASOL was widely credited with helping the PRI hold the presidency in 1994, the November devaluation and subsequent economic cash undermined the legitimacy of all programs associated with Salinas and brought into the foreground the lack of transparency that had accompanied his programs. Thus PRONASOL was largely dismantled under Zedillo. The municipal infrastructure projects were repackaged into the Fund for Municipal Social Infrastructure (FISM) while the individual-level welfare funds were combined into increased funding of existing programs and the creation of a new anti-poverty initiative. Specifically, three programs, each with a different target group and method of delivery represent the majority of the Mexican welfare budget: *Oportunidades-Progresa, Procampo,* and *Liconsa*.

The largest of these three programs is *Oportunidades* (Opportunities), previously called *Progresa* (Progress) when it was founded by Zedillo. It focuses on alleviating poverty in three ways: by facilitating education, providing health care, and emphasizing nutritional needs (World Bank 2003). The focus is helping poor families send their children to school instead of pulling them out to work by replacing the income that those children would have gained via cash transfers, free preventative medical care, and food subsidies. The plan targets the poorest inhabitants of the poorest areas, with

eligibility criteria designed and tested by the International Food Policy Research Institute (IFPRI) (Rocha Menocal 2001). As of 2004, 4 million families were enrolled in the program and *Progresa-Oportunidades* represented 46.5 percent of the federal anti-poverty budget. Enrolled children have better school attendance and health than similar children not enrolled (Rocha Menocal 2001). This program began with a rural emphasis but Vicente Fox changed the enrollment criteria to include urban areas where his party's base was more concentrated.

The second program is PROCAMPO (*El Programa de Apoyos Directos al Campo*- The Program of Direct Support for Farms), whose focus is on helping the rural poor maintain their income in a volatile commodity market by providing subsidies (SAGAR 1998). When first implemented under Salinas, however, the majority of benefits (70 percent) went to urban areas (*ibid*). Under Zedillo, however, the program became more focused, with the average size of the benefits being reduced by a quarter but the number of enrolments quadrupling by 1996 (*ibid*). More importantly, by 1996 over 85 percent of the recipient families were in the rural areas originally targeted by the plan. Participating families receive, on average, 26 percent of their income from these transfers.

The third program, *El Programa de Abasto Social de Leche* is a longstanding government program that provides milk and basic foodstuffs at reduced cost to poor households, with specific emphasis on households with children and teenagers, the

elderly, and the infirm. In 2003, just over 5.1 million individuals in over 2 million households received these benefits (Soto Romero 2003). Recipients of this assistance spend less on food and have greater food consumption than similar families not enrolled in the program (*ibid*).

There is some evidence that Progresa (Rocha Menocal 2001, Takahashi 2006), Oportunidades (Ley n.d), and Liconsa (Fundar 2006) may also follow an electoral logic in the patterns of geographic distribution. However, these programs are designed with fairly strict eligibility criteria at the individual level and in analyses we do not report here we could uncover no evidence that either swing voters or incumbent-partisans were more likely to receive welfare assistance at the individual level.[10]

These national programs have been supplemented in recent years by an expansion of old-age and anti-poverty pensions at the local level. The most prominent example is a series of pensions enacted by former mayor Andrés Manuel López Obrador of the left-leaning PRD in Mexico City, where 8% of the population resides. Beginning in October of 2001, all elderly residents of the federal District became eligible for a monthly stipend from the government that includes both a cash stipend (a government pre-paid debit card that is accepted at major supermarkets) whose use is restricted to food purchases as well as free transportation and health care (Willmore 2007).[11] Under

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[10] Diaz-Cayeros et al (forthcoming) argue that the extant aggregate studies need to deal more carefully with the eligibility criteria for unit selection in the program when modeling this dynamic.
[11] There is a 3-year residence requirement.

the same infrastructure, the López Obrador administration also increased its financing of medical services for the impoverished, with an emphasis on women and children at risk (Laurell 2003). The expansion of these programs then formed the centerpiece of López Obrador's ultimately unsuccessful campaign for the presidency.[12] While the PRD candidate promised to expand social spending as a way to reduce poverty, his PAN opponent Felipe Calderon and also members of the business community asked whether his program would result in return to budget deficits similar to those that prefigured the 1994 crash.

There have been numerous attempts to document the electoral effect of these welfare programs at both the aggregate (local) and individual level. A challenge in these efforts is that areas/individuals chosen to receive benefits are not chosen randomly but instead either reflect explicit political criteria or poverty/geographic criteria that are correlated with underlying partisan tendencies. Hence Diaz-Cayeros et al (forthcoming) and de la O (2007) use various matching methods to control for this endogeneity. Their studies show that receiving welfare results in an increased probability of voting for the incumbent. Non-parametric matching methods are inappropriate for studying whether the endogenously determined variable has an intervening effect on another variable. Moreover, in most of the surveys that we are using here we do not have sufficient

[12] Mentions of Oportunidades by Vicente Fox increased in the months leading up to the election, including making it the focus of his weekly radio broadcast 2 weeks before the election.

geographic information to use their methods to create a balanced dataset for subsequent parametric estimation using the methods proposed by Ho et al (2007). However, we are less concerned about the problem of endogeneity in this analysis because we do not have strong priors about welfare programs being systematically correlated with unobservable factors that are correlated with more or less economic voting except poverty, a factor we explicitly control for. We also control for the voter's expressed partisan attachment whenever possible to control for factors that may have led voters to be selected into the program.[13] Thus we expect that the use of a more balanced dataset would result in similar conclusions to those presented below.

PRONASOL, the Economy, and Support for Salinas in 1993

The first test of Hypothesis 8.1 comes at the end of PRI president Carlos Salinas' term of office. Salinas was extremely popular, with his approval never falling below 60 percent (Magaloni 2006, 162). Magaloni argues that support for Salinas in the aggregate was not affected by macroeconomic conditions (*ibid* 164), though Buendia (2001) finds that support for the incumbent was a function of unemployment and inflation.[14] In Chapter 4, we demonstrated that support for Salinas at the individual-level was a function of economic factors and was mediated by the salience of economic questions

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[13] There is no evidence, however, that government partisans in these samples were more likely to receive welfare benefits than independents or government partisans.

[14] The reason for Magaloni's null findings on average is that different groups appear to have responded to different elements of the national economy.

relative to other policy areas. Besides economic questions such as the passage of Nafta and the stabilization of prices, voters also may have focused on the implementation of Pronasol's public works programs, perceived rising corruption, and the start of the conflict in Chiapas in 1994.

To test for how Pronasol impacted the way in which voters evaluated Salinas, we use a Gallup-Mexico survey conducted in September of 1993 (Chapter 3). We use this survey because respondents were asked "Have you or anyone in your family benefited from a Solidaridad/Pronasol program?"; just over 20 percent of respondents reported having received such benefits. To test Hypothesis 8.1, we multiplicatively interact a dummy variable constructed from this question that takes the value of 1 if the respondent benefited from Pronasol and interact it with the voter's evaluation of the current state of the national economy with the expectation that the association between evaluations of economic conditions and the incumbent will be weaker for voters who received welfare.

The dependent variable in this analysis is the respondent's evaluation of Salinas on a 4-point scale ranging from very unfavorable to very favorable. Salinas remained incredibly popular at the time of this poll; 55 percent of respondents gave him the highest rating and an additional 36 percent gave him a somewhat favorable rating. His popularity was high despite voter anxiety toward the economy; while a plurality (43 percent) said that the national economy was somewhat good, only 2 percent said it was

very good though voters were more likely to report improvements in their personal finances over the previous year than otherwise.

In Table 8.1E (below), we model support for the incumbent in the context of an ordered logit. In the first two columns, we split the sample between non-welfare recipients (column 1) and welfare recipients (column 2) to explore the basic dynamics implied by Hypothesis 8.1. In Column 3, we combine the two sub-samples and use an interaction term to test for whether welfare's intervening effect is significantly different from 0. In addition to the economic variables of interest, we control for a series of issue questions, such as the respondent's views of NAFTA, the nation's police forces, electoral procedures, and democracy in general, the government's drug policies, and plans to reform the ejido system that should be expected to affect voter evaluations of Salinas and which might be correlated with geographic and socio-economic factors that are also associated with the likelihood that a voter benefited from PRONASOL. Finally, we include a standard battery of demographic and regional controls. These variables are described in Appendix 14.

Looking first at the controls, the results (with one or two exceptions) are fairly consistent across estimation techniques after taking into account the differences in sample size. Approval of the incumbent correlated with approval of NAFTA, the government's drug policy, and the overall state of democracy in Mexico, and low levels of education. It was also generally higher in the Northeast than in the other regions of

Table 8.1: Solidaridad and the Effect of the Economy on Evaluations of Salinas, 1993

	[1]	(SE)	[2]	(SE)	[3]	(SE)
Sociotropic Evaluation	0.305**	(0.103)	-0.098	(0.231)	0.312**	
Egotropic Evaluation	0.193*	(0.080)	0.090	(0.188)	0.189*	(0.079)
Received *Solidaridad* Benefit					1.004*	(0.452)
*Solidaridad**Sociotropic					-0.409°	(0.235)
*Solidaridad**Egotropic					-0.108	(0.182)
NAFTA Approval	0.311***	(0.091)	0.467*	(0.213)	0.346***	(0.083)
Police are Fair	0.046	(0.085)	0.308°	(0.185)	0.103	(0.076)
Satisfied with Democracy	0.196*	(0.093)	0.165	(0.235)	0.198*	(0.085)
Elections Becoming Fair	0.556***	(0.130)	-0.306	(0.300)	0.409***	(0.117)
Government Drug Policy Approval	0.406***	(0.101)	0.692**	(0.259)	0.460***	(0.093)
Ejido Reform Approval	0.048**	(0.051)	0.009	(0.125)	0.036	(0.047)
Female	0.195	(0.146)	0.241	(0.339)	0.190	(0.133)
Education	-0.080*	(0.033)	-0.124**	(0.075)	-0.088**	(0.030)
Age	0.136°	(0.070)	-0.089	(0.155)	0.092	(0.063)
Class	0.052	(0.101)	0.173	(0.272)	0.065	(0.093)
Has Close Relatives in the U.S.	0.221	(0.151)	0.303	(0.355)	0.246°	(0.137)
PRI Self-identification	0.223	(0.176)	0.052	(0.356)	0.179	(0.156)
North	-0.525°	(0.274)	-0.912	(0.664)	-0.541*	(0.248)
Bajio	-0.801**	(0.266)	-1.189*	(0.573)	-0.855***	(0.238)
Center	-0.414	(0.275)	-0.705	(0.623)	-0.462°	(0.249)
DF	-1.010***	(0.260)	-0.729	(0.652)	-1.002***	(0.237)
South	-0.812**	(0.270)	-1.675**	(0.543)	-0.980***	(0.238)
(cut1)	-0.672	(0.535)	-3.248	(1.385)	-0.860	(0.492)
(cut2)	0.421	(0.525)	-1.891	(1.268)	0.245	(0.480)
(cut3)	2.995	(0.538)	1.209	(1.252)	2.863	(0.492)
N	848		206		1054	0.000
LR χ^2	219.77***		44.93**		262.54***	
Pseudo R^2	0.131		0.141		0.130	
Log likelihood	-732.14		-137.26		-878.47	

Ordered Logit, Standard Errors in Parentheses, °p<0.10, *p<0.05, **p<0.01, ***p<0.001
Column 1 includes only non-welfare recipients
Column 2 includes only welfare recipients
Column 3 includes all respondents

the country. There is some evidence that support for the incumbent correlated with support for his Ejido reforms. The main variable whose effect varies substantially across sub-samples is the respondent's evaluation of whether or not elections are becoming more fair; while positive views of election reforms were correlated with support for the incumbent among non-welfare recipients, this variable was negatively signed (though not significantly different from 0 at conventional levels) among welfare recipients. The other surprising result is that self-identification with the PRI. Including a variable identifying political independents shows that PRI partisans and independents were equally more likely to approve of the incumbent than those who self-identified with opposition politicians.

The results in Table 8.1 confirm that economic factors were generally correlated with support for Salinas but only among those who did not receive benefits from a Pronasol program. Among welfare recipients, sociotropic concerns are not significantly associated with approval of the incumbent. The interaction term confirms that the economy's electoral effect is significantly smaller among voters who received welfare. There is no evidence, in other words, that these welfare recipients paid any attention to the national economy when evaluating the incumbent. Welfare recipients were also less likely to cast an egotropic vote, though this difference does not approach statistical significance. In general, then, the results in Table 8.1E are consistent with Hypothesis

8.1: access to welfare safety-nets reduces the incentives to cast a sociotropic vote because voters are projected from economic dislocations.

Federal Welfare Programs, the Economy, and Support for Zedillo in 2000

Our second case for testing whether welfare programs reduce the salience of national economic questions is presidential approval prior to the PRI's electoral defeat in the 2000 presidential elections. The focus is on approval of president Ernesto Zedillo, who won the 1994 elections on the strength of the strong economy that existed at the end of Salinas' term only to face an overvalues peso and dwindling reserves driven by government deficits at the end of the Salinas term and investment nervousness following the assassination of 2 prominent PRI politicians and the Chiapas uprising prior to the elections (Sachs et al 1996, Gil Diaz and Carstens 1996, and Edwards 1996). The ease at which global economic entities could transfer funds out of Mexico increased the risks to the peso (Calvo and Mendoza 1996). Shortly upon taking office, Zedillo was forced to devalue the peso and adopt a floating exchange rate, which resulted in the value of the peso being cut in half and contributed to a 7% drop in GDP that year. However, the economy rebounded fairly quickly and grew by 10% in 1996, more than recovering the losses of 1994-1995. It remained fairly strong throughout the rest of Zedillo's term, but the severity of the financial shock served to discredit the economic

gains made under Salinas and to undermine much of the PRI's reservoir of legitimacy as economic mangers (Magaloni 2006).

Commentaries on the 2000 election generally suggest that economic conditions were not a short term determinant of the PRI's defeat (e.g. Dominguez and Lawson 2004) but instead the series of economic crises since 1982 created a space for opposition parties to challenge the PRI's claims of competence and to reduce the perceived risk of replacing it as economic manger (Morgenstern and Zechmeister 2001, Magaloni 2006). Moreover, despite the strong economy, voters were fearful of another economic crisis at the end of Zedillo's term (Magaloni 2006, 174). However, approval of Zedillo was strongly conditioned by the economy (Magaloni 2006, 164; Buendia 2001). As we outline above, Zedillo had invested heavily in welfare programs and also in improving their targeting of individuals on economic instead of political criteria. We expect that these programs should have reduced the electoral salience of economic questions for recipients cushioned from future economic shocks.

The data for this election come from the 2000 Mexico Panel study, a 4 wave survey conducted between February and July of 2000 (Chapter 3 for more details). The first wave questionnaire, administered to 2400 respondents in February at the start of the campaign, contains an extensive battery of policy questions and includes the traditional economic voting questions that are of interest in this study. However, respondents were not asked about their participation in government welfare programs until the 4th, post

electoral wave of the survey in July. An unfortunate result of this time difference is that substantial attrition occurred in the sample, as is prone to happen in a panel study. Thus only 1200 respondents answered both the presidential approval question that serves as the dependent variable below and the welfare question. Additional attrition on several issue questions that we believe are important predictors of incumbent support at that time, the measure of left-right ideology, and household income further reduce the sample to about 650 respondents.

In the fourth wave of the study, respondents were asked about their participation in the three largest welfare programs offered by the national government at that time: Progresa, Procampo, and Leche Liconsa. Approximately 10 percent of respondents responded to having benefited from each of these programs, with Progresa and Procampo respondents slightly outnumbering Liconsa recipients. After combining those that received benefits from more than 1 program, approximately 25 percent of respondents received government assistance from at least one program.

The dependent variable in the analysis is the respondent's evaluation of President Zedillo; we use this as the dependent variable instead of the voter's expressed electoral preference at the time of the February survey because the election remained distant and a large proportion of respondents remained undecided (16 percent) and 55% of respondents would change their vote between the February survey and the election day. Respondents were asked to evaluate President Zedillo on a 5-point scale from

"strongly disapprove" to "strongly approve." At the time of the survey, Zedillo was fairly popular, with 59 percent of respondents approving of his time in office. However, 46 percent of the sample were in the "somewhat approve" group while only 13 percent were in the strongly approve camp. Related to the growing disenchantment with the PRI was voter ambivalence about the economy. While 53 percent of respondents said that the national economy was the same at the time of the survey as it had been a year before, those who thought it was worse (29 percent) outnumbered those that thought it was better (18 percent). Respondents were slightly more optimistic about their personal economic circumstances. A majority reported that they were in the same situation as a year ago, the share who reported being better off (23 percent) was slightly larger than the share who reported being worse off (21 percent).

In Table 8.2 (below), we model support for Zedillo as a function of retrospective sociotropic and egotropic evaluations using ordered logit and weighting for the probability that a respondent was included in the sample. To test Hypothesis 8.1, we interact them each with a dummy variable that takes the value of 1 if the respondent reported receiving benefits from Progresa, Procampo, or Liconsa and 0 otherwise. Morgenstern and Zechmiester (2001) also show that voters evaluating the PRI were less likely to base their vote on economic performance if they were risk adverse. We test for this dynamic by using the same measure of risk acceptance that they use, voter stated preferences for "he that does not risk gains nothing" instead of "better the known bad to

Table 8.2: Progresa, Procampo, Liconsa and the effect of the Economy on Approval of Zedillo, 2000

	β	(SE)
Retrospective Sociotropic Evaluation	0.287*	(0.157)
Retrospective Egotropic Evaluation	-0.084	(0.127)
Received Welfare	-0.158	(0.601)
Welfare*Sociotropic	-0.476*	(0.241)
Welfare*Egotropic	0.403	(0.276)
Risk Acceptant	-0.810*	(0.394)
Risk Acceptant*Sociotropic	0.316°	(0.185)
PRI Self-Identification	0.932***	(0.180)
Independent Self-Identification	0.018	(0.198)
Left-Right Ideology	0.072**	(0.028)
Satisfaction Mexico's Democracy	0.974***	(0.168)
Government Should More Actively Fight Poverty	-0.278°	(0.153)
Age	-0.011°	(0.006)
Female	0.057	(0.156)
Education	-0.148°	(0.083)
Income	-0.081°	(0.048)
Catholic	0.177	(0.232)
South	0.080	(0.208)
Center	-0.526*	(0.203)
Bajio	-0.308	(0.267)
(cut1)	-2.003	(0.606)
(cut2)	-0.975	(0.600)
(cut3)	-0.233	(0.598)
(cut4)	2.441	(0.609)
Number of Observations	728	
LR χ^2	225.36***	
Pseudo R^2	0.114	
Log Likelihood	-916.09	
Ordered Logit, Standard Errors in Parentheses °p<0.10, *p<0.05, **p<0.01, ***p<0.001		

the unknown good." We interact a dummy variable that takes the value of 1 if the voter was risk accepting and interact it with the sociotropic variable and expect, per

Morgenstern and Zechmiester, that this interaction term will have a positive slope. We also control for the respondent's ideological position, their party identification, the respondent's evaluation of democracy in Mexico, the respondent's view of whether the government should be doing more to alleviate poverty, and demographic and regional controls. These variables are described in more detail in Appendix 15.

Looking at the control variables first, we see that support for Zedillo was, not surprisingly, higher among PRI partisans than among the rest of the electorate. Zedillo also enjoyed higher levels of support from voters with right-leaning ideologies, those who thought poverty should be more of a priority, and those who were satisfied with democracy in Mexico. In contrast, those who were dissatisfied with democratic institutions in Mexico tended to disapprove of Zedillo. Zedillo also enjoyed higher levels of support among poor voters and in the center of the country. Thus the results in Table 8.2 are consistent with previous work on this watershed election.

Sociotropic voting also largely followed the expected pattern. Optimism about the national economy was positively associated with support for the incumbent even if the voter was risk adverse. Risk acceptance increased sociotropic voting as expected; changing the average (non-welfare receiving) voter's perceptions of the economy from very bad to very good increased the predicted probability of giving Zedillo the highest rating by 0.10 if the voter was risk adverse but increases it by 0.23 if he or she was risk acceptant. However, welfare recipients were substantially less likely to base their

evaluation of the incumbent on national economic factors. For example, while the predicted impact of changing sociotropic evaluations from their minimum to their maximum on presidential evaluations of risk acceptant voters who did not receive welfare was to increase the probability of giving Zedillo the highest evaluation by 0.23, for voters who received welfare the expected impact was 0.006, an amount insignificantly different from 0 (Figure 8.1). For risk adverse voters, positive economic evaluations were associated with a slight decrease in the probability of supporting Zedillo, though this difference is not significantly different from 0 at conventional levels. Thus the dynamics of sociotropic voting are consistent with Hypothesis 8.1's prediction that sociotropic voting should be reduced by having income guarantees from the state.[15]

[15] The results in Table 8.2 are slightly dependent upon whether or not we weight the data according to the probability that a voter was selected into the sample. Specifically, while in all specifications the interaction between sociotropic evaluations and having received welfare is negative and significant at conventional levels, if we do not weight the data then the interaction term between egotropic evaluations and welfare participation becomes significantly different than 0 at the 0.10 level. This finding, which is unique across all the models estimated in this chapter, raised concerns that the welfare variable was capturing the effect of poverty as discussed in Chapter 5 and not access to safety-nets. However, in analyses not presented here to conserve space we estimated the model in Table 8.2 among voters who were above the median income and those who were below it and in both cases welfare recipients displayed significantly lower levels of sociotropic voting and the effect of welfare was not significantly different across the two samples. Thus even when controlling for wealth even more heavily than simply including it as a control as we do in Table 8.2, welfare suppresses sociotropic voting. However, the positive association between welfare benefits and egotropic voting in this sample remains a puzzle.

Figure 8.1: Welfare, Economic Factors, Support for Zedillo among Risk Acceptant Voters, 2000

Federal Welfare Programs, the Economy, and Support for the PAN in 2003

In the 2000 presidential campaign, Fox promised to reduce corruption and crime while instituting a new type of government and promising to deliver "growth with a human face" (Klesner 2002). His party did not have a majority in the legislature, however, and Fox proved unsuccessful at building coalitions with the other parties to pass reforms. An additional factor working against the PAN party leading up to the elections of 2003 was a weak economy due to the economic slowdown in the United States. The economy contracted in each of the three years Fox had been in office and

approximately 60% percent of the voters in the survey we analyze in this study (described in more detail below) had negative evaluations of the national economy and their personal economic circumstances compared to the previous year. The combination of the weak economy and voter disillusionment with the Fox regime resulted in a poor showing for the PAN in the 2003 legislative elections (Lawson 2004). Electoral support for the PAN reduced from its high of 38.3 percent in 2000 to 30.64 percent in 2003, resulting in a loss of 54 seats. As a result, the PRI solidified its position as the largest legislative party while the PRD increased its representation. The question is whether Fox's expansion of welfare programs reduced the salience of the weak economy.

To explore the impact of social-programs on the first election conducted under PAN rule, we rely on data from a survey of 1991 Mexican citizens conducted by Ulises Beltrán y Asocs, S.C. in July of 2003 for the CSES project, described in more detail in Chapter 3. We use this survey because it contains the question "Did you or any member of your family receive any help from a federal government or state government program, such as Milk, Oportunidades, PROCAMPO, etc?"[16] If the voter answered yes, she was then asked what specific benefits they received. Approximately 18 percent of survey respondents reported having received some sort of help. The most commonly mentioned program was *Oportunidades* (mentioned by 36.15 percent of respondents who

[16] ¿Recibe usted o algún miembro de su familia algún tipo de apoyo de algún programa del gobierno federal o del gobierno de su estado, como Leche, Oportunidades, Procampo, etc.?

reported receiving government aid) followed by PROCAMPO (22.31 percent) and *Leche* (17.18 percent) respectively. From this question, we create a dummy variable that the value of 1 if the voter reported receiving help from the government and 0 otherwise. This dummy variable is the main independent variable of interest in the subsequent statistical analysis.

The dependent variable is a dichotomous measure of whether the respondent supported a PAN candidate in the legislative elections or voted for a candidate of the PRI, PRD, or some other party; non-voters are excluded from the analysis. Approximately 30% of respondents who voted reported having supported a PAN candidate, which almost exactly matches its 30.64% of the valid vote. As in the analysis of the 2006 Mexican presidential election in Chapter 4, we face a tradeoff in specifying the electoral choice in a binary function. Traditional models of economic voting usually imply a pro-incumbent/anti-incumbent dynamic. There is a downside, however, of lumping PRI, PRD, and other party voters into the same "non-PAN" category: many of the control variables make different predictions for each of these sets of opposition parties and a result of pooling these divergent effects on opposition support is that many of the demographic and issue controls are insignificant in the bivariate logit models used here.[17]

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[17] For example, voter evaluations of whether human rights are respected in Mexico predicts whether or not the voter will support the PRI over the PAN but does not influence the choice between the PAN and the

The extant literature on Mexican elections demonstrates that economic voting is common: voters who have negative evaluations of the national economy (sociotropic voting) or of their personal economic situation (egotropic voting) are less likely to support the incumbent party (Chapter 3), and hence we include both sociotropic and egotropic retrospective economic measures. We also control for attributions of responsibility for these outcomes. First, we interact the voter's sociotropic evaluation with a dummy variable that takes the value of 1 if the voter believes that Fox or the PAN more generally was responsible for changes in the national economy; this interaction term should be positive to reflect increased weight given outcomes for which the incumbent is responsible. Second, we interact the voter's egotropic evaluation with a dummy variable that takes the value of 1 if the voter reported that she is responsible for changes in her own economic situation; this interaction effect should take a negative value.

In addition to our welfare and economic voting measures, we control for the voter's policy positions and general evaluations about the state of affairs in Mexico, and socio-demographic controls. The demographic controls are the voter's income, sex, age, martial status, education level, and ethnicity. We control for the voter's self-reported ideological position on a left-right ideological scale, with high values representing

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PRD while evaluations about the current level of corruption distinguish only between the PAN and the PRD.

conservative positions. To capture the importance of specific non-economic issues, we control for three issues that received considerable attention in the 2003 campaign: whether or not the voter believes corruption is a problem in Mexico, whether the voter believes human rights are respected, and whether he believes that divided government would destabilize the polity. We control for the voter's political sophistication by creating a political knowledge scale based on whether or not voters knew how many legislative chambers there are in Mexico and the length of legislators' terms. We control for whether or not the voter received a campaign gift from the PAN or from another party (3.5% of the electorate reported getting a gift from a PAN party official and an additional 10% reported receiving a gift from another party); these measures of direct vote buying are useful contrasts to the effect of welfare policies on incumbent support. Finally, we control for partisan identification by controlling for general evaluations of the PAN. These variables are described in more detail in Appendix 16.

The logit analysis of support for the governing party is presented in Table 8.3 (below). In the first column we present only the economic voting model with the interactions between economic perceptions, ascribed responsibility for those outcomes, and participation in government welfare programs. In the second column, we add the battery of controls. Most of these controls are not significant predictors of support for the PAN due to the difficulty of differentiating the choice between the various alternatives to it in the binary framework. Not surprisingly, voters who self-identify

Table 8.3: Welfare and the effect of the Economy on Support for the PAN in the 2003 Legislative Elections

	[1]	(se)	[2]	(se)
Retrospective Sociotropic Evaluation	0.320***	(0.084)	0.314*	(0.150)
Retrospective Egotropic Evaluation	0.270***	(0.079)	0.035	(0.151)
PAN responsible for National Economy	-1.086***	(0.228)	-0.752**	(0.293)
Responsible*Sociotropic	0.329***	(0.082)	0.239*	(0.106)
Respondent Responsible for Finances	0.767**	(0.261)	0.368	(0.362)
Responsible*Egotropic	-0.195*	(0.082)	-0.021	(0.135)
Respondent Received Welfare	0.195	(0.253)	0.439	(0.546)
Welfare*Sociotropic	-0.221***	(0.081)	-0.275*	(0.111)
Welfare*Egotropic	0.056	(0.091)	0.106	(0.176)
Left Right Ideology			0.017	(0.043)
Human Rights Protected in Mexico			-0.206**	(0.080)
Corruption is a Problem			0.158	(0.141)
Divided Government Destabilizes			0.275	(0.249)
Political Knowledge			0.091	(0.093)
Received Gift from PAN			1.094°	(0.629)
Received Gift from Other Party			-0.604***	(0.209)
PAN Sympathy			0.522***	(0.056)
Salary			0.000	(0.000)
Male			-0.273	(0.170)
Age			-0.008	(0.006)
Education			0.018	(0.037)
Indigenous Heritage			-0.084	(0.343)
(Constant)	-2.055***	(0.204)	-5.189***	(0.885)
Number of Observations	1117		873	
Wald χ^2	125.71***		2669.98***	
Pseudo R^2	0.135		0.373	
Log pseudolikelihood	-592.089		-341.051	

Logit Model, Standard Errors in Parentheses
° p<0.10, * p<0.05, **p<0.01, ***p<0.001

with the PAN were more likely to vote for it; when this variable is excluded from the model ideology becomes a significant predictor of support for the incumbent instead of legislative choices. Voters who thought that human rights needed improving were more likely to support the governing party than those who thought the status quo was fine. Finally, voters who received a gift from the PAN were more likely to vote for it whereas

those who received a gift from another party were more likely to vote against it. Thus there was vote buying going on in the election. However, in tests not reported here we found no evidence that welfare recipients were more likely to vote for the PAN or any other party.

Our primary interest is in the role economic factors played in this election. Looking first at the traditional economic voting model, positive evaluations of the national economy are correlated with support for the incumbent even if the voter did not believe that the incumbent was responsible for economic outcomes. Attributing responsibility to the incumbent then had the predicted effect of magnifying sociotropic voting as illustrated in Figure 8.2 (below). Looking at non-welfare recipients, the predicted effect of changing the average voter's evaluation of the national economy from its most negative to its most positive values is a predicted increase in the probability of supporting the governing party by 0.25 but a similar change in economic perceptions for a voter who blames the incumbent for those changes is predicted to increase the likelihood of supporting the government by 0.41, an increase of 62 percent. Egotropic factors are significant predictors of support for those voters who blame someone other than themselves for changes in their personal finances in the first model but have no significant impact in the model with a larger set of controls.

Figure 8.2: Welfare, Economic Conditions, and Voting for PAN Legislative Candidates, 2003

In addition to the traditional economic voting model, the evidence in Table 8.3 is also supportive of Hypothesis 8.1 regarding the effect of receiving welfare assistance. Voters who received welfare placed significantly less weight on their evaluations of the national economy than similar voters who did not receive guaranteed economic help. For those voters who did not hold the PAN accountable for changes in the economy and who also received welfare, national economic conditions are not significantly associated with support for the incumbent. Among those voters who hold the president accountable for the economy, receiving welfare reduces the predicted impact of

changing sociotropic evaluations from their minimum to their maximum on the probability of supporting the PAN from 0.41 to 0.17, a reduction of 57 percent. Thus the conditioning effect of welfare on the salience of economic perceptions is essentially equal in magnitude to the effect of attributing responsibility to the incumbent.

Thus election dynamics in 2003 are consistent with Hypothesis 8.1: voters who received welfare assistance placed less weight on national economic conditions when voting then the rest of the electorate did.

Municipal Welfare Programs, the Economy, and Support for Fox in the DF, 2004

The three previous sections have shown that the basic hypothesis that the link between evaluations of the national economy and attitudes toward the governing party and incumbent president is reduced by inclusion in national welfare programs. In this final section on Mexico, we look at the effect of one of the controversial programs in Mexico, the social pensions introduced by former Federal District (DF) Mayor Andrés Manuel López Obrador and that served as a centerpiece of his campaign to defeat the PAN government as described in more detail above. Specifically, using survey data compiled in Mexico City by the firm Data Opinión Pública y Mercados in December of 2004, we test whether evaluations of the incumbent president were shaped by welfare

programs implemented and administered by a political rival.[18] We use this survey because respondents were asked whether they or someone else in their household received monthly financial help from the DF government and 26 percent reported having received some form of assistance. We expect that this subset of the sample will place less weight on sociotropic evaluations when assessing Fox despite him not having had any role in this program.

The dependent variable is the respondent's assessment of the Incumbent Fox as evaluated on a 7-point scale ranging from "very good" to "very bad." The proportion of Mexico City residents who gave Fox a positive evaluation (42 percent) was similar in size to those that gave him a negative evaluation (39 percent) despite his generally high popularity in the rest of the country. Consistent with out previous analysis of the 2006 Presidential elections (Chapter 4), the electorate was fairly ambivalent about the state of the economy; while more respondents thought it was worse than thought it was better than a year ago, a large plurality (44 percent) of Mexico City residents reported that it had remained the same over 2004.

We model support for the incumbent using an ordered logit in Table 8.4 (below). The survey did not contain a battery of policy questions at the national level due to its primary focus on Mexico City politics. However, in addition to retrospective and

[18] We do not model their effect on AMLO because the survey does not contain a summary measure of the economic situation in the Capital District.

Table 8.4: Mexico City Pensions and the Effect of the Economy on Views of Fox, 2004

	[1]	[2]	[3]
Retrospective Sociotropic Evaluation	0.638***	0.204	0.215
	(0.122)	(0.223)	(0.225)
Retrospective Egotropic Evaluation	0.088	0.129	0.145
	(0.114)	(0.220)	(0.224)
Received Welfare from City Government	0.898*	0.900*	0.960*
	(0.401)	(0.404)	(0.410)
Sociotropic*Welfare	-0.515*	-0.529*	-0.471*
	(0.212)	(0.213)	(0.213)
Egotropic*Welfare	0.195	0.215	0.137
	(0.215)	(0.217)	(0.219)
Income Sufficient to Make Needs		-0.281	-0.247
		(0.235)	(0.237)
Sociotropic*Income		0.275*	0.265*
		(0.122)	(0.123)
Egotropic*Income		-0.047	-0.045
		(0.123)	(0.125)
Female			0.259°
			(0.153)
Age			0.001
			(0.005)
Respondent a Crime Victim			-0.161°
			(0.096)
(cut1)	-0.148	-0.628	-0.510
	(0.205)	(0.416)	(0.497)
(cut2)	0.426	-0.050	0.068
	(0.204)	(0.415)	(0.495)
(cut3)	0.866	0.395	0.511
	(0.206)	(0.415)	(0.495)
(cut4)	1.717	1.253	1.383
	(0.215)	(0.418)	(0.498)
(cut5)	2.548	2.088	2.219
	(0.227)	(0.423)	(0.502)
(cut6)	3.845	3.396	3.535
	(0.259)	(0.440)	(0.519)
N	574	573	568
LR χ^2	60.92***	67.62***	72.38***
Pseudo R^2	0.0281	0.0312	0.0337
Log likelihood	-1055.13	-1049.99	-1037.93

Ordered Logit Model, Standard Errors in Parentheses
° p<0.10, * p<0.05, **p<0.01, ***p<0.001

egotropic measures of the economy, we control for several demographic characteristics, including a subjective measure of whether the household's income is sufficient to meet their needs as analyzed in Chapter 5. Thus in the analysis, we can explicitly separate the effects of welfare from the effects of poverty on sociotropic voting. The coding of control variables is discussed in Appendix 17.

Table 8.4 presents three specifications of the approval model. In the first column, we estimate on the effects of economic perceptions and test for whether these effects are altered by participation in welfare programs. As robustness checks we add the interactions of economic views with the subjective measure of income in the second column and several basic demographic variables in the third column. These controls show that women tended to have more favorable views of the incumbent and that crime victims tended to disapprove of him. Moreover, the results in Table 8.4 are consistent with Hypothesis 5.2 that increased wealth substantially increases sociotropic voting (even poor voters who do not receive welfare do not display a significant level of sociotropic voting) but, as we saw several times in Chapters 5 and 6, do not support Hypothesis 5.1's prediction that poverty significantly increases egotropic voting.

The addition of controls for wealth or demographic characteristics does not change the basic finding with regards to the effect of welfare on sociotropic voting: voters who received welfare were significantly less likely to base their evaluation of the incumbent on national economic factors. In fact, welfare recipients in the three lowest

Figure 8.3: Pensions, Economic Performance, and Support for Fox in Mexico City, 2004

wealth categories do not have a significant relationship between their evaluations of the economy and their opinion of the president. The difference in the economy's impact on the views of welfare recipients and those who were not enrolled in the Mexico City pension plan is illustrated by Figure 8.3, which plots the predicted probability that a voter gives Fox one of the two highest ratings given their evaluations of the national economy. While the probability that a voter who did not receive welfare and believes the economy is much better than it was approves of the president is 0.45 larger than if that same voter felt the economy had gotten much worse. The difference becomes only 0.08 if the voter received welfare. Thus even though Fox did not have anything to do

with the welfare program being analyzed here, the effect of a guaranteed income stream still had the effect of reducing sensitivity to changes in the national economy.

Thus the results in Table 8.4 are consistent with the hypothesis that we set out to test in this chapter. It is also interesting to note that the inclusion of an interaction between wealth and sociotropic voting not only did not noticeably change the consistency of the relationship between welfare and sociotropic voting but also did not change the magnitude of the estimated coefficient. This suggests that the relationships between income and economic voting and between wealth and economic voting are not strongly correlated but instead represent different underlying dynamics.

Welfare and Economic Voting in Argentina, Peru, and the Cross-National Context

The results in the previous sections have shown that, for a variety of different welfare programs and political contexts, welfare recipients in Mexico seem to have fewer incentives to cast an economic vote.[19] To further probe the robustness of this finding, we test whether welfare programs in Argentina and Peru have the same effect.

Evidence supportive of Hypothesis 8.1 in Argentina is provided by a survey conducted in the provide of Formosa by Carlos Fara y Associados in late 2002, prior to

[19] In addition to these surveys presented here, we also were able to obtain Reforma's exit poll taken after the 2000 Mexican presidential elections, which asked voters about their participation in welfare programs. The analysis of this survey was not, however, consistent with the hypothesis that welfare benefits significantly reduced the attention to sociotropic factors when either evaluating Zedillo or when voting for the PRI.

their 2003 gubernatorial elections. The northern province of Formosa borders Paraguay and is one of the least developed provinces in the country (UNDP 2002) though its per capita income is comparable to that of India. The politics of the province have been dominated by factional competition between branches of the Peronist party associated with strong personalities. The 2003 elections were won by Gildo Insfrán with 71 percent of the valid vote. Insfrán has won every election since 1995 and, prior to that, served as vice governor form 1987-1995. The high levels of poverty in the province generate high levels of demand for welfare services; 25% of respondents in the surveys analyzed below, for example, reported receiving welfare benefits of some sort or another. However, this poverty in combination with the relatively low levels of electoral competition should be expected to facilitate clientelistic manipulation of welfare programs; indeed, the surveys analyzed below show that PJ party members were substantially more likely than independent and opposition-party voters to receive welfare benefits even after controlling for their socioeconomic circumstances.

This survey contains two questions about participation in government welfare programs. First, respondents were asked if they had received benefits from the welfare program *Jefes y Jefas de Hogar* (Heads of Family). This program began as *Plan Trabajar* (Work Plan), under Carlos Menem (1989-1999) in response to the economic recession associated with the decline of the Mexican Peso and was then replaced and refitted as *Jefes y Jefas* in 2002 (López and Paz 2003 and Golbert 2004 for a review). The central goal

of the program is to fight unemployment and poverty by paying unemployed workers to work for the government or local NGO's on infrastructure creation and maintenance. Between this and a similar program, the Emergency Labor Program (*Programa de Emergencia Laboral* or PEL), more than 2 million Argentines receive subsidies from the government. There is little doubt that most of the recipients of this program's benefits are poor; Jalan and Ravallion (2003), for example, find that 75.7 percent of recipients were in the bottom 20 percent of the income distribution. Thus a study of the 2002 financial crisis that used both panel data on plan participants and used matching methods to compare recipients with those who did not receive plan benefits found that the plan reduced the risks of falling into extreme poverty and maintained household consumption (Galasso and Ravallion 2004). However, case studies of clientelist networks in Argentina demonstrates that among poor people, access to the benefits of this and other welfare programs is often a function of political connections (Auyero 2000, Ronconi 2001, Ronconi et al 2004). Moreover, Weitz-Shapiro (2006) and Lodola (2006) demonstrates that areas with high levels of political mobilization received higher distributions from the funds. Thus Galasso and Ravallion (2004) find that about 1/3 of program beneficiaries did not meet formal eligibility criteria. If voters did not receive benefits from Jefes y jefas, they were then asked if they received benefits from other welfare programs.

The dependent variable in the analysis is the respondent's evaluation of Eduardo Duhalde's term as interim president on a three point scale of bad, regular, or good. While a majority of respondents chose the middle "regular" category, the number of voters who disapproved of Duhalde was larger than the proportion that approved of him. This low popularity was a residual of the economic crisis that had begun under the previous administration; 42 percent of respondents thought that his economic policies had been bad compared to only 11 percent giving them a positive rating and 78 percent of respondents believed that there was still substantial risk of more hyperinflation in the upcoming year. In the analysis that follows, we focus on the former as our indicator of sociotropic considerations and interact it with a dummy variable that takes the value of 1 if the respondent received assistance from Jefes y Jefas or any other government program and 0 otherwise with the expectation that this interaction term will have a negative sign.

The results of the ordered logit analysis of presidential approval are presented in Table 8.5 (below). Similar to the Mexico City survey analyzed above, the majority of the questions in this survey focus on issues and personalities particular to state politics. However, besides the usual demographic variables we control for whether or not the respondent believed that negotiations with the IMF and other donors would result in them stepping in to help Argentina's economy. The control variables are described in more detail in Appendix 17.

Table 8.5: Welfare Programs and the Effect of Evaluations of the Government's Economic Policies on Approval of Duhlde in Formosa Province, 2002

	[1]
Evaluation of Economic Policies	3.222***
	(0.312)
Received Welfare Benefits	2.249**
	(0.857)
Welfare*Economic Evaluation	-0.943*
	(0.405)
Peronist Party Member	0.436
	(0.281)
Voter is Unemployed	0.160
	(0.369)
Economic Class	-0.013
	(0.079)
IMF Will Help Argentina's Economy	0.560*
	(0.267)
Head of Household is a Public Employee	0.359
	(0.253)
Education Level	-0.009
	(0.034)
Male	-0.689**
	(0.218)
Age	0.056
	(0.086)
(Cut 1)	4.140
	(0.757)
(Cut 2)	8.506
	(0.919)
Number of Observations	305
Wald χ^2 (11)	221.38***
Pseudo R^2	0.360
Log Pseudo Likelihood	-196.32
° p<0.10, * p < 0.05, ** p < 0.01, *** P < 0.001 Ordered Logit, (Standard Errors Clustered by Manzana)	

Belief that the government would be able to secure outside assistance was a significant predictor of approval of the president as was being female. Surprisingly, Peronist party membership is not associated with higher levels of support for the incumbent president, though this might reflect split in the party between Menemist and Duhalde factions as well as a schism in the Formosa Peronist party between Governor Gildo Insfrán and his rival Vicente Joga. The other control variables are not significant predictors of attitudes toward the incumbent president.

Given that the measure of sociotropic voting we have available in this survey does not ask about the general condition of the national economy but instead focuses on economic policies, it is not surprising that there is a very strong association between voter evaluations of Duhalde's economic policies and their evaluations of Duhalde himself. For an average voter who did not receive welfare, changing his or her evaluation of the economic policies from bad to good changes the probability of approving of the president by 0.62 (Figure 8.4 below). However, the analysis also show that the association between evaluations of economic policies and the incumbent remains quite strong but is weaker for welfare recipients compared to the rest of the electorate. As Figure 8.4 illustrates, if a welfare recipient in Formosa changes his or her evaluation of economic policy from bad to good, the predicted impact is an increase of 0.47 in the probability of supporting the incumbent, a 25 percent reduction compared to the rest of the electorate.

Figure 8.4: Economic Policy, Welfare, and Support for Duhalde in Formosa, 2002

Thus the survey data from Formosa are consistent with Hypothesis 8.1. However, our analyses of other surveys from Peru and Argentina do not find the same dynamics. Specifically, we arranged for questions asking if voters had received welfare benefits from government programs to be included on the 2006 surveys conducted by Ipsos-Mora y Araujo in Argentina and the Universidad Católica in Peru that we analyze in Chapters 5 and 7. In both cases, welfare recipients did place less weight on sociotropic factors when evaluating the incumbent but neither of these effects approaches statistical significance. While the Formosa results suggest that welfare programs in Argentina can have the expected effect, further research is needed to explore whether the null findings

in these cases are the result of sampling variation or some different underlying dynamic in these cases.

We also noted in the literature review at the beginning of this chapter that there have been two aggregate-level studies of electoral dynamics in Europe testing the hypothesis that economic voting is lower in countries with strong welfare states but these studies reach different conclusions. In work elsewhere (Singer n.d.), we demonstrate with data from Europe these divergent findings stem from the need to control for the structural factors that caused the state to enact a strong welfare state in the first place and the resulting effect of economic vulnerability on the propensity to cast an economic vote. After controlling for this underlying level of vulnerability, European states with large welfare states do exhibit a higher correlation between macroeconomic indicators and swings in electoral support for the incumbent party. A similar analysis of voting patterns in state legislative elections in the United States also shows that incumbent members of the president's party are less affected by swings in the national economy if their state provides strong welfare guarantees. While the lack of comprehensive coverage statistics on Latin American welfare programs makes conducting a similar analysis of welfare programs and economic voting cross-regionally difficult at this time, these various cross-unit studies provide additional evidence of the robustness of the relationship studied in this chapter.

Discussion

The previous three chapters have demonstrated that wealth and participation in financial markets, insecure employment, and participation in the informal economy all expose voters to shifts in the national economy and that this vulnerability enhances the salience of sociotropic concerns when evaluating the incumbent or voting. In this chapter, we take the opposite tack to vulnerability and look at one set of safety-nets that reduce the need to rely on the national economy, participation in government welfare programs. Specifically, we compare the impact of sociotropic concerns on voters enrolled in various welfare programs on presidential approval and voting patterns over the previous decade and half. While our two most recent surveys in Argentina and Peru do not find a significant mediating effect for welfare, in the other five surveys we see that government safety-nets reduce the weight voters place on their evaluations of the national economy. The cases where results conform to expectations included presidents governing over unified and divided governments, parties of different ideological stripes, and welfare programs of different character, suggesting that the results are robust to specification and context. Moreover, in only one of these cases did welfare recipients also display a significant greater propensity to cast an egotropic vote, which suggest to us that this dynamic is separate from the effect of poverty studied in Chapter 5 as does the finding that subjective measures of poverty and participation in welfare programs can be estimated as moderators of economic voting in the same model.

The statistical tests also allowed us to compare the effect of welfare programs on sociotropic voting with three other effects studied in this work or in the larger literature: the effect of assigning responsibility to the incumbent, risk aversion, and the effect of wealth. In each case, the effect of welfare on the observed importance of economic factors was essentially equal in magnitude to the other variable in question. Moreover, controlling for these other intervening effects does not change the magnitude of welfare's reductive impact on sociotropic voting.

One factor that is interesting about welfare programs is that elected offiials cannot easily control the distribution of the other types of economic vulnerability in the electorate. However, the results in this chapter suggest an electoral calculi for the investment in social-welfare systems. Students of policy reform and global integration have long noticed the benefits for reformers of implementing safety-nets in tandem with other economic reforms that will increase economic insecurity or perhaps even result in a short term economic slowdown (Przeworski 1991, Rodrik 1999, Graham 1994, Earle and Gehlbach 2003, c.f. Weyland 1998). The bitter pill of reform needs sugar in the short term if politicians want to avoid protests and electoral penalties. What these results suggest is that this logic has a more general applicability: incumbents worried about the electoral consequences of economic uncertainty have an electoral incentive to invest in programs that reduce voter fears about unemployment and poverty. Doing so will

reduce the electoral sanction for economic recessions, converting economic safety-nets into electoral safety-nets for incumbents.

It is worth noting that we have observed government welfare programs reducing economic voting despite these programs existing in contexts where we might expect their delivery to become politicized. In fact, in almost every case we have reviewed literature showing that the targeting of these programs is often done according to political criteria. These political manipulations result in resources being diverted away from the intended beneficiaries and result in many truly exposed voters being left without a safety-net while the less-vulnerable gain extra resources. Doing so may result in incumbents gaining electoral support via the purchase of these votes. However, in the data analyzed in this chapter we do not always find welfare recipients being more likely to support the incumbent; in every figure in this chapter the predicted probabilities that a welfare recipient and a non-welfare recipient support the incumbent cross at some level of economic evaluations. Moreover, by politicizing the delivery of these services they cease to serve as completely effective safety-nets, which reduces their potential impact on economic voting. Thus there may be a stronger electoral incentive to create welfare programs that truly act as social-safety nets, especially in times of crisis, than to invest in politically targeted programs. Even these imperfect welfare programs, however, seem to reduce voter vulnerabilities and thus condition voter reactions to economic outputs.

9. Economic Vulnerability and the Electoral Importance of Economic Performance Across Nations

In the previous 4 chapters, we have demonstrated that differences in economic vulnerabilities within various electorates explain variations in observed patterns of economic voting within those same electorates. However, intra-electorate variations in economic voting are only one of three types of instability problems studied by the larger literature on economic voting. The question we explore briefly in this chapter is whether differences in the average level of vulnerability facing an electorate can explain cross-national differences in observed economic voting.

In an ideal world, we would present in this chapter an index of average economic vulnerability that draws on the concepts presented in the previous chapters and use it to predict the average correlation between economic performance and incumbent vote shares in a cross-national sample of countries. The challenge, however, is that comparable data on economic vulnerability does not exist for a global sample of countries on any of the dimensions used in previous chapters. For example, in the previous chapter we reviewed some of the cross-national work by us and others on welfare state guarantees and economic voting in the contexts of OECD and American state elections. We cannot easily bring Latin American welfares states into that analysis, however, because there is practically no data on the coverage of programs that allow us

to easily calculate the replacement rate than an average voter can reasonably expect to receive. Similarly, we have been unable to find comparable data on the size of the informal economy or on subjective employment insecurity for a sizeable sample of developed countries.[1] Thus we cannot at this time estimate a true test of the cross-national implications of the individual-level hypotheses presented in the previous chapters.

We can, however, pursue a second-best strategy by testing one implication of our argument. The extant literature, reviewed in Chapter 1, regards a strong relationship between economic outcomes and election trends as evidence that elections are working effectively as instruments of accountability. If the strength of economic voting cross-nationally can be primarily explained by variations in institutional arrangements and patterns of accountability, then one should expect that economic voting should be weak in new democracies that are widely regarded as fragile, flawed, and illiberal. However, while conditions for holding politicians accountable are not strong in many new democracies, in many of these countries average vulnerability levels are high, which should enhance the salience of economic conditions despite the weak role elections can play as mechanisms of electoral accountability. Thus we expect that economic voting

[1] For example, in their 2002 study of the size of the informal economy in every country for which they had data, the ILO includes no OECD members.

will be prevalent in new democracies despite the weakness of institutional mechanisms of electoral accountability.

Specifically, in this chapter we test whether high levels of insecurity in developing democracies result in both the higher salience of economic concerns and higher levels of economic voting. We thus first return to the CSES data summarized briefly in Chapter 1 and demonstrate that even after controlling for a few forms of insecurity that are associated with higher employment volatility, voters in new democracies are more likely to cite economic factors as the most important factor in their decision of whom to vote for. We then compare the relationship between aggregate economic trends and support for incumbent governments in Latin America and the Caribbean with those in OECD member states from North America, Western Europe, and East Asia. Our expectation is that changes in economic growth rates will have a larger impact on elections in the former region despite the strength of accountability mechanisms in the latter.

Accountability and Insecurity in Latin America in Comparative Perspective

In Chapter 1, we demonstrated that traditional models associate economic voting with effective mechanisms of electoral accountability. If this is the case, then we should not expect to see high levels of economic voting in Latin America or similar developing

democracies.[2] In this region, "vertical mechanisms of accountability show signs of being ineffective" (Smulovitz and Peruzzotti 2000, 148). Other observers argue that "Latin America need to work much harder at ensuring democratic institutions…are transparent and accountable and … create mechanisms whereby the powerful-whether political leaders, corporations, or other actors-are held accountable for their actions" (UNDP 2004, 14) and "the effectiveness [of elections] at securing vertical accountability is unclear, especially given the inchoate party systems, high voter and party volatility, poorly defined issues, and sudden policy reversals that prevail in most new polyarchies" (O'Donnell 1998, 112). The result is that one recent influential study concluded that "politics is in a state of crisis and so too is representation" (UNDP 2004, 177)

The weakness of electoral institutions is widely perceived by Latin Americans themselves. In every year that the Latinobarometer has asked the question "Generally speaking, do you think the elections in this country are clean or rigged?" the share of respondents who responded that elections are rigged has been larger than that which

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[2] Comparisons of developing countries such as those in Latin America with developed ones often can become the mere recitation of stereotypes that overstate the differences between regions while ignoring the improvements that may have been made in developing countries over time. For example, in this very brief discussion we will attempt to justify the claim that Latin American politics can be characterized by weaker mechanisms of accountability relative to developed polities while these developing economies create a higher risk profile for citizens of that region. In doing so, however, we do not wish to overlook the stabilization of the region's economy since the debt crises of the 1980s nor the political improvements relative to the authoritarian period that most of these countries passed through in the 1970s. Instead, we merely intend to assert the stylized fact that mechanisms of accountability in Latin America would in no case be considered more highly developed than those in traditional OECD states.

believes elections are clean (Latinobarometer 2006, 17). In the 2006 Latinobarometer, following a year in which 11 Latin American countries had held national elections, only 17 percent of respondents said that voting was an effective way of achieving change (Latinobarometer 2006, 19-20).[3] Thus in a May 2002 survey, 53 percent of Latin Americans respondents said that the most important step their country needed to make to become developed was to increase state accountability (UNDP 2004, 140). This percentage was higher than the share of respondents who said that economic development was contingent upon economic reforms. These weaknesses of representation undermine support for the larger regime: in only three countries (Costa Rica, Venezuela, and Uruguay) did more than 50 percent of respondents consider their country very democratic (Latinobarometer 2006, 62) and in only 3 countries (Argentina, Uruguay, and Venezuela) were a majority of respondents satisfied with the way in which democracy currently functions in their country (*ibid* 76).

Why do scholars and Latin Americans agree that institutions of accountability are not fully functioning in Latin America? First, as referenced in the citation from O'Donnell, political parties are often structurally fluid or only associated with specific individuals, which makes it difficult to collectively hold governments accountable

[3] Despite this, a majority of Latin Americans see voting as more effective for achieving political change than engaging in social protest (Latinobarometer 2006, 22).

(Mainwaring and Scully 1995, Mainwaring 1999).[4] Party system institutionalization is significantly weaker in poor democracies than in established ones (Mainwaring and Torcal 2005). Party issue-positions in Latin America often do not correspond well with the positions favored by their voters (Luna and Zechmeister 2005) or even with the positions taken by other members of their party (Kitcshelt and Zechmeister 2003). Instead, politics are undermined by mechanisms of vote buying and networks which monitor their supporters to ensure their continued support (Kitschelt and Wilkinson 2006, Magaloni 2006). Finally, policy mobility and political control of economic outcomes is often perceived to be constrained through interactions with international financial institutions and exposure to international capital markets.

Thus the extant literature on economic voting should generally lead us to expect voters in these countries to face severe challenges in expressing their economic discontent electorally.[5] However, of course, there is extensive evidence both in this dissertation and elsewhere (e.g. Remmer 1991, Echegaray 2005) showing that voters in the region respond in a consistent and sophisticated manner to economic dislocations. In fact, the evidence for economic voting in Latin America may be even more consistent

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[4] For an extensive discussion of how weak parties and the ability of individual politicians to leave governing parties that become unpopular without paying electoral sanctions in the context of Poland, see Zielinski et al (2005).

[5] The exception is work by Samuels and several colleagues (Samuels 2004, Samuels and Hellwig 2007a, Samuels and Shugart 2003) who argue that presidentialism enhances economic accountability by providing a clear target. We discuss this possibility below.

than in Europe because social conditions place economic issues higher on the policy agenda in developing countries than developed ones.

One reason why we might expect voters in developing countries to have greater attention to economic issues is because their economies behave in such a way to demand attention. Since 1990, the average level of economic growth in Latin American countries (3.6 percent) has been slightly higher than the average level in Europe/North America (2.7 percent). However, the national economy contracted in 11.7 percent of the Latin American country-years during the 1990-2006 period compared to only 7 percent over the same period in Europe. Moreover, economic growth rates have been much more volatile in Latin America over that period, with an average standard deviation of 3.2 in Latin America compared to only 1.8 in Europe. Thus if the economy's salience is enhanced by recessions (Bloom and Price 1975; Price and Sanders 1994; Nannestad and Paldam 1997, 2002; c.f. van der Brug et al 2007) or volatility (Gelineau 2002, Quinn and Woolley 2001) then we should expect that voters in Latin America will be especially attuned to economic performance.

More importantly for this study, economic vulnerability at the individual-level is higher in Latin America than in developed countries even after controlling for the risks created by the more volatile economic fluctuations in the former region. In his 2001 essay "Why is there so Much Economic Insecurity in Latin America", Dani Rodrik highlights three main factors that have resulted in Latin American citizens being

especially concerned with economic security. First, the debt crisis undid the existing economic system, resulting in "Employment generally [becoming] less secure, and publicly provided safety nets were weakened" (2001, 10). Some of the evidence for this claim are discussed in Chapters 6 and 8 of this work and in a special conference hosted by the World Bank in 2000 entitled "Economic Insecurity in Latin America and the Caribbean."[6] Second, increased exposure to international financial markets resulted in "Macroeconomic policy [becoming] increasingly divorced from the real economy. This has exacerbated the volatility of economic outcomes both over time and across households" (*ibid*, 10). This evidence is discussed at length by Gaviria (2001). Third, "social and political institutions have not been adequately responsive so far to the clamor for greater economic security" (*ibid* 10).

There is also evidence, of course, that economic insecurity has increased in developed countries over the same period. While employment insecurity and work outside of formal full employment coverage have increased in the United States and the EU (De Grip et al 1997, Kletzer 1998, Bockerman 2004, Kallerberg et al 2000), the coverage of universal welfare programs has been greatly reduced (Clayton and Pontusson 1998, Allan and Scruggs 2004) over the previous 25 years. However, household incomes in Europe are relatively stable (Longford and Pittau 2006) compared

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[6] For the papers from that conference, see http://lnweb18.worldbank.org/External/lac/lac.nsf/Events/9491670C24B2801185256AAA00453118?OpenDocument

to Latin America (Gaviria 2001). Not only do governments in Latin America spend less on welfare policies than their counterparts in the OECD but these welfare programs are more likely to focus on generating productive capacity than on isolating marginal workers from short term risk (Gough 2004, Rudra 2007). In addition, these welfare programs tend to be pro-cyclical in their orientation, creating what Snyder and Yackovlev (2000, 3) call "policy risks" in addition to macroeconomic ones-the risk that politics will remove safety-nets that voters depended upon (also Hicks and Wodon 2000). Thus we propose that both idiosyncratic and systematic shocks and are higher in Latin America while access to safety nets through employment or the state are lower.

Thus we propose that even after controlling for their different macroeconomic situations, economic insecurity will be more pervasive in Latin America and other developing countries than in developed states and, as a result:

> **Hypothesis 9.1**: Economic factors will have a larger electoral impact in developing countries than developed ones even after controlling for differences in economic volatility and crisis between countries and regions.

In other words, even though Latin Americans perceive that mechanisms of accountability are weak, we expect that the economy's salience will on average be higher in that region than in Europe or the United States and that this will then be reflected in a closer association between economic outcomes and economic voting. We test these two arguments in turn.

The Salience of Economic Concerns in Different Regions

As a first test of Hypothesis 9.1 that the economy's salience should be higher in developing nations such as those in Latin America, we utilize voter responses to an open-ended question included in the second wave (2001-2006) of the Comparative Study of Electoral Systems (CSES) survey about issue salience. Specifically, voters were asked the general question "What do you think has been the most important issue facing [country] over the last [number of years that the last government was in office] years?" While this question does not ask specifically about issues that motivated the respondent's electoral choice, we used variations of this question in Chapter 4 to tap into the economy's electoral salience. As an open-ended question, response codes varied by country; we coded a response as "economic" if it mentioned some aspect of macroeconomic performance (growth, jobs, inflation, poverty) or economic policy (wages, job creation) other than taxes and subsidies to specific industries.

In Table 9.1 (below), we present the average proportion of respondents who said the economy had been the most important issue facing the outgoing incumbent for the 36 countries included in this survey.[7] Only 4 of those countries are from Latin America (Brazil, Chile, Mexico, and Peru). We contrast these countries with 11 countries from Central and East Asia and Eastern Europe, whom we group together as "Other

[7] Because of Hong Kong's status as a special administrative region inside China, we exclude it from the countries summarized in Table 9.1.

Table 9.1: Regional Differences in the Salience of the National Economy

Region	% Citing Economics as Important
OECD	28.11%
Latin America	53.22%
Other Developing Countries	53.15%
Total	39.64%

Developing Countries" and then 21 developed countries from the traditional membership of the OECD as well as other nations in Western Europe.[8] Just over 53 percent of respondents in both the Latin American and Other Developing Regions cited economic questions as the most important issues that had faced the country. In contrast, only 28 percent of respondents in developing countries cited economic issues as the most important.

The question then becomes why does the salience of economic factors vary across electoral contexts? To answer this question, we model voter answers to the most important issue question as a function of both individual-level and country-level factors using a Multi-Level Model. The CSES is limited in the types of demographic variables that it collects data on. However, we model the probability that an individual i in election j mentions economics as a function of demographics, some of the sources of employment vulnerabilities, and a few issue attitudes that might compete for their

[8] The other developing nations include Albania, Bulgaria, Hungary, South Korea, Kyrgyzstan, Philippines, Poland, Romania, Russia, Slovenia, and Taiwan (2001 and 2004). The developed nations include Austria, Belgium, Canada, Denmark, Finland, France, Germany, Great Britain, Iceland, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal (2002 and 2005), Spain, Sweden, Switzerland, and the United States.

attention. Demographic variables include age, gender, education, real income broken down into country-specific quintiles, and whether or not the respondent lived in an urban area. With the exception of income, we have no expectations regarding the effect of these variables and even income might not have any effect since it is real income and not perceived financial vulnerability. However, we control for several variables that we showed in Chapter 6 were related to voter insecurities about becoming unemployed: is the voter currently unemployed, does he or she belong to a union, are they white collar, blue collar/manual/ or self employed, and do they work in the public/private/or mixed sectors? While Hellwig (2001) finds that union members were less likely to cast an economic vote in Europe than the rest of the electorate was, we expect that public employees will be less likely to cast an economic vote than the rest of the electorate did and that unemployed workers will be more likely to see economic questions as salient. Finally, we control for attitudes that might compete with the economy for attention. For example, voters were asked if they considered freedoms and rights protected in their country and if they were satisfied with democracy as it was applied in it. Voters who believe that the state is functioning well might be more likely to focus their attention on other questions such as economics. In contrast, voters who believed that corruption was prevalent in their country might be less likely to vote on economics instead of candidate capacities to reform the state. We also control for the voter's overall evaluation of democracy compared to other systems of government with the expectation that voters

who approve of democracy will place greater weight on elements of the political process than base economic outcomes. These variables are all discussed in more detail in Appendix 23.

These individual-level controls, however, capture very fewof the vulnerabilities that we have discussed thus far in this manuscript. Thus we expect that significant regional differences that reflect the varied distribution of vulnerability around the world should remain and thus lead to the economy having higher salience in the developing world even after controlling for these traits. Thus we estimate the average salience in these countries as a function of two dummy variables representing Latin American elections and elections held in Other Developing Countries to test the prediction in Hypothesis 9.1.

In addition, we also add country-level predictors to control for three other factors that might cause the economy's salience to vary as suggested by the available literature. First, many scholars have suggested that negative economic outcomes receive greater attention than positive economic outcomes (Bloom and Price 1975; Price and Sanders 1994; Nannestad and Paldam 1997, 2002; c.f. van der Brug et al 2007). Thus we control for the per capita GDP growth rate, and unemployment rate in the year of the election and expect the salience of the economy to be higher if the economy was in recession or

unemployment were high.[9] Second, Gelineau (2002) and Quinn and Woolley (2001) show that macroeconomic volatility also focuses voter attention on economic issues and enhances their electoral weight, thus we control for the standard deviation in economic growth rates in the 10 years prior to the election. Third, Wilcox and Allsop (1991) suggest that participation in wars increases the salience of foreign affairs at the cost of economic questions and the election period studied here corresponds to the post 9-11 period. Thus we add a dummy variable that takes the value of 1 if at the time of the election the country had a significant number of troops (more than 100) serving in Iraq. By controlling for these three other factors that have been linked to the economy's salience, we can have greater confidence that any remaining regional effects are not a function of economic volatility or crises or foreign policies but reflect different structures of their economies and, perhaps, the distribution of economic insecurity and vulnerability.[10]

The specific models which we estimate using the HLM software developed by Raudenbush et al (2005) are thus the following individual-level model of the propensity

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[9] Economic variables were drawn from the World Bank's World Development Indicators.

[10] A challenge in MLM with a small number of upper-level units is that there are few degrees of freedom in the second-stage model and thus the choice of controls can have confounding effects. Running the modes in Table 9.2 without the economic controls has the effect of making the regional dummies have a larger magnitude and smaller predicted error. Thus we include them because there otherwise the regional effects would capture our predicted vulnerability dynamics as well as these macroeconomic processes such as volatility that capture voter attention and are correlated with region/level of development.

of each respondent to see economics as important and then a country-level model of factors that cause the average voter in each country to deviate from the global mean:

$$\begin{aligned}\text{Salient}_{ij} = {} & \beta_{0j} + \beta_1 age_{ij} + \beta_2\, female_{ij} + \beta_3 education_{ij} + \beta_4 union_{ij} + \beta_5 income_{ij} + \beta_6 urban + \\ & \beta_7 unemployed_{ij} + \beta_8 white\ collar_{ij} + \beta_9 blue\ collar_{ij} + \beta_{10} selfemployed_{ij} + \\ & \beta_{11} public\ employed_{ij} + \beta_{12} private\ employed_{ij} + \beta_{13} mixedemployed_{ij} + \\ & \beta_{14} satisfied\ \ democracy_{ij} + \beta_{15} satisfied\ \ freedoms_{ij} + \beta_{16} corruption\ \ problem_{ij} + \\ & \beta_{17} likes\ democracy_{ij} + r_{ij}\end{aligned} \tag{1}$$

$$\begin{aligned}\beta_{0j} = {} & \gamma_0 + \gamma_1 Latin\ America + \gamma_2 Other\ Developing + \gamma_3 Iraq\ Participant + \gamma_4 \Delta GDP + \\ & \gamma_5 unemployment + \gamma_6 deviation\ GDP + u_j\end{aligned} \tag{2}$$

All individual-level variables are centered at their country mean so to prevent them from conflating the effect of a variable within a country and differences in the average value of a variable across countries. The country-level variables are centered at 0 to facilitate their interpretation. Unfortunately, not all the individual-level questions were asked in every survey contained in the CSES and, as a result, we only have data from 27 elections to analyze. However, these 27 elections provide 24,235 respondents who answer all the questions in the model for analysis.

The results of this analysis are presented in Table 9.2 below. Looking first at the individual-level variables, we see that none of the demographic variables are significant predictors of the economy's salience. Moreover, in contrast to Hellwig (2001) we find no difference between union members and the rest of the electorate with regards to importance of economic questions. However, unemployed workers were significantly more likely to cite economic issues as having been important to the country while public sector workers were significantly less likely to cite economics as important questions.

Table 9.2: Was the Economy the Most Important Issue Faced by the Government?

	Coefficient	(SE)
Individual Level Effects		
Age	-0.032	(0.033)
Female	0.078	(0.057)
Education	-0.016	(0.016)
Income Quintile	-0.026	(0.024)
Size of Respondent's City	-0.009	(0.023)
Union Member	0.000	(0.049)
Unemployed	0.321***	(0.082)
While Collar Worker	0.188*	(0.076)
Manual Laborer	0.205*	(0.081)
Self Employed	0.096	(0.084)
Public Employee	-0.191*	(0.078)
Private-Sector Employee	-0.020	(0.055)
Mixed Public-Private Employee	-0.061	(0.089)
Satisfied with Democracy in Country	0.053*	(0.026)
Freedoms are Protected	0.067*	(0.026)
Corruption is Pervasive	-0.038	(0.033)
Democracy Best System	-0.076**	(0.026)
Country Level Effects		
Latin American Country	1.300*	(0.481)
Other Developing Country	0.830*	(0.369)
Has Troops in Iraq	0.351	(0.421)
GDP Growth	-0.163°	(0.090)
Unemployment Rate	0.093*	(0.039)
Deviation in Growth Over 10 Years	0.252*	(0.109)
(Constant)	-2.160**	(0.596)
Variance Components		
r (level 1)	0.999	
u (level 2)	1.523	
N individual-level	24235	
N country level	27	
Logit Model, Robust Standard Errors in Parentheses ° p<0.10, * p<0.05, ** p<0.01, *** p<0.001		

These results are consistent with the economic voting analyses in Chapter 6. Interestingly, white collar and blue collar workers were also more likely to cite economic questions as important, though this effect is smaller in magnitude than that of being unemployed. The reference group here is students, housewives, and the retired and so perhaps this reflects the effect of participation in the daily workforce creating stakes in its maintenance. Finally, voters who were satisfied with the state of democracy and the protection of individual freedoms and human rights in their country were more free to focus on economics. Finally, voters who thought democracy was good were less likely to focus on economic issues. Thus the individual-level results largely conform to expectations.

These individual-level variables do not include most of the concepts of vulnerability discussed in this manuscript, however and, absent controls for subjective poverty, participation in capital markets, employment insecurity, informality, and welfare protections we still expect that regional differences in the economy's difference should exist. This expectation is supported by the data. Voters in developing countries, including especially Latin America, were significantly more likely to cite economic problems as being important. This difference exists even after controlling for recent economic trends and long-term instabilities in the economy. Thus even though recessions and high unemployment both raise the profile of economic factors as do high levels of volatility in economic growth rates in the decade leading up to the election as

previous analysts suggest, voters in developing countries are still more likely to see the economy as salient than those in traditional OECD members states where vulnerabilities are lower. Thus the data in Table 9.2 are consistent with hypothesis 9.1. Interestingly, participation in the Iraq war had no effect on the salience of the economy, though this may reflect the bluntness of our measure of participation as a dichotomy instead of attempting to measure relative involvement.

Thus the CSES data show that economic factors were more likely to be cited as salient in developing countries net of individual-level factors not related to vulnerability and of the macroeconomic context. Unfortunately, we cannot use these data to predict voter choices like we do in Chapter 4 because the CSES survey does not ask voters about the state of the economy in their country. However, having demonstrated that the economy is more frequently perceived as salient in developing countries, we should thus also expect that the relationship between economic outcomes and election results will be stronger in developing countries. We test this proposition in the next section.

The Effect of Economic Changes on Aggregate Election Outcomes

The previous section demonstrates that voters in developed countries generally and Latin America specifically were significantly more likely to cite economic factors as

being personally important to them. In this section we show that these differences in salience also reflect differences in observed economic voting.[11]

Cases and Data

The data used in this analysis originates with a dataset of aggregate election returns in the traditional OECD states and in the Latin America/Caribbean basin over the period 1961-1995 compiled by Molina (2001). While we follow Molina's sample criteria and model specifications in the analysis that follows (described in more detail below), we have expanded his dataset in three ways. First, upon inspection of the data we encountered multiple errors in the recorded economic growth rates that form the main independent variable. Thus we corrected this data using the World Bank's World Development Indicators (2006). Second, while Molina only looked at executive elections, we compiled data on support for the incumbent party in legislative elections as well since previous work by Samuels (2004) suggests that executive and legislative elections are governed by a slightly different dynamic with respect to economic voting. Finally, we compiled election returns for these regions from the period 1996-2006, adding an additional 124 elections to the 247 that were in his initial analysis.[12] While the

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[11] We focus only on developing countries in Latin America and thus exclude elections in democratic Eastern Europe because Tucker (2006) and others suggest that economic voting in the first decade after independence followed a different dynamic where voters responded prospectively to challenges by voting for former communist parties even if they were in government.

[12] We then had to drop 17 cases from the early 1960's because, as we describe in the text, matching an election to the appropriate economic growth rate requires knowing in what month the election was held and

resulting dataset does not have the same geographic scope or number of cases as Hellwig and Samuels (2007a, 2007b), our interest in comparing the two regions necessitates the limited geographic scope of the sample and the more extensive temporal perspective. The additional elections results were compiled from Paye et al (2002), the Political Database of the Americas, and IPU (various).

The selection criteria used by Molina criteria was that an election had to be at least the second consecutive election in the postwar period conducted under democratic rule and, in the case of the Caribbean, had at least a million inhabitants. Because Molina's interest was in comparing the effects of wealth on incumbent support, he then excludes from his analysis several European countries that were at the lower end of the income scale over that period, specifically Ireland, Israel, Greece, and Portugal. Our interest in this chapter is to use his study, the only one we are aware of that explicitly contrasts voting behavior in Latin America with developed countries, as a baseline and so we also exclude these countries from this analysis.[13] The resulting dataset, with our additions, thus contains 354 elections in 40 countries.[14] While this sample contains 20

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we have been thus far unable to find that information. We thus hope to add those cases to the analysis eventually. We also exclude all elections held after June of 2006 because the World Bank has not published economic data for 2006 yet.

[13] For a previous project (Singer 2003), however, we collected data on the relationship between support for the government and economic countries in a large section of parliamentary countries that included these 4 countries and found that they were no different from other developed countries. Including them in the analyses presented below also does not change the significance of the results.

[14] Because the sample of elections include presidential elections in years where no legislative election were held and legislative elections in years where no presidential election was held, the models each contain slightly less than 350 observations.

countries from each region, Latin America's shorter democratic history results in there being 108 elections from Latin American and Caribbean countries[15] and 246 from developed ones.[16]

In the analysis that follows, we focus on three dependent variables. The dependent variable in the earliest studies of the relationship between support for the incumbent in the aggregate and macroeconomic performance (e.g. Paldam 1991, Powell and Whitten 1993, Chappell and Viega 2000) is the change in the level of support for all parties forming part in the government. Thus in the first model we compare the change in the share of valid votes received by the governing parties in this election with the share in the previous one, using the first-round vote total of the incumbent president's party in presidential systems and the share for all cabinet parties in the lower-house legislative elections in parliamentary ones. However, studies using aggregate (Wilkin et al 1996) and individual-level data (Anderson 2000, Duch and Stevenson *forthcoming*) show that support for the prime minister's party is usually tied more strongly to economic outcomes than the rest of the government's support is. Thus using governments as the frame of reference instead of the executive's party potentially

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[15] Latin–American and Caribbean countries analyzed (with the number of elections in parenthesis) are: Argentina (9), Barbados (6), Belize (3), Bolivia (5), Brazil (2), Chile (1), Colombia (8), Costa Rica (12), Dominican Republic (4), Ecuador (8), El Salvador (9), Honduras (5), Jamaica (4), Mexico (4), Nicaragua (2), Panama (2), Peru (5), Trinidad and Tobago (7), Uruguay (4), and Venezuela (8)

[16] The specific countries (with the number of elections in parenthesis) are: Australia (18), Austria (13), Belgium (13), Canada (12), Denmark (15), Finland (12), France (6), Germany (10), Iceland (12), Italy (12), Japan (14), Luxembourg (8), Netherlands (12), New Zealand (14), Norway (12), Spain (8), Sweden (13), Switzerland (11), USA (21), UK (10).

understates the impact of economics in multiparty contexts and, as a result, in regions where parliamentary systems predominate. Thus we also estimate a model where the dependent variable is the change in the support for the executive's party, again using the legislative election returns for parliamentary systems and the first round election returns for presidential ones. Third, there is evidence that economic factors play a larger role in presidential elections than in legislative elections in presidential systems (Samuels 2004). Because comparing presidential support in presidential elections to prime minister support in parliamentary elections might bias the study in favor of finding a stronger effect in the region where presidential governance predominates, we thus also calculate support for the chief executive as the share of the vote received by his or her party in legislative elections.

The main independent variable is the percentage change in per capita GNP in the year prior to the election, the independent variable used by Kramer (1971), Lewis-Beck (1988a), and Pacek and Radcliff (1994) among others. For elections that were held in the first of the year, we use the economic growth rate during the previous year as our predictor of incumbent support while for elections that were held in the latter half of the year we use the growth rate of that calendar year. We use growth as our economic indicator despite previous analysis of economic voting in Latin America by Remmer (2003) suggesting that inflation might have had a larger impact on incumbent support in the 1980-2000 period than growth rates did because Powell and Whitten (1993) find that

inflation only has a significant effect on European governments with right-leaning ideological bases and thus we believe that growth is more universally applicable. To test Hypothesis 9.1, we multiplicatively interact this variable with a dummy variable that takes the value of 1 if the country is from the Latin American/Caribbean and 0 otherwise and expect this interaction term to be positively signed. These variables are summarized in Appendix 25.

Preliminary support for Hypothesis 9.1 is provided by a simple eyeballing of these data. In Figure 9.1, Figure 9.2, and Figure 9.3 (below) we plot the three measures of changes in incumbent support reviewed above on the Y-axis and the per capita GDP growth rate on the X-axis. The black dots and line of best fit represent elections in the OECD countries while the red "X" and line of best fit represent elections held in Latin America and the Caribbean.

These three figures illustrate the finding by Roberts and Wibbels (1999) and Morgenstern and Potthoff (2005) that electoral volatility is much smaller in OECD countries compared to either congressional or presidential elections in Latin America. In addition, incumbent vote changes in Latin America do seem to generally conform to Molina's (2001) finding that while on average incumbents lose support over time, the drop in support between elections tends to be especially large for Latin American presidents. However, another striking feature of these three figures is the difference in

Figure 9.1: Economic Growth and Support for All Government Parties in Elections for the Executive (Parliamentary and Presidential)

Figure 9.2: Economic Growth and Support for the Incumbent's Party in Elections for the Executive (Parliamentary and Presidential)

Figure 9.3: Economic Growth and Support for the Incumbent's Party in Legislative Elections

the plotted line of best fit graphing the bivariate relationship between growth and changes in support. If we restrict our attention only to OECD countries, the bivariate relationship between changes in per capita GDP and the incumbent's vote share is essentially non-existent and only significantly different from 0 for changes in executive support that exclude midterm presidential elections. In contrast, changes in support for Latin American incumbents are strongly associated with changes in the economy; the average incumbent gains 1 percentage point in the executive election and 0.84 percentage points in legislative elections for every 1 percent increase in the growth rate prior to the election. Excluding the 1990 presidential election in Peru, which is the only election in this sample which occurred following a collapse in per capita GDP by more than 10 percent, results in an even stronger association between economic performance

and election outcomes. This difference in the economy's marginal effect on support for the incumbent is consistent with Hypothesis 9.1.

Most previous studies of economic voting in the aggregate do not use very many controls and we follow this general pattern in the OLS regressions that follow. However, we control for the previous level of support enjoyed by the incumbent because governments with large levels of initial support will be more likely to lose support in a subsequent election than those who won with a small base (Powell and Whitten 1993). We include a dummy variable for elections in which the incumbent was not seeking reelection due to term-limits, retirement, or a lack of support because these elections are more likely to result in larger drops of support for the incumbent's party (Molina 2001, Samuels 2004). Following Molina, we also control for changes in the turnout level in that election compared to the previous one to capture other dynamics that might culminate in lower support for the incumbent using data from International IDEA (2006) or country specific data from their electoral administration agency. Following Anderson (2000), we control for the effective number of parties in the legislature leading up to the election; support for the incumbent tends to be stickier in multiparty systems characterized by a large number of cleavages.[17] Data on the effective

[17] Anderson (2000) and Singer (2003) also show that systems with a high effective number of parties tend to reduce the ability of voters to cast an economic vote because the alternatives and clear and there are fewer veto players that obscure responsibility for policy outcomes. While we do not present the data in the analyses that follow, we find that increases in the effective number of parties reduce the observed linkage between growth and support for the incumbent in the European sample but not the Latin American one.

number of legislative parties, coded according to the Laakso-Taagepera (1979) formula, is drawn from Golder (2005) or was calculated by the author from the sources used to collect the electoral returns cited above. For the models where support for the incumbent is measured in legislative elections, we also control for the propensity of the president's party to lose support in midterm elections (e.g. Tufte 1975, Erikson 1988, Campbell 1991, Shugart and Carey 1992, Scheve and Tomz 1999). Finally, we explicitly test whether Molina's finding that incumbents in Latin America are more likely to lose support than their contemporaries in developed countries is true across all levels of economic performance.

Analysis

In Table 9.3 (below), we model support for the incumbent as a function of economic growth and the control variables described in the previous section. For each of the three dependent variables, we present 2 basic model specifications. In the first, we estimate the effect of growth on support for the incumbent while constraining it to have the same effect on elections held in OECD and Latin American contexts. In the second column, we then add the interaction term that allows growth's effect to vary across regions to test Hypothesis 9.1.

Looking first at the controls, the effects for these variables largely conform to expectations. Losses in government support, no matter how operationalized, are more likely to occur if the government had accumulated a large number of votes in the

Table 9.3: Economic Growth and Changes in Electoral Support for the Incumbent in Latin America and The Caribbean and the OECD 1965-2006

	ΔGovernment Support		ΔExecutive Support		ΔLegislative Support	
	[1]	[2]	[3]	[4]	[5]	[6]
Previous Level of Electoral Support	-0.100*	-0.089*	-0.134*	-0.110°	0.085°	0.076°
	(0.041)	(0.041)	(0.060)	(0.060)	(0.047)	(0.047)
ΔGDP_{PC}	0.538**	0.015	0.636***	0.234	0.508***	0.152
	(0.170)	(0.240)	(0.156)	(0.221)	(0.129)	(0.185)
Latin American or Caribbean Country	-4.523***	-6.589***	-3.408**	-5.235***	-1.725°	-3.092**
	(1.335)	(1.481)	(1.285)	(1.463)	(0.990)	(1.107)
Latin America*ΔGDP_{PC}		1.024**		0.790*		0.676**
		(0.336)		(0.311)		(0.254)
Incumbent Sought Reelection	3.866**	3.987***	4.359***	4.368***	2.549*	2.667**
	(1.243)	(1.227)	(1.129)	(1.119)	(0.978)	(0.970)
Midterm Legislative Election					-0.848	-1.241
					(1.516)	(1.510)
Effective Number of Legislative Parties	0.474	0.419	0.058	0.129	1.140**	1.075**
	(0.375)	(0.370)	(0.441)	(0.438)	(0.377)	(0.374)
Change in Turnout	0.002	0.004	0.008	0.009	0.007	0.009
	(0.035)	(0.035)	(0.032)	(0.032)	(0.022)	(0.022)
Constant	-3.598	-2.685	-2.186	-2.314	-12.181***	-10.828***
	(2.953)	(2.930)	(3.613)	(3.582)	(2.951)	(2.967)
N	312	312	312	312	335	335
F	11.57***	15.7***	15.7***	14.62***	7.78***	7.82***
Adj R^2	0.169	0.221	0.221	0.235	0.124	0.140
Root MSE	8.853	8.083	8.083	8.012	6.984	6.920

°p<0.10, *p<0.05, **p<0.01, ***p<0.001

previous election. Incumbents in Latin America do seem, on average, to be more likely to lose votes than their counterparts in the OECD, though we will return to this effect subsequently. The incumbent's party tended to do better when he or she was seeking reelection, though this effect is somewhat reduced in size for legislative elections instead of presidential ones. While the president's party did tend to lose support in midterm elections, this average drop was not significantly larger than the drop in support that the incumbent's party achieves on average when the election is concurrent with that selecting the executive. The number of legislative parties does not influence support for the incumbent when we combine presidential and parliamentary elections but when we model legislative elections in the two systems we see that support for the incumbent is less likely to fall in multiparty systems than two-party ones. Finally, changes in turnout levels do not correlate with changes in support for the incumbent.[1]

Our primary interest, however, remains in the effect of growth on support for the incumbent. The results from Models 1, 3, and 5, where we pool elections from the two regions, are generally consistent with the expectations of the basic economic voting model. A 1 percent increase in economic growth in the year prior to the election is predicted to increase support for the incumbent government and also the executive's party in the legislature by about half a percent and increase support for the executive

[1] Excluding this variable form the model, which we include only to enhance comparability with Molina (2001), does not change the substantive conclusions.

himself or herself by slightly more than that. However, the addition of the interaction between an election being held in a Latin American country and the rate of growth shows that the strong effect of the economy on average across these 300 plus elections was largely a function of its effect in Latin American countries. Specifically, the results in Models 2, 4, and 6 show that economic growth is not significantly associated with changes in support for incumbents, no matter how operationalized, in elections held in the most developed countries in this sample. If we further break this set of countries down by subgroups institutional factors that should affect the ability of voters to hold politicians accountable such as the number of parties, divided government, etc, then of course we do find evidence of economic voting in a subset of these countries (Singer 2003). However, the interaction term between the Latin American dummy variable and growth is significant and positive as predicted, which implies that economic factors on average have a significantly larger effect on aggregate election outcomes in that region. Moreover, the average effect of the economy in Latin America and the Caribbean basin is not only significantly larger than 0 but it is significantly larger than the effect of growth Singer (2003) finds in those European Elections where clarity of responsibility is highest.

In addition to including the statistical controls, we performed additional robustness checks to ensure that the cross-regional differences were not driven by one or two unique outcomes. In analyses not reported here, we deleted each country from the

model once; the results do not substantially change from those reported here. We also ran the same model with year dummies and this results in a slight increase in the estimated difference between the Latin American and OECD regions.[2] Thus one cannot easily conclude that the observed difference in economic effects on elections between the two regions is driven by a handful of cases or years.

One might also be concerned that the larger observed effect of the economy in Latin America and the Caribbean is a function of lower levels of growth in the region and especially with voter reactions to the sharp recessions during and following the debt crises of the 1980's. Gelineau (2004) argues that Latin America's volatile economic past increases the salience of economic performance to the voters in subsequent elections. However, the observed difference between the two regions remains even after we exclude elections coming on the immediate heals of extremely high or low levels of economic performance. For example, in one analysis we excluded all elections conducted following a year with annual per capita GNP growth rates lower than -10% or higher than 10%. While restricting variance on the independent variable should make it more difficult to find a significant effect (King et al 1994), doing so allows us to confirm that the difference between the two regions is not driven by extremes in economic outcomes. While the interaction variable is less significant than in other

[2] We did not estimate the model with country dummies because the main independent variable of interest does not vary within countries over time.

models (p=0.053), it is still within conventional levels of statistical significance and in the expected direction. We also reran the models while excluding all elections that occurred in the 1980s and, again, found that there was a significant difference between levels of economic voting in the two regions. Hence even under more normal levels of economic performance, the economy's impact is still larger in the LAC region.

Differences in electoral outcomes in the two regions might also be due to incumbents seeking reelection more often in OECD countries than in Latin America due to presidential term limits. Specifically, incumbency might focus the election on personalities instead of performance and thus mediate the effect of the economy. Thus as a robustness check, we divided the sample into those cases where the incumbent was seeking reelection and those where he or she was not and estimated the basic economic voting model. Economic variables have reduced magnitudes and significance levels in the elections where the incumbent was seeking reelection (though this difference is not statistically significant at conventional levels). But even in the case where incumbents were seeking reelection, there is at least moderate evidence that the economy is still less important for election outcomes in OECD countries (p=0.65).

Finally, while we posited at the beginning of this chapter that the most important difference between the two regions was the level of economic vulnerability, there is also a strong correlation between the region and the type of executive institution that is used. Thus the difference between regions that we document in Table 9.3 could simply be the

difference between presidential and parliamentary regimes documented by Hellwig and Samuels (2007a).[3] They argue, building on previous work by Samuels and Shugart (2003) and Samuels (2004), that the combination of dynamic personalities and the devolution of policy responsibility to the president by fragmented legislatures results in accountability being centered in the office of the president, which should enhance economic voting. The high levels of correlation do not allow us to easily separate the effect of presidentialism from the effect of being economically under-developed; we attempted, for example, to estimate the models in Table 9.3 for presidential and parliamentary regimes separately and while the interaction term between Latin America and economic growth was positive in both subsamples, it never is statistically significant at conventional levels. We believe that the small number of "non-normal" cases in each region to compare with (e.g. only the developed presidential cases of the United States and France and the developing parliamentary cases of Belize and the Caribbean island states) is making it difficult to discover regional effects.[4] Thus we cannot reject the explanation that the difference in economic voting across the two regions is driven by the difference in dominant institutions. However, while the difference in how

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[3] It is interesting to note, however, that when controlling for the effect of globalization on economic voting Hellwig and Samuels (2007b) do not find that presidentialism has a significant impact on economic voting. Thus teasing out the causal impact of presidentialism relative to other factors that correlate with it is a more general problem.

[4] Elections in the two developed presidential systems in our sample, the United States and France, are more strongly governed by economic considerations than in developed countries using parliamentary systems. However, there is no evidence that economic factors play a larger role in Latin American presidential countries relative to parliamentary systems in the region.

presidential institutions affect accountability structures can potentially explain the results in Table 9.3, the results in Table 9.2 cannot be easily explained by institutions because Hellwig and Samuels focus on accountability and responsibility, not issue importance. Thus we remain convinced that at least part of the difference in the economy's electoral effect can be explained by differences in average levels of vulnerability across the two regions.

Discussion

The data in this chapter confirm that voters in developing countries generally and Latin America in particular are more likely to cite economic issues as being electorally important to them and that this translates into the marginal effect of changes in economic growth on shifts in support for the incumbent government being significantly larger in Latin America than in the traditional OECD member states. These latter results are inconsistent with much of the extant literature that posits that cross-national variations in economic voting are largely a function of the quality institutions that define and assure accountability. While the lack of cross-national data on most of the indicators of economic vulnerability in previous chapters prevents us from being able to replace the place names of "Latin America" or "Developing Country" with theoretically meaningful constructs that would test the argument that countries where the average voter is vulnerable will display higher levels of materialist politics, these results are consistent with such a hypothesis.

These cross-national data comparing various regions are augmented, however, by analyses of within-region economic voting variations referenced in the previous chapters. For example, in Chapter 7 we outlined that the correspondence between changes in the unemployment rate and the president's popularity was stronger in countries with large informal economies. Similarly, in Chapter 8 we outlined the cross-unit evidence from American state elections and national elections in Europe that economic voting levels were smaller in areas with expansive welfare states that reduced economic risks for voters. Thus cross-national differences in economic vulnerability do explain variations in economic voting cross-nationally, which makes a vulnerability-based explanation for why economic voting is so prominent in Latin America plausible.

Moreover, the results in this chapter show that not only does the relationship between economic factors and economic outcomes vary across regions, there is a cross-regional difference in the importance that voters give to economic questions even after controlling for the economic context in which the election was held. This difference cannot, we believe, be explained by political institutions but instead reflect the way in which economic vulnerability forces parties and voters to orient themselves.

The results in this chapter also potentially explain Brender and Drazen's (2005) and Shi and Svensson 's (2003) finding that political business cycles are substantially larger in developing countries than in developed ones (also Krieckhaus 2005). Shi and Svensson argue that political access to rents in developing countries creates greater

incentives to seek re-election and thus to engage in political business cycles. Brender and Drazen argue that voters in developing countries voters are "inexperienced with electoral politics or may simply lack the information needed to evaluate fiscal manipulation that is produced in more established democracies" (2005, 1273). In contrast, the analysis in this chapter suggests politicians may have greater incentives to manipulate economic policy in developing countries because absent a responsive electorate, there are fewer incentives to manipulate macroeconomic outcomes. Because voters in developing countries primarily demand economic goods, the result is that politicians will go to great lengths to try to deliver it in order to stay in office. Thus it is not that voters in developing countries are more easily fooled than voters in developed ones but that they have different priorities. A constant re-election motive across the regions thus may generate greater temptation for economic manipulations. The history of democratic politics in less industrialized and emerging market nations offers ample evidence of the potential costs of such responses for both economic development and democratic stability.

In contrast, if vulnerability compels voters to keep politicians on a short economic leash, this may increase incumbents' electoral incentives to emphasize economically sound management principles. This may provide one explanation for why politicians perceived to have populist tendencies before their election avoided populist

largesse after being elected—they were restrained not by fears of offending credit markets but by fear of offending voters sensitive to economic fluctuations.

10. Conclusions

Bill Clinton's advisors declared that "It's the economy, stupid." This dissertation demonstrates, however, that for many voters that is not the case. Economics is not the only area of government performance that people care about and differences in issue priorities in turn shape the weight that economic factors receive over the course of an election. Economic voting thus varies not only with the ability of voters to hold politicians accountable for the economy but also their motivations to do so. In a sense, then, this dissertation is in the spirit of the earliest debates in economic voting about what area of the economy voters pay attention to. While scholars have studied whether voters who base their vote on the economy care more about their personal situation or the national economy, the future or the past, or inflation or unemployment, we have expanded the question to whether voters prioritize economics at all.

In this concluding chapter, we first summarize the basic empirical evidence presented in the text for the argument that economic vulnerability magnifies economic voting. We then briefly consider a methodological challenge to the results presented in the preceding chapters. Having summarized the evidence for the main empirical propositions in this dissertation, we then briefly consider some of the potential extensions of this work in other empirical domains. We then conclude by considering

the implications of this work for the literatures on democratic consolidation and electoral accountability.

Summary of Findings

People need a reason to focus on economic factors instead of other policy areas when evaluating the incumbent. We argue that voters who are personally vulnerable to experiencing an economic setback should the national economy contract cast a sociotropic vote while those who are unable to deal with personal financial dislocations should have greater incentives to cast an egotropic vote. In the aggregate, this implies that electorates with high levels of vulnerability should display increased sensitivity to changes in economic indicators.

In operationalizing this general hypothesis, we have focused on several forms of economic vulnerability that (1) the extant literature suggests are important and (2) for which we can get data in the context of Latin America. The specific hypotheses that we tested are summarized in Table 10.1 (below). We then list the number of tests performed of each hypothesis, the context in which it was performed, and the number of those tests that supported the hypothesis. A test was deemed consistent with the hypothesis if the sign was in the expected direction and the difference across groups was significantly different from 0 at conventional levels. Table 10.1 suggests that, in general, the evidence support our main theoretical framework: socio-economic conditions that make voters vulnerable to the effects of economic shocks induce voters to base their vote on the

Table 10.1: Summary of Evidence for Hypotheses Linking Economic Vulnerability to Economic Voting

Hypothesis	# Consistent Tests / # Total Tests					
	Argentina	Peru	Mexico	Cross National Individual	Cross National Aggregate	**Total**
5.1 Poverty Enhances Egotropic Voting	1/2	1/2	1/1	0/1[1]	2/2 (Peru)	**5/8**
5.2 Wealth Enhances Sociotropic Voting	2/2	2/2	1/1	1/1	2/2 (Peru)	**8/8**
5.3 Wealth Increases Importance of Economic Stability	n.a.	1/1	n.a.	n.a.	n.a.	**1/1**
6.1 Insecure Employment Increases Sociotropic Voting	n.a.	n.a.	n.a.	1/1[2]	n.a.	**1/1**
7.1 Informal Employment Increases Sociotropic Voting	3/3	1/1	1/1	n.a.	n.a.	**5/5**
7.2 Informal Employment Increases Importance of Employment Creation	1/1	1/1	n.a.	n.a.	1/1 (L.Amer)	**3/3**
8.1 Welfare Benefits Reduce Sociotropic Voting	1/2	0/1	5/5	n.a.	n.a.[3]	**6/9**
9.1 The Economy's Salience is Higher in Developing Countries	n.a.	n.a.	n.a.	1/1	1/1 (L.Amer/OECD)	**2/2**

[1] This dynamic does hold, however, if instead of using the 2002 Latinobarometer one uses the 2004 Latinobaroimeter that we analyze later in this chapter.
[2] We also present evidence for this hypothesis at the aggregate level outside of Latin America in other work.
3 We also present evidence for this hypothesis at the aggregate level outside of Latin America in other work.

incumbent's handling of the economy. Moreover, the robustness of the findings across a variety of socio-economic and political contexts where economic considerations should have been salient provides greater confidence in our findings than if we had only tested it in a single context.

The strength of the evidence is greater, however, for some propositions than others. All tests in all contexts confirmed that wealth is associated with higher levels of sociotropic voting as is informal employment. Most of the tests also supported the hypotheses that welfare beneficiaries are less likely to base their vote on the state of the national economy and that poor voters were more likely to respond to changes in their own personal finances but about 33 percent of the time the data did not support those hypotheses. Finally, the other hypotheses are supported but in a fairly small number of tests, which leaves us cautiously optimistic regarding their robustness but desiring additional tests in the future.

A Potential Alternative Explanation for Our Findings

In a recently published study on economic voting, van der Brug et al (2007) argue that that the act of voting involves two distinct processes. First, voters form evaluations of all the competing parties given their past records and social positions. Second, as voters update these preferences they then cast a vote for the party that they prefer the most. This distinction is important because it implies that even if voters change their evaluations of one or more parties due to changes in the economic environment, these

changing evaluations will only affect voter choices if the voter prefers several parties relatively equally, thus allowing small shifts in preferences among them to be decisive. Thus large shifts in electoral support by some segments of the electorate following an economic change may merely imply that these voters are more likely to be swing voters who, because of various cross-pressures, are predisposed to vote for more than one party instead of implying that groups in the electorate vary in their sensitivity to economic performance.

Within that framework, they test whether voters who vary in their sophistication (building on work by Gomez and Wilson 2001 and Zaller 2005) or level of economic vulnerability (looking at unemployed voters and pensioners as suggested by Dorussen and Taylor 2002) respond differently to economic shifts in the aggregate when evaluating the various parties competing in an election. They find no evidence of voter heterogeneity with respect to the economy; "the effects of the economy [on evaluations of political parties] are small but widespread, affecting all classes and conditions of voters almost equally" (136). However, they show that sophistication and these forms of vulnerability do empirically seem to affect the linkage between economics and voter choices. Because these groups are not more likely to incorporate economic changes into their evaluations of the various parties before voting, they argue that this higher correlation between economics and the vote choice in these groups stems from the effect

of sophistication and vulnerability on the likelihood of being cross-pressured and undecided and not any underlying sensitivity to economic performance.

Our data does not allow us in most cases to break down the voting process into separate party evaluation and party choice stages. However, while in their analysis they focus exclusively on voter choices, we have alternated here between using voter choices and voter evaluation of the incumbent president as the dependent variable. The latter indicator is continuous and is not a function of the menu of alternatives the same way that van der Brug et al show voters' final choice to be. Thus we believe that measures of how the voter evaluates the incumbent executive are analogous to their indicator of the voter's utility/support for the party of the incumbent. If this is true, then our evidence from the presidential approval models suggests that voters are heterogeneous in their reactions to economic performance when evaluating parties.

Moreover, in the context of the voter choice models presented in previous chapters, we do not believe that vulnerable voters were significantly more likely to be cross-pressured and undecided between candidates than the rest of the electorate was. For example, in the epilogue to their book, Van der Brug et al argue that the question "how much do you sympathize with [party A]?" can be used as an imperfect substitute for their indicator of party support (van der Brug et al 2007, 198-199). Because this question appears on the CSES battery, we can use the 2006 Universidad Católica Survey to test whether wealth and informal employment were associated with Peruvian voters

being substantially more likely to be tied in their preferences over Humala's and García's parties. If economic vulnerability is not associated with the probability of seeing the candidate options as equally attractive, then the findings presented in Table 5.9 and Table 7.6 that wealthy voters responded more heavily to candidates' ability to ensure economic stability while informally employed voters placed greater weight on their abilities to create jobs cannot be merely explained as a result of different propensities to change their vote.[1]

In Table 10.2, then we model the probability that voters gave *Unión por el Perú* (Humala's party) and *APRA* (García's party) the same ranking on a 0-10 scale where 0 represents "strongly dislike" and 10 "strongly like." Overall, 15 percent of respondents gave the two main parties the same ranking. As predictors, we focus on the two forms of vulnerability used in that dataset: class and informal employment. We also control for other factors that might potentially make voters undecided between the two relevant parties, such as education, political interest, not having a partisan identification, and living in an urban area where party networks of exchange are less well defined.

The data in Table 10.2 show that older voters, voters living in urban areas, and political independents are significantly more likely to feel cross-pressured between the two candidates while voters with high levels of political sophistication were less likely

[1] We use the probability of being tied in their evaluation as the indicator of cross-pressure because that is the indicator used by van der Brug et al (2007); see pages 132-3, 213-4.

Table 10.2: Do Voters Have Equal Sympathies Between Humala's and García's Parties? Peru 2006

	[β]	(se)	[β]	(se)
Informally Employed	0.117	(0.169)	0.085	(0.170)
Class	0.156	(0.103)	0.158	(0.103)
Age	0.009 º	(0.005)	0.009 º	(0.005)
Education	0.008	(0.049)	0.006	(0.049)
Female	0.043	(0.150)	0.051	(0.150)
Urban	0.201**	(0.077)	0.204**	(0.077)
Political Sophistication	-0.168*	(0.083)	-0.128	(0.084)
No Partisan Attachment			0.687***	(0.158)
Constant	-2.662***	(0.377)	-3.163***	(0.398)
N	1621		1621	
LR χ^2	21.23**		41.42***	
Pseudo R^2	0.016		0.031	
Log likelihood	-662.072		-651.973	

Bivariate Logit, º p<0.10, * p<0.05, ** p<0.01, *** p<0.001

to view the two candidates as equally sympathetic. The important finding, however, is that neither informality nor wealth is a significant predictor of feeling cross pressured. Thus our findings that these groups of voters differ from the rest of the electorate in how they respond to the candidates' perceived economic vulnerabilities is immune to va der Brug et al's criticism that these types of findings can be fully explained by differential baseline probabilities to shift votes.

Thus our evidence for heterogenous across the electorate holds for both party evaluations and the vote and there is no evidence that vulnerable voters are more likely than the rest of the electorate to feel cross-pressured. Thus we believe that the results

summarized in Table 10.1 above are robust to the criticisms offered by van der Brug et al of other work on this topic.

Additional Forms of Vulnerability

The work in this dissertation provides an extension to the extant work on political vulnerability, which, to this point, has only sought to model preferences over welfare policies or trade protection. In this dissertation, we demonstrate, that vulnerability also shifts how voters fundamentally orient themselves toward politics, inducing them to interpret elections through the lens of economic performance at the expense of other issues.

A potential extension of the present work, however, would be to model the effect of vulnerability on economic voting outside the Latin American context. Doing so not only would allow the researcher to probe the robustness of the findings presented in this work (though we have noted in the footnotes some our attempts to do just that), but to also test for the impact of forms of vulnerability about which it is only possible at the present time to collect data about in developed states. For example, we might expect economic voting to be higher if voters have highly specific skills that do not travel well (Iversen and Soskice 2001, Cusack et al 2006), if they are in occupations where employment is volatile (Rehm 2005), or they work in sectors that are exposed to competition externally and internally (Clayton and Pontusson 1998, Rodrik 1998, Scheve and Slaughter 2004). We also might think about if access to extended friendship

networks (Fizbein et al 2003, Devereux 2001, Skoufias 2003, c.f. Dercon 2002, Glewwe and Hall 1998) or resources through churches or memberships in other associations (Stark and Iannaccone.1994, Gill and Lundsgaarde 2004) reduce fears of economic dislocations in the same way that government welfare programs do. Finally, the rise of public indebtedness and ARM mortgages in Americian society might focus voter attention on their personal economic situation by creating negative real savings. In general, any factor that ties voters even more closely to the market can potentially be thought of as a magnifier of economic-based voting. Thus in future work we hope to extend not only the existing tests geographically but also theoretically as we incorporate additional forms of vulnerability into our models.

At the same time, the literature on vulnerability raises additional questions that are outside of the scope of this study but merit future attention. For example, supporting a candidate who can deliver a strong economy is one way of alleviating vulnerability, but so is supporting a candidate who promises to increase welfare spending or raise economic protections. Alternatively, vulnerable voters may have incentives to inculcate themselves with clientelist networks that make their income contingent upon political changes instead of economic ones. The question is why do we see vulnerability leading to increased economic voting in these samples instead of these alternative responses? One possibility is that voters are engaging in both types of behavior but our emphasis on retrospective evaluations of incumbents instead of

prospective choices among challengers makes it more difficult to observe the latter. However, more work on this potential tradeoff when mitigating risk is needed.

Vulnerability and Prospects for Democratic Consolidation

The focus in the present models has been on modeling the effect of economic factors on voter choices. There is also evidence, however, that economic performance influences regime stability. Democratic regimes in poor democracies are especially prone to collapse during periods of economic crisis (Przeowrski and Limongi 1997, 167-9; Feng 1997). Similarly, evaluations of democratic institutions are linked to individual-perceptions of the state of the national economy (Duch 1995, Bratton and Mattes 2001). This implies that voter attachments to democratic institutions are at least partially instrumental and thus contingent upon the ability of those institutions to provide material benefits. While little is known about the process by which voters move from blaming a specific party for economic outcomes to blaming the fundamental institutions in a country, the results presented in this work potentially have implications for the study of democratic consolidation by showing under what conditions instrumentally-based evaluations of democratic institutions are more or less likely to be influenced by economic factors compared to other issues.

Preliminary evidence that vulnerability filters the linkage between economic perceptions and evaluations of democratic institutions is presented in Table 10.3 (below). This table uses data from the 2004 Latinobarometer to predict voter responses

to the questions "Would you say that you are very satisfied, fairly satisfied, not very satisfied or not at all satisfied with the way democracy works in (country)?" and "With which of the following statements do you agree most? Democracy is preferable to any other kind of government?" Both variables are coded so that high values represent positive evaluations of democracy. We model voter answers as a function of their evaluations of the national economy and their personal economic situation compared to the previous year, the interaction of these variables with a 4-point measure of the voter's subjective income as was commonly used in Chapter 5, and various controls such as the respondent's evaluation of the state capacity to enforce laws and reduce corruption, personal experiences with corruption and crime, and demographics. As in Chapter 6, we follow Steenbergen and Jones (2002) and control for clustering in the standard errors at the level of countries.

Looking at the two models in Table 10.3, the estimates largely conform to previous research on attitudes toward democracy (Bratton and Mattes 2001 for a review). Voters who observe states with strong capacity to enforce laws and reduce corruption are optimistic about democracy in the region as it is being practiced and in the abstract. Indigenous voters also have negative attitudes toward democracy in the abstract and in practice. Education is negatively correlated with evaluations of the current state of democracy but is positively related with support for democracy in general. Finally,

Table 10.3: Economic Performance, Wealth, and Support for Democracy in Latin America 2004

	[1]	(SE)	[2]	(SE)
National Economy Compared to a Year Ago	0.279***	(0.047)	0.059º	(0.032)
Personal Situation Compared to a Year Ago	0.303***	(0.039)	0.024	(0.038)
Income Sufficient to Save	0.154*	(0.064)	0.036	(0.057)
Income*National Economy	0.070***	(0.024)	0.045*	(0.019)
Income*Personal Situation	-0.076***	(0.023)	-0.034 º	(0.020)
State Has Capacity to Enforce Laws	0.122***	(0.016)	0.035 ***	(0.009)
Believes State Has Reduced Corruption	0.144***	(0.039)	0.143***	(0.040)
Victim of a Crime in Last Year	-0.167**	(0.055)	-0.084	(0.057)
Victim of Corruption in Last year	-0.200**	(0.065)	0.043	(0.067)
Female	-0.032	(0.036)	-0.119*	(0.048)
Indigenous	-0.707***	(0.175)	-0.548**	(0.207)
Education	-0.026*	(0.013)	0.040***	(0.012)
Catholic	-0.032	(0.059)	-0.104	(0.078)
Age	0.002	(0.002)	0.013***	(0.002)
Unemployed	-0.050	(0.097)	0.097	(0.075)
Constant			0.941***	(0.238)
(Cut 1)	0.275	(0.226)		
(Cut 2)	2.607	(0.241)		
(Cut 3)	4.550	(0.349)		
N	17272		16622	
Wald χ^2	701.8***		2552.45***	
Pseudo R^2	0.0522		0.0199	
Log pseudolikelihood	-19703.5		-10934.4	

Model 1 is Ordered Logit, Model 2 is Binary Logit,
Standard Errors Adjusted for Clustering by Country in Parentheses
º p<0.10, * p<0.05, ** p<0.01, *** p<0.001

negative experiences with crime and corruption undermine evaluations of democracy in practice but not in the abstract.

The impact of economic performance is also more prominent as voters evaluate the current performance of democratic institutions than as voters evaluate democracy in general; this corresponds with previous work by Duch (1995) showing that voter attitudes toward democracy in general are relatively immune to short term fluctuations in the state of the economy. However, in both cases, wealthy voters placed greater weight on the status of the national economy than the rest of the electorate did while poor voters placed greater weight on their personal financial situation than wealthy voters did. Economic vulnerability affects the way in which voters orient themselves not only toward politicians but also the institutions of the regime and even the values that underlie it.

While these results are preliminary and are drawn from a single survey, they are at least suggestive of the idea that economic vulnerability focuses voter attention on economic factors when evaluating the larger regime as well.[2] If further research shows that vulnerability makes voters more instrumental and materialistic when evaluating democracies, then the results in Chapter 9 imply that the high-levels of vulnerability that persist in many new democracies make short term economic stability even more important to maintain regime stability and explain why economic crises have a destabilizing effect in poor countries (i.e. those with high levels of vulnerability) and not

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[2] In the interest of transparency, we should note that that replicating Table 10.3 using the 2002 Latinobarometer data that we analyze in Chapter 6 does not find wealth having a significant moderating effect on the relationship between evaluations of the economy and democracy.

in rich ones. This creates a challenge for these new democracies if, creating this space by which incumbents, policies, and institutions are evaluated by their performance in the medium and long term instead of in relation to short term shifts in the economy is a necessary condition for the consolidation of democracy (Huntington 1968). Enacting policies and safety nets that lower vulnerability thus become necessary to consolidate democratic institutions (UNDP 2004).

The Larger Meaning of Economic Voting Studies

Finally, we return to the topic of accountability that we began this study with. In a recent review of the state of research into the relationship between economic fluctuations and support for incumbent governments, Anderson (2007) outlines the contingent nature of economic voting that we highlighted in Chapter 1 and then asks what the implications are for this body of literature and for larger theories of democratic accountability. He argues:

> "As the study of economic voting continues seemingly unabated, has started to branch out into the world of transitioning democracies and the Third World, and shows few signs of slowing down, a normative correction seems to be in order—namely, to ask students of economic voting to be conscious of theories of accountability and representation and to explicate how their findings square with those theories." (2007, 286)

Anderson then continues:

> "All the while, it is worth asking whether the assumption that voters should reward and punish politicians for economic performance is worth sustaining in the first place, and, if so, whether accountability should be the prime normative standard to guide scholarship in the area of economic voting…. Economic voting research will thrive if it is integrated

with broader and related research agendas on democracy, elections, and representation." (*ibid* 289-90).

The present study has two implications for scholars interested in accountability. First, variations in economic voting across contexts might not have anything to do with the quality of institutions in a country or whether the appropriate preconditions exist for politicians to be held accountable. Institutions and social conditions that affect accountability do affect the possibility of observing economic voting. But the frequency of economic voting cannot be used as evidence of the quality of accountability without assuming that voters are singly and universally concerned with economics more than other policy areas.

At the same time, however, it should be reassuring for those who believe that elections should act as agents of accountability that voters who consider other issues to be more important than economics do indeed place less weight on economics when voting. In an election where economic issues are entirely off the radar (e.g. the Canadian or Spanish elections of 2004), the only outcome that would be consistent with normative theories of accountability is that economic outcomes should have very little impact on the vote. Voters do try to hold politicians accountable for things that are important to them, but because these priorities vary across contexts and groups the economy's electoral impact varies across empirical studies. Plus in prioritizing, voters force politicians to focus first on important issues, thus minimizing the opportunities for

agency loss that Fearon (1999) argues are inherent in accountability relationships in a multi-dimensional policy space.

Thus while studies of economic voting rightly focus on questions of accountability, they also have important implications for the study of representation. By studying the attention given to economics instead of other issues, economic voting potentially provides a framework for understanding how these priorities get formed. In this work, we have focused on socio-economic factors that generate incentives to pay attention to economics instead of other areas. Other work, reviewed in Chapters 1 and 9, has looked at how the economic and political context changes the cycle of attention. Greater attention can also be made in this framework to the role of media coverage and campaign events in crystallizing voter attention to economic issues.[3] In doing so, we can see how the inputs to the accountability process are shaped by voters' situations, the contexts they live in, and the strategic choices made by various actors. This in turn is necessary to understand how institutions shape the way in which those demands get articulated and processed; it is only by knowing what voters are asking for that we can determine the degree to which they are getting it. This is one potential bridge of the type that Anderson calls for.

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[3] For example, Moreno (forthcoming) uses panel data from Mexico to show that while evaluations of the economy remained fairly constant throughput the campaign, their correspondence with vote choice was much higher immediately before the election than in February; the question is explaining that enhanced linkage through the changing events and communications presented to voters.

Thus economic voting is contingent but not randomly so. Understanding the variation in its frequency provides opportunities for understanding both accountability and representation at a deeper level. At the same time, this work emphasizes the widespread perceived threats and economic vulnerabilities that exist in many parts of the world. While the present work focuses on their empirical consequences for students of voter behavior, the ability of these threats to focus voter attention should reinforce the depth and reality of economic vulnerability for voters' daily lives, the choices they make, and their opportunities for happiness.

Appendices on Substantive Questions

Appendix 1: Comparison of "Most Important Problem" and Other Measures of Salience

As we noted in Chapter 4, the most commonly used and cited measure of an issue's salience in both electoral and non-electoral settings is the question "what is the most important problem facing the country?" This question has been used to determine the relative salience of issues across groups of voters (Repass 1974, Miller et al 1976, Hibbs et al 1982, Aldrich et al 1989, Burden and Sanberg 2003) and across the entire electorate over time (McCombs and Shaw 1972, MacKuen and Coombs 1981, Jones 1994, Behr and Iyengar 1995, Edwards et al 1995, McCombs and Zhu 1995, McCombs 1999, Soroka 2002, McDonald et al, 2004).

However, the "most important problem" question has been criticized as an inadequate measure of issue salience on multiple dimensions. By asking specifically about "problems" voters cannot designate as salient issues that the incumbent is handling well and for which he or she should be rewarded (Wlezien 2006). While there is some evidence that voters pay greater attention to issues that are problems (Rozyn and Roziman for a review; also Lau 1982, 1985; Radcliff 1994; Weyland 2000 for examples form political science) and that problems get greater news coverage that successes (Stein 1975, Goidel and Langley 1995), our measure of issue importance should not assume that incumbent's successes are never salient. Specifically, voters may have incentives to reward incumbents for successful economic management if this has

reduced their vulnerability. In addition, they do not allow voters to state interest in non-issues such as the candidates' personalities or their records with respect to specific policies. In general, it uses a potential cause of an issue's salience as the overall indicator of its salience.

The potential flaws with the most-important problem question as a measure of issue salience can be demonstrated using the data from the 1995 argentine survey used in this chapter. In addition to the question asking voters why the approved or disapproved of the incumbent, this survey contained two potential additional questions that could serve as measures of the economy's salience that were variations on the most important problem question:

- What, in your opinion, is the largest or most serious problem facing the country at this time to which the government should dedicate attention? What is the second largest? What is the third largest?
- (After the first set of questions), and can you know tell me what problem effects your personal life the most?

The first question is essentially the standard "most important problem" question with the improvement of focusing voter attention on problems that are politically relevant. Voters were given 18 possible problems to choose from (Appendix 5 for details) and the option of specifying "other' if their largest concern was not on the list. Respondents were allowed to mention up to three problems. The second question moves away from the level of national problems generally to asking the voter to identify which of those problems affects them most personally. However, both focus exclusively

on problems and we expect that they will not be as good measures of the economy's salience as the indicator based on the basis of voting choice that we use for the reasons given by Wlezien-they do not allow voters to focus on successes (2006).

First, we can compare how answers to these two questions and our measure of issue salience compare. In Table 11.1, we summarize the most important perceived problems and the reasons for voting summarized previously in Table 4.1. As voters were allowed to mention up to three problems facing the country, we summarize the answers in two ways. The first column lists the first problem identified while the second column lists the distribution of the three problems. The third column lists the problem identified as being personally most important to the voter and the fourth column summarizes the reasons for supporting or opposing Menem.

The data in Table 11.1 confirm that voters in Argentina widely perceived the economy as being a problem in 1995. Eighty three percent of voters mentioned the economy first when discussing the problems facing the nation and almost all voters mentioned some sort of economic issue as being one of the three problems facing the country. A substantial proportion of voters saw economic issues as being the largest problem facing them personally as well, but that proportion was much smaller than the proportion that identified economic problems nationally. In fact, 33 percent of voters who cited economic questions as the most important problem nationally cited social questions (especially education or health care), questions of democratic performance, or

Table 11.1: Comparisons of the Problems Facing Voters and their Reasons for Voting in Argentina, 1995

	Most Important Problem in Nation, First Mention	Most Important Problem in Nation, All Mentions[1]	Most Important Problem Personal	Reason Given for Approving/Dissapproving[1]
Economy	83%	95%	62%	44%
Social Policy	10%	71%	25%	27%
Democracy	6%	19%	4%	10%
Security	2%	16%	4%	4%
Foreign Relations	--	--	--	3%
Menem's Personality	--	--	--	42%
Partisan Attachments	--	--	--	1%
Other Non-Policy	--	--	--	16%
N	1564	1564	1523	1497

Table 11.2: Do Voters Who See the Economy as a National Problem See it as the Problem that Affects Them?

		Most Important Problem Affecting the Voter				
		Economy	Social Policy	Democracy	Security	Total
Most Important Problem Facing the Country	Economy	832	284	32	47	1,195
	Social Policy	55	76	7	5	143
	Democracy	47	14	19	7	87
	Security	12	4	2	6	24
	Total	946	378	60	65	1,449

[1] Because each cell contains the proportion of respondents who mentioned that concern, responses will not sum to 100%

personal security as their largest problem personally (Table 11.2 above). Thus there is divergence in between what voters see as important at the national or personal level.[188]

The data in Table 11.1 also show that voter explanations of the most important problem at both the national and personal levels tended to place greater emphasis on economic factors than the reasons given for approving/disapproving of the president. The proportion of voters who mentioned the economy as the main reason for their opinion of the president was slightly more than two thirds the population who mentioned the economy as their largest problem personally and half as large as the proportion who cited the economy as the largest problem nationally. The congruence between the various measures of issue salience is also imperfect at the level of individual respondents; only 46 percent of voters who cited the economy as the most important problem personally also said that their presidential approval decision was based on his economic record. Again, the economy's salience is a function of how it is measured.

One reason why the various indicators provides a differential view of issue salience is the ability of voters to explain their vote based on Menem's personality. However, even if we exclude those voters who cited Menem's personality, 42 percent of voters who said the economy was the most important problem affecting them personally said that their opinion of Menem was based on some other issue area. Hence there seems to be a disconnect between considering an issue a problem and stating that ones' vote is based upon it.

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[188] This divergence between the two questions is larger if measured at the level of the 18 specific policy options offered voters. Only 57 percent of respondents listed the same policy as the most important nationally and personally.

Table 11.3: Alternative Measures of the Economy's Salience and Economic-Based Evaluations of Menem, 1995

	[1]	[2]
Sociotropic Economic Evaluation	1.671***	1.661***
	(0.279)	(0.181)
Economy Nation's Largest Problem	0.774	--
	(0.540)	--
Economy National Problem* Sociotropic Evaluation	-0.147	--
	(0.301)	--
Economy Voter's Largest Problem	--	0.198
	--	(0.389)
Economy Voter's Problem* Sociotropic Evaluation	--	-0.158
	--	(0.225)
Peronist Party Identifier	1.260***	1.313***
	(0.192)	(0.197)
Male	0.096	0.074
	(0.152)	(0.156)
Education	-0.088*	-0.093*
	(0.043)	(0.044)
Age	0.001	-0.008
	(0.061)	(0.062)
Real Monthly Income	0.010	0.000
	(0.042)	(0.044)
Reports Income is Sufficient to Meet Needs	0.609***	0.602***
	(0.107)	(0.111)
Head of Household is Unemployed	0.042	-0.001
	(0.306)	(0.307)
Works Changas	-0.133	-0.190
	(0.279)	(0.283)
Prefers State Intervention in the Economy	-0.118	-0.123
	(0.151)	(0.154)
Constant	-3.992***	-3.417***
	(0.617)	(0.470)
Number of Observations	1305	1270
LR χ^2	576.34***	561.23***
Pseudo R^2	0.337	0.340
Log Likelihood	-566.366	-543.790

Logit Model, Standard Errors in Parentheses,
* p<0.05, ** p<0.01, *** p<0.001 (two-tailed)

The divergence between the possible measures of issue salience included in the 1995 Argentine survey extends to their effect on voting behavior. In the analysis above, we show that the 44 percent of respondents who cited economic concerns as salient placed greater weight on their opinions of the economy when evaluating the president. In Table 11.3 (above), we replicate the model of support of Menem only we replace the measure of economic salience based on asking voters to explain their opinion and instead use dummy variables that take the value of 1 if the voter cited the economy as the largest problem nationally (first column) or to them personally (second column). In neither case did seeing the economy as a salient problem intervene on voting behavior or the weight given economic performance; neither the interaction between the economy as a national problem and economic evaluations or the interaction between the economy as a personal problem and economic evaluations is statistically significant or even positive. Thus the most-important problem does not have the mediating effect consistent with the definition of issue salience used by most students of voting behavior and which are associated with the measures of issue salience sued above that asked voters specifically to focus on their priorities when evaluating the incumbent.

Appendix 2: Can the Mexican Presidential Vote be Broken Down into a Pro-Incumbent/Anti-Incumbent Dichotomy?

In this chapter, we follow the extant literature on economic voting and model the primary choice as being either for the incumbent or against him. This modeling choice raises two potential issues. First, it assumes that the impact of the economy is constant when voters are choosing among the incumbent PAN and the various alternatives.

Second, it is unclear whether variables that are not significant predictors of support for the PAN on average are completely unrelated to voter choices or only affect the choice between the PAN and some alternatives and not others. In this appendix, we explore each of these issues in turn.

The Effect of Economic Performance

The extant literature on economic voting in many ways assumes that voter choices are made in a sequential, hierarchical fashion: in considering the current state of the economy, the choice is whether to keep the incumbent or not independent of the actual alternatives that are available inasmuch as those alternatives are credible. The implication is that models of economic voting theories should be conceptualized as referenda on the incumbent and operationalized, as such, using binary specifications as a dependent variable to capture this dynamic. This is a strong assumption, however, and one whose veracity should be investigated empirically. In a multi-party context, we propose that support for the incumbent government can be collapsed to a dichotomous choice if:

1. Positive sociotropic economic evaluations are a significant predictor of support for the PAN in all pair-wise comparisons.
2. The effect of sociotropic evaluations on the PAN-opposition choice is not only significantly different from 0 but is also constant across opposition options.

3. Sociotropic evaluations only affect the choice between the incumbent government and the opposition but not the choice among opposition parties.

To test whether these conditions hold in the election being studied here, we replicate the basic individual-level analysis presented in this chapter but instead of modeling the choice in a binary logit framework we use a multinomial logit that treats the alternatives to voting for the PAN independently, e.g. voting for the PRD, the PRD, another minor candidate/spoiling the ballot, or abstaining completely. These results are presented below in Tables 3.17-3.19, with each Table containing a different indicator of national economic performance. In the first 4 columns of Tables 3.17-3.19, we estimate the effect of how the voter evaluates the economy on the ultimate choice made by the voter; because the baseline is a vote for the PAN, we expect that this variable should be negatively associated with support for all opposition choices. In the 5th column, we use a Wald test of equality across models to test whether the impact of economic evaluations is constant or not; the null hypothesis is that the difference between coefficient is 0. This statistic is a chi-squared statistic with three degrees of freedom.

The first question is whether positive sociotropic evaluations always predict that the voter will support the incumbent. Looking at Tables 3.17-3.19, we first see that no matter the time reference, evaluations of the national economy are a significant predictor of the choice between the PAN and the PRD and the choice between the PAN and abstaining; voters who are optimistic support the government and voters who are pessimistic are likely to abstain or vote for the PRD. Negative evaluations of the economy looking backwards either 1 or 6 years also increases the likelihood of

Table 11.4: Changes in the National Economy Over Previous Year and Candidate Choice in the 2006 Mexican Presidential Elections

	[1] PRD/PAN	[2] PRI/PAN	[3] Other/PAN	[4] Abstain/PAN	[5] Wald Test
ΔEconomy in Previous Year	-0.367***	-0.399***	-0.177	-0.354**	1.51
	(0.103)	(0.103)	(0.183)	(0.129)	
ΔPersonal Finances	-0.276*	-0.276°	0.030	-0.137	2.56
	(0.137)	(0.152)	(0.250)	(0.165)	
Right-Left Ideology	-0.212***	-0.173***	-0.211**	-0.122°	2.32
	(0.047)	(0.049)	(0.077)	(0.070)	
Education	0.008	-0.137	0.055	0.036	4.10
	(0.066)	(0.084)	(0.128)	(0.084)	
Female	-0.048	-0.140	0.305	0.322	2.06
	(0.298)	(0.270)	(0.542)	(0.325)	
Catholic	-0.766**	-0.633	-1.214°	-1.069**	1.46
	(0.283)	(0.518)	(0.681)	(0.375)	
Respondent is Unemployed	0.335	-0.646	-29.551***	0.912	2750.51***
	(0.664)	(1.232)	(0.653)	(0.775)	
Indigenous Respondent	-0.050	0.155	-0.400	1.799**	8.56*
	(0.375)	(0.532)	(0.831)	(0.651)	
Mixed Respondent	0.111	0.276	0.530	1.221*	4.26
	(0.342)	(0.396)	(0.622)	(0.523)	
Income	-0.038	-0.216	-0.376	-0.090	2.59
	(0.151)	(0.181)	(0.246)	(0.159)	
Center	1.142*	-0.148	0.343	0.941*	13.21***
	(0.444)	(0.471)	(0.831)	(0.412)	
South	0.313	-0.022	0.930°	-0.500	5.22
	(0.436)	(0.489)	(0.545)	(0.438)	
(Constant)	3.142***	3.324***	0.398	0.572	
	(0.617)	(0.813)	(0.962)	(0.949)	
N	512				
Wald χ^2	31971.35***				
Pseudo R^2	0.130				
Log Pseudolikelihood	-634.502				

Multinomial Logit with Standard Errors Adjusted for Clustering by Municipalities
Baseline is Vote for PAN Candidate
º p<0.10, * p<0.05, ** p<0.01, *** p<0.001

Table 11.5: Changes in the National Economy Over Previous 6 Years and Candidate Choice in the 2006 Mexican Presidential Elections

	[1] PRD/PAN	[2] PRI/PAN	[3] Other/PAN	[4] Abstain/ PAN	[5] Wald Test of Equality
ΔEconomy in Previous 6 Years	-0.582***	-0.652***	-0.507*	-0.417*	2.12
	(0.120)	(0.145)	(0.205)	(0.188)	
Personal Finances	-0.189	-0.202	0.177	-0.145	2.39
	(0.124)	(0.171)	(0.263)	(0.169)	
Right-Left Ideology	-0.210***	-0.184***	-0.175*	-0.125°	2.25
	(0.049)	(0.046)	(0.071)	(0.068)	
Education	0.022	-0.131	0.110	0.060	5.41
	(0.075)	(0.087)	(0.137)	(0.085)	
Female	-0.108	-0.198	-0.087	0.282	1.85
	(0.281)	(0.260)	(0.519)	(0.309)	
Catholic	-0.754*	-0.653	-1.305°	-0.983*	1.21
	(0.293)	(0.559)	(0.728)	(0.404)	
Respondent is Unemployed	0.307	-33.179***	-32.835***	0.863	6508.32***
	(0.799)	(0.660)	(0.728)	(0.813)	
Indigenous Respondent	0.060	0.342	-0.480	1.786**	8.33*
	(0.396)	(0.608)	(0.859)	(0.664)	
Mixed Respondent	0.192	0.377	0.364	1.191*	3.61
	(0.371)	(0.447)	(0.643)	(0.542)	
Income	-0.060	-0.163	-0.460	-0.128	2.56
	(0.174)	(0.182)	(0.284)	(0.161)	
Center	1.028*	-0.045	0.429	0.969*	10.48**
	(0.458)	(0.489)	(0.767)	(0.418)	
South	0.275	0.300	1.150*	-0.386	6.51°
	(0.436)	(0.474)	(0.502)	(0.416)	
(Constant)	3.070***	3.107***	0.550	0.429	
	(0.687)	(0.852)	(0.854)	(0.986)	
N	493				
Wald χ^2	51745.5***				
Pseudo R^2	0.1375				
Log Pseudolikelihood	-605.605				

Multinomial Logit with Standard Errors Adjusted for Clustering by Municipalities
Baseline is Vote for PAN Candidate
º p<0.10, * p<0.05, ** p<0.01, *** p<0.001

Table 11.6: Current Economic Conditions and Candidate Choice in the 2006 Mexican Presidential Elections

	[1] PRD/PAN	[2] PRI/PAN	[3] Other/PAN	[4] Abstain/PAN	[5] Wald Test of Equality
Current State of the Economy	-0.692***	-0.118	-0.329	-0.725***	14.98***
	(0.145)	(0.161)	(0.256)	(0.201)	
ΔPersonal Finances	-0.261*	-0.481***	0.042	-0.095	9.74*
	(0.127)	(0.146)	(0.246)	(0.172)	
Right-Left Ideology	-0.221***	-0.208***	-0.213***	-0.126°	3.23
	(0.047)	(0.046)	(0.066)	(0.065)	
Education	0.007	-0.133	0.037	0.039	3.71
	(0.070)	(0.084)	(0.132)	(0.082)	
Female	-0.084	-0.084	0.150	0.277	1.27
	(0.288)	(0.266)	(0.497)	(0.310)	
Catholic	-0.701*	-0.507	-1.188°	-1.047**	1.93
	(0.287)	(0.538)	(0.670)	(0.405)	
Respondent is Unemployed	0.364	-0.651	-29.650***	1.251*	2958.07***
	(0.601)	(1.196)	(0.665)	(0.567)	
Indigenous Respondent	-0.078	0.303	-0.458	1.621*	9.18*
	(0.389)	(0.527)	(0.829)	(0.637)	
Mixed Respondent	0.191	0.267	0.610	1.104*	3.26
	(0.358)	(0.383)	(0.625)	(0.500)	
Income	0.026	-0.156	-0.347	-0.064	3.15
	(0.168)	(0.183)	(0.248)	(0.169)	
Center	1.025*	-0.021	0.259	0.889*	9.79*
	(0.436)	(0.449)	(0.802)	(0.402)	
South	0.319	0.109	0.895	-0.459	4.37
	(0.444)	(0.469)	(0.575)	(0.426)	
(Constant)	3.381***	2.842***	0.679	0.995	
	(0.661)	(0.794)	(0.929)	(1.046)	
N	521				
Wald χ^2	21923.66***				
Pseudo R^2	0.134				
Log Pseudolikelihood	-643.750				

Multinomial Logit with Standard Errors Adjusted for Clustering by Municipalities
Baseline is Vote for PAN Candidate
º p<0.10, * p<0.05, ** p<0.01, *** p<0.001

supporting the PRI instead of the PAN. The evaluation of the current state of the economy without reference to its previous state is not a significant determinant of the PRI-PAN choice, however. Finally, evaluations of the national economy at the current state or over the previous year do not influence the choice between the PAN and the smaller parties competing for the presidency, though optimistic evaluations of the economy over Fox's entire term do lead voters to support his party's candidate over all alternatives including small parties.

The above discussion asked whether sociotropic evaluations are always significant predictors of support for the government candidate, independent of the alternative. A related question is whether their effect is constant across the government and alternatives or, in other terms, if the difference in the effect on the choice between all sets of alternatives is equal to 0. The Wald tests in column 5 of Tables 3.17-3.19 suggest that the effects of both the 1-year and 6-year backwards looking sociotropic measures do not significantly differ across alternatives despite their differences in statistical significance. However, the small and insignificant effect of current economic evaluations on support for the PRI does result in this variable's effect differing significantly across options.

The final question is whether sociotropic evaluations only affect the choice between the government and opposition parties or whether it also affects the choice between opposition parties. While the results in Tables 3.17-3.19 use voting for the PAN as the baseline, we can use these results to estimate the choice between the various opposition parties. In Table 11.7 (below), we present the results for the three sociotropic

Table 11.7: The effect of Sociotropic Evaluations on the Choice among Partisan Options, 2006 Mexican Presidential Elections

Δ National Economy Over Previous Year	Alternative			
Baseline	PRD	PRI	Other	Abstain
PAN	-0.367***	-0.399***	0.030	-0.354**
	(0.103)	(0.103)	(0.250)	(0.129)
PRD		-0.032	0.190	0.013
		(0.090)	(0.175)	(0.139)
PRI			0.222	0.045
			(0.183)	(0.116)
Other				-0.177
				(0.198)

Δ National Economy Over Previous 6 Years	Alternative			
Baseline	PRD	PRI	Other	Abstain
PAN	-0.582***	-0.652***	-0.507*	-0.417*
	(0.120)	(0.145)	(0.205)	(0.188)
PRD		-0.069	0.075	0.165
		(0.145)	(0.203)	(0.153)
PRI			0.144	0.235
			(0.193)	(0.169)
Other				0.090
				(0.205)

Current State of the National Economy	Alternative			
Baseline	PRD	PRI	Other	Abstain
PAN	-0.692***	-0.118	-0.329	-0.725***
	(0.145)	(0.161)	(0.256)	(0.201)
PRD		0.574***	0.363	-0.033
		(0.152)	(0.275)	(0.178)
PRI			-0.210	-0.607**
			(0.262)	(0.212)
Other				-0.396
				(0.297)

indicators for each possible combination of binary choices. The rows list the baseline category while the columns contain the alternative; the first row, for example, contains the estimated effect of sociotropic evaluations on alternatives to the PAN that were estimated in Tables 3.17-3.19. Looking at the other rows, we see that the national economy usually did not significantly impact the choice among opposition parties. The exception, however, remains the PRI with respect to the current state of the economy; voters who felt the economy was good were not only more likely to support the PAN over the PRD or the option of abstention but were also more likely to support the PRI than these two options.

We began this section by noting that for the choice to collapse the anti-PAN vote into a single category, the ideal scenario would be that the economic evaluation of interest would be a significant predictor of all alternatives to the PAN, its effect on the choice between the PAN and the opposition would be constant across them, and it would not predict the choice among opposition parties. The evidence in Tables 3.17-20 suggest that the retrospective sociotropic evaluation looking back over 6 years fits all of these criteria while the retrospective evaluation with a 1-year reference point meets two of the three criteria and the exception is the choice to support a minor-party or independent candidate, a choice made by only 5 percent of survey respondents. Even when sociotropic evaluations are not significant predictors o the choice between small parties and the incumbent, the effect of economics on this choice is not statistically distinguishable form its effect on other alternatives. Hence for these two indicators the

choice to follow the dictates of economic voting theories and collapse the voter's choice into supporting the incumbent or otherwise is empirically justified.

The effect of the current state of the economy does not fit our expectations so neatly. While it is a significant predictor of the choice between the PAN and the PRD/abstention, it does not significantly impact the choice between the PAN and small parties and independents. Again, however, its effect on this choice is not significantly different than its affect on the choice of the PRD or abstention nor does it affect the choice between these three alternatives.[1] Voter evaluations of the current state of the economy do not meet any of these criteria, however, with respect to the PRI. This variable's non-effect on PRI support appears to be a function of its very short-time frame. Excluding the egotropic retrospective measure, which has a different time perspective than the sociotropic measure, results in current economic situation being a significant predictor of the PRI/PAN choice with an effect that is not statistically different from its effect on other opposition options and an insignificant predictor of the choice between the PRI and the PRD/other parties/and abstention. Additional evidence for this possibility comes from models of voter choice (not shown here) that include both the current evaluation of the economy and evaluations of the economy relative to the start of Fox's term; the current economy's effect on PRI support is statistically smaller than its effect on other alternatives while the effect of the trend over 6 years on PRI support is significantly larger than its effect on other options after controlling for the

[1] The Wald statistic (df=2) of equality for the effect of the current economic condition on the choice for the PAN over the PRD, other parties, or abstention is 1.95 (p=0.377)

perceived current state of the economy. Thus potential PRI voters took a longer-term perspective, comparing the present government with the PRI government that preceded it, while potential PRD/small party/abstention voters focused more heavily on the present state of the economy.

These analyses, while interesting for students of Mexican politics, might cause concern that pooling the PRI with the other alternatives to the PAN will change the estimated effect of current sociotropic economic evaluations. As a result, in analyses not presented here I have replicated all the analyses in Chapter 4 while excluding those that supported the PRI. In every case, the sign, approximate magnitude, and significance of the sociotropic evaluation and its interactions with attributed responsibility and expressed salience do not substantially change from the models with all respondents. Hence I have chosen to follow the convention of previous economic voting studies and model the effect of the economy's current state as the choice of the PAN or not.

The results in Tables 3.17-20 also suggest that the choice to abstain more closely approximates the same logic *with respect to economic voting* as the choice to support the PRD than does the choice to support small parties and, perhaps, even the choice to support the PRI. This confirms previous work by Tillman (2004) showing that abstention can be modeled as another form of economically-driven opposition/protest of the incumbent. Hence we include abstainers in the baseline category in the analyses in this chapter instead of dropping them. If, instead, we were to drop them this occasionally results in either the interaction between responsibility and sociotropic

evaluations or the interaction between salience and the sociotropic evaluation becoming significant at the 0.10 level instead of the 0.05 level.

Other Independent Variables and Electoral Choices

While the above analysis suggests that the effect of economic variables are sufficiently consistent across alternatives to justify collapsing the electoral choice into a dichotomous choice, this specification results in only left-right ideology and Catholicism being significant predictors of the electoral choice. The reason for these weak results, we expect, is that some variables predict support for one candidate but not others. This expectation can be tested by looking at the multinomial logit results in Tables 3.17-3.19. The multinomial results also are generally unspectacular for most of the control variables, but a few additional results stand out:

- While ideology is a strong predictor of the choice between the PAN and all alternatives, religion's impact on the choice between the PRI and the PAN is never statistically different than 0 (though this variable's impact is not significantly different from its impact on other alternatives).
- While very few voters in the sample listed themselves as being unemployed, those who did were significantly more likely to support the representatives of small parties or to spoil their ballot rather than support the PAN or on of the other opposition parties.
- Being of indigenous or mixed/mestizo race greatly increased the probability of abstaining.

- Voters from the center region of the country were substantially more likely to support the PRD or abstain instead of supporting either the PAN or the PRI.
- Income does not affect the choice between the PAN and any of its alternatives nor does education or gender.

Thus the demographic variables included in the general model of electoral choice did effect voter choices, but their effect was not consistent across alternatives and thus many ended up insignificant in the dichotomous specification of voter choices.

Appendicies for Argentine Surveys

Appendix 3: Variable Codes, 1995 Graciela Romer Survey

Age: A 5-point variable of the respondent's age at the time of the interview with the values [0] 18-20, [1] 21-29, [2] 30-39, [3] 40-54, and [4] 55-70. Coded from *p004*.

Economy Salient to Voter: A dummy variable that takes the value of 1 if the economy was the primary reason why the voter approved/disapproved of Menem and 0 otherwise. It is coded as described in Appendix 4.

Education: A 9-point variable that takes the values [0] none, [1] incomplete primary, [2] completed primary, [3] incomplete secondary, [4] complete secondary, [5] incomplete tertiary, [6] complete tertiary, [7] incomplete university, [8] complete university. Coded from *p170*.

Head of Household is Unemployed: A dummy variable that takes the value of 1 if the family head is looking for work but cannot find any and 0 otherwise. Coded from *p173*.

Male: A dummy variable that takes the value of 1 if the respondent is male and 0 if she is female. Coded from *p003*.

Peronist Party Identifier: A dummy variable coded from question *p135* "which party/political orientation do you identify yourself with or which one represents best your way of thinking?" that takes the value of 1 if the respondent said the PJ and 0 otherwise.

Prefers State Intervention in the Economy: A dummy variable coded from *p086* "which of the following statements would you say you agree with: the country functions better

when the government intervenes and orients the national economy or when it allows the various firms to act without state interference." It takes the value of 1 if the respondent agreed that the state should intervene on the economy.

Real Monthly Income: A continuous variable ranking the household's monthly income. Coded from *p180.*

Reports Income is Sufficient to Meet Needs. A 4-point variable coded from the *p074* "would you say that your family's household income allows you to live well and even save, allows you to live well but not save, barely covers your need "adjusting your belt", or does not cover your needs/does not make it to the end of the month?" This variable is coded so that [0] represents those that cannot meet their needs and [3] represents those that can save.

Sociotropic Economic Evaluation: A 5-point variable coded from *p069* "how would you describe the country's current economic situation?" Possible answers are [0] very bad, [1] bad, [2] regular, [3] good, and [4] very good.

Works Changas: A dummy variable that takes the value of 1 if the family head works temporary jobs (*changas*) and 0 otherwise. Coded from *p173*.

Appendix 4: Codes for Salience Measures, Graciela Romer 1995

Our measure of salience comes from an open-ended question where voters were asked to name up to three reasons why they approved or disapproved of Carlos Menem's service as president. While our primary interest is in whether or not economic performance was mentioned, we aggregate responses into eight general categories: the

economy, his personality, international relations, social policy, democratic reforms, security and justice, partisanship, and non-policy. Here we list the responses that fit each category; note that several of these (e.g. his support for privatization) were reasons for both approving and disapproving of Menem.

Economy: The economy, reduced inflation, privatizations, unemployment, poverty, inequality.

Personality: Experience, he does what he can, intelligence, positive image, his personality, quality of his cabinet, courage, good leader, honesty, humor, humility, trustworthy, accessibility, sensibility, dishonesty, I am afraid of him, fraudulent, liar, does not do anything, arrogance, his culture, he is not a believer, frivolity.

International Relations: Position toward MERCOSUR, opens international markets, his dealings with Brazil, paid external debt, placed country in debt.

Social Policy: Education policies, welfare programs, education, health care, contamination, medical costs, labor legislation, moved the airport, taxes.

Democratic Reforms: Support for democracy, has controlled military, reelection, did not reduce corruption, has ignored human rights, ignored checks and balances.

Security and Justice: Security, Justice.

Partisanship: We are Peronists, he is a Peronist.

Non-Policy and General (residual category): Modernized the country, need to give him time, everything, to follow the majority, regional attachments.

From this general set of codes, we generate the dummy variable used in the analysis that takes the value of 1 if the respondent listed an economic concern among his three reasons for approving or disapproving of the incumbent.

Appendix 5: Codes for Most Important Problem, Graciela Romer 1995

As described in Appendix 1, respondents to the August 1995 Romer poll were asked to choose among 18 possible policy areas the 3 largest problems facing the nation and the problem that most impacted them personally. Coded responses to these 18 issues into 4 large issue categories that attempt to mirror the categories used to code the explanations of presidential evaluations. The specific codings are as follows:

Economic Problems: Unemployment, economic recession, inflation, salaries, poverty.

Social Policy Problems: Environmental contamination, education, retirement, health, taxes

Democracy Problems: Corruption, freedom of the press.

Security Problems: Administration of the justice system, crime.

From these codings we generate a dummy variable that takes the value of 1 if the voter saw the economy as a problem to create the interaction terms modeled in Table 11.3.

Appendix 6: Variable Codes 2002 Carlos Fara Formosa Survey

Age: A categorical variable coded by the pollster from an open-ended question asking the respondent's age. Possible responses are [0] 27 and under, [1] 28-37, [2] 38-47, [3] 48-57, [4] 58-67, [5] 68 and more.

Economic Class: A count variable of the number of possessions that the respondent's household has from a list asked by the pollster: Color TV with remote, Telephone, Refrigerator, Freezer, Personal Computer, Credit Card, Washing Machine, Air conditioner, Dryer, VCR, and the number of cars. High values represent a large number of possessions, ranging from 0-14.

Education Level: An ordinal variable of the number of years of school the respondent completed. The variable is coded by the pollster as [0] No studies, [5] Incomplete Primary, [9] Complete Primary, [13] Incomplete Secondary, [17] Complete Secondary, [19] Incomplete Tertiary, [22] Complete Tertiary, [27] Incomplete University, [31] Complete University, [32] Post-Graduate Work.

Evaluation of Economic Policies: A 5-point variable coded from the question, "with respect to the economic measures taken by the national government up until now, do you think that they are: very good, good, regular, bad, or very bad"? The question is coded with values from [0] "very bad" to [4] "very good."

Head of Household is a Public Employee: Respondents were asked if the primary wage earner in their household worked in public administration, the private sector, or for themselves. From this question we coded a dummy variable that took the value of 1 if the primary wage earner worked in public administration.

IMF Will Help Argentina's Economy: Respondents were asked if they thought the IMF and U.S. will eventually help Argentina's economy or not. From this question, we generate a dummy variable that takes the value of 1 if the respondent thought the IMF and U.S. would help and 0 otherwise.

Male: A dummy variable that takes the value of 1 if he is a male and 0 if she is a female.

Peronist Party Member: A dummy variable that takes the value of 1 if the voter said that he or she considers himself or herself a sympathizer of the Peronist party and 0 otherwise.

Received Welfare Benefits: As described in the text, a dummy variable that takes the value of 1 if the respondent reported receiving benefits from Jefes y Jefas de Hogar or some other welfare program.

Voter is Unemployed: A dummy variable that takes the value of 1 if the respondent is unemployed and 0 otherwise.

Appendix 7: Variable Codes, 2006 IPSOS Survey

Age: Age in years.

Argentina Needs Good Relations with IMF: A 4-point scale coded from the question "Some people say that it is convenient that Argentina maintains good relations with the IMF; what is your position with respect to that statement?" Possible answers are [0] disagree strongly, [1] disagree somewhat, [2] agree somewhat, and [3] agree strongly.

Capital District: A dummy variable that takes the value of 1 if the respondent lives in the Federal District and 0 otherwise.

Education: A 10-point variable ranging from [0] for no education to [9] for post-graduate work after college.

Egotropic Economic Evaluation: A 3-point variable coded from the question "A year from now, do you think your personal situation will be [0] worse, [1] the same, or [2] better than it is now?"

Evaluation of Nestor Kirchner: A 5-point variable coded from the question "now, speaking in general, how would evaluate Nestor Kirchner's term in office as President?" Possible answers are [0] disapprove strongly, [1] disapprove somewhat, [2] neither approve nor disapprove, [3] approve somewhat, or [4] approve strongly.

Female: Dummy variable that takes the value of 1 if the respondent is female and 0 if he is male

Gran Buenos Aires: A dummy variable that takes the value of 1 if the respondent lives in Suburbs of Greater Buenos Aires and 0 otherwise.

Head of Household Unemployed: A dummy variable that takes the value of 1 if the primary wage earner in the household is currently unemployed and 0 otherwise.

Income Sufficient for Household: A 4-point scale coded from the question "would you say that your family's monthly income [0] does not cover your needs, [1] is barely enough to cover your needs, [2] permits you to live fairly well but not save, or [3] is enough to live well and save?"

Informal Sector Employee: A dummy variable that takes the value of 1 if the primary wage earner does not have a formal written contract with his or her employer and 0 otherwise.

Sociotropic Economic Evaluation: A 6-point variable coded from the question "over the previous year, would you say that the Argentine economy has [0] gotten much worse, [1] gotten a little worse, [2] stayed the same and bad, [3] stayed the same and good, [4] gotten a little better, or [5] gotten much better?"

Appendix 8: Variable Codes, 2006 UTDT Survey

Age: A 3-point variable that takes the values of [0] 18-29 years old, [1] 30-50, and [2] 51 or more.

Buenos Aires Suburbs: A dummy variable that takes the value of 1 if the respondent lived in Greater Buenos Aires outside the Capital District and 0 otherwise.

Education: A 9-point variable coded from the question "'What was the highest level of schooling that you achieved?"' Possible responses are [0] without schooling, [1] incomplete primary, [2] complete primary, [3] incomplete secondary, [4] complete secondary, [5] incomplete tertiary, [6] complete tertiary, [7] incomplete university, or [8] complete university.

Egotropic Expectation for Personal Finances: A 3-point variable coded from the question "'What do you believe will occur with you personal economic situation a year from now?"' Possible responses are [0] will worsen, [1] will remain the same, and [2] will improve.

Evaluation of Nestor Kirchner: A 5-point variable coded from the question "'How would you evaluate President Nestor Kirchner?"' Possible responses are [0] very bad, [1] bad, [2] regular, [3] good, and [4] very good.

Female: A dummy variable that takes the value of 1 if the respondent is female and 0 if he is a male

Government Responsible for the Economy: After being asked about the expected state of the economy, respondents were asked "what is the principal reason for the economy improving/worsening: the government's policies, the IMF, the activities of Argentine businesses, the activities of Argentine workers, or changes in the international economy?" The dummy variable takes the value of 1 if the respondent cited the government's policies and 0 otherwise.

Income is Sufficient: A 4-point variable coded from the question "would you say that your family's monthly income [0] does not cover your needs, [1] is barely enough to cover your needs, [2] permits you to live fairly well but not save, or [3] is enough to live well and save?"

Independent Identification A dummy variable coded from the question "'Which political party do you feel closest to?"' Respondents were coded as 1 if they said None/ Independent and 0 otherwise.

Interior of the Country: A dummy variable that took the value of 1 if the respondent lived in Rosario, Cordoba, Mendoza, or Tucuman and 0 otherwise.

Peronist Party Identification: A dummy variable coded from the question "'Which political party do you feel closest to?"' Respondents were coded as 1 if they said The Peronist Party (PJ) and 0 otherwise.

Sociotropic Expectation for National Economy: A 3-point variable coded from the question "'What do you believe the national economic situation will be a year from now?"' Possible responses are [0] worse, [1] the same, and [2] better.

Appendicies for Peruvian Surveys

Appendix 9: Variable Codes, 2005 Carlos Fara Survey

Vote for Kirchner: The dependent variable is a dummy variable coded from the open-ended question "If today were the presidential election, whom would you vote for?" Respondents who specifically named Kirchner were coded as 1, all others were coded as 0.

Age: Age in years

Education Level: A categorical variable taking three values: [0] for all respondents with an incomplete secondary education or less, [4] for all respondents with at least a secondary education but who did not finish the university, and [13] for those who completed the university.

Egotropic Economic Evaluation: A 4-point variable coded from the question "how does your family's finances compare to a year ago?" Possible responses are [0] Worse, [1] the same-bad, [2] the same-good, and [3] better.

Informal Sector Employee: As described in the text, this is a dummy variable that takes the value of 1 if the primary wage earner does not have a written contract with his or her employer and 0 otherwise. Self employed respondents are included in the baseline category.

Male: A dummy variable that takes the value of 1 if the respondent is male and 0 if she is female.

Monthly Household Income: A 7-point scale measure of the household's net monthly income in pesos. Possible responses are [0] less than $400, [1] from $401 to $700, [2] from $701 to $1000, [3] from $ 1001 to $1999, [4] from $2000 to $2500, [5] from $2501 to $3000, [6] from $3001 to $4000, and [7] more than $4000.

Outside Capital District: A dummy variable that takes the value of 0 if the respondent lived in the capital district and 1 if he or she lived in the suburbs of greater Buenos Aires.

Peronist Party Member: A dummy variable that takes the value of 1 if the respondent considers herself a peronist sympathizer and 0 otherwise.

Sociotropic Economic EvaluationI A 4-point variable coded from the question "With respect to the future of the country over the next year, ho do you think things will be over the next efw months?" Possible responses are [0] Worse, [1] the same-bad, [2] the same-good, and [3] better.

Unemployed Voter: A dummy variable that takes the value of 1 if the primary wage earner is currently unemployed and 0 otherwise.

Appendix 10: Variable Codes, 2000 Apoyo Survey

Age: A three point variable coded from *edad* that takes the values [0] 18-24, [1] 25-39, and [2] 40-70.

Economic Factors Salient: A dummy variable that takes the value of 1 if the respondent's opinion of Fujimori was based on economic factors; coded as described in the text and described in Table 4.2.

Education Level of Head of Household: A 4-point variable that takes the values of [0] none/primary, [1] secondary, [2] technical/incomplete university, and [3] completed university.

Egotropic Retrospective Economic Evaluation: A 3-point variable coded from *p18* "how does your family's financial situation compare to ago?" that takes the values of [0] worse, [1] the same, and [2] better.

Female A dummy variable coded from *sexo* that takes the value of 1 if the respondent is female and 0 if he is male.

Head of Household is Unemployed: A dummy variable that takes the value of 1 if the head of household is currently unemployed and 0 otherwise. Coded from *d2a*.

Number of Bathrooms in House: A count variable coded from *d4a* asking "how many bathrooms does your home have, or does it not have any?"

Sociotropic Retrospective Economic Evaluation: A 3-point variable coded from *p19c* "how does the nation's economic situation compare to ago?" that takes the values of [0] worse, [1] the same, and [2] better.

Appendix 11: Variable Codes, 2006 Universidad Católica Survey

Age: Age in years.

Education Level: A 9-point variable ranging from 0 for no education to 9 for post-graduate university work.

Evaluation of President Toledo: A dummy variable coded from the question "In general, would you say that you approve or disapprove of President Alejandro Toledo's time in

office" that takes the value of 0 if the respondent disapproved and 1 if he or she approved.

Female: Dummy variable that takes the value of 1 if the respondent is female and 0 if he is male.

García Will Better Create Jobs: A 3-point variable coded from the question "Indepndent of your political preferences, which of the following candidates do you consider most capable (*capacitado*) to generate more jobs?" Possible answers are [0] Ollanta Humala, [1] Neither, or [2] Alan García.

García Will Better Reduce Inequality: A 3-point variable coded from the question "Indepndent of your political preferences, which of the following candidates do you consider most capable (*capacitado*) to reduce inequality between the rich and the poor?" Possible answers are [0] Ollanta Humala, [1] Neither, or [2] Alan García.

García Will Better Stabilize the Economy: A 3-point variable coded from the question "Indepndent of your political preferences, which of the following candidates do you consider most capable (*capacitado*) to maintain economic stability?" Possible answers are [0] Ollanta Humala, [1] Neither, or [2] Alan García.

Head of Household is Informally Employed: Dummy variable coded from the question "does the person who earns the most in the home have a formal contract with his or her employer?" Yes corresponds to 1, No to 0.

Head of Household is Unemployed: A dummy variable that takes the value of 1 if the primary wage earner in the house is currently unemployed and 0 otherwise.

Interior Rural Areas: A dummy variable that takes the value of 1 if the respondent is (a) not from Lima or Callao and (b) is from a rural area as coded by the surveyors and 0 otherwise.

Interior Urban Areas: A dummy variable that takes the value of 1 if the respondent is (a) not from Lima or Callao and (b) is from an urban center as coded by the surveyors and 0 otherwise.

Left-Right Ideology: An 11-point variable coded from the question "When discussing politics, people often speak of left and right. Using the following scale, where 0 signifies left and 10 right, where would you locate yourself?"

Social Class: A 4-point variable coded from evaluations of the respondent's class made by the interviewer upon observing their home. Values range [0] for class E to [3] for class A/B.

Sociotropic Economic Evaluation: A 5-point scale coded from the question "how would you classify the general economic situation of Peru?" Possible answers are [0] very bad, [1] bad, [2] regular, [3] good, and [4] very good.

Vote for Alan García: A dummy variable that takes the value of 1 if the voter was planning on voting for Alan García in the second round presidential lections, 0 if he or she was planning on voting for Ollanta Humala, and is coded as missing if the voter had not yet decided.

Appendicies for Mexican Surveys

Appendix 12: Variable Codes, 1991 Gallup Mexico Survey

Age: A 5 point variable that takes the values [0] 18-24, [1] 25-29, [2] 30-39, [3] 40-54, and [4] 55+.

Approval of Foreign Investment: A 3-point variable coded from the question "would you say that investment in Mexico by foreign companies is basically positive or basically negative for our country?" with answers [0] negative, [1] both (voluntarily given), or [2] positive.

Church Attendance: A 6 point variable describing how often the person goes to church. Possible answers are [0] never, [1] occasionally, [2] monthly, [3] 2-3 times a month, [4] weekly, [5] more than once a month.

Economy Mentioned as Salient: A dummy variable coded as described in Appendix 13.

Education: A 9-point variable that takes the values [0] none, [1] incomplete primary, [2] completed primary, [3] incomplete secondary, [4] complete secondary, [5] incomplete high school, [6] complete high school, [7] incomplete university, and [8] complete university.

Female A dummy variable that takes the value of 1 if the respondent is female and 0 if he is male.

Social Class; A 4-point variable coded by the pollsters based on the household's possessions or lack there of. High values correlate with wealth.

Sociotropic Prospective Economic Evaluation: A 3-point question coded from the question "what will the national economic situation be three years from now?" with possible answers [0] worse, [1] the same, and [2] better.

Center, North, South: Regional dummies coded by the pollster (there is no *state* variable in the dataset). The excluded category is the DF.

Appendix 13: Codes for Salience Measure, 1991 Gallup Mexico

As described in the text, our measure of the economy's salience came from voter answers to two open ended questions where voters first cited his largest success in his first three years in office and then cited his largest failure. The pollsters at Gallup divided answers into 4 general categories as presented in Table 4.3: government services and public works, economic issues, social policy issues, and political issues. Below we detail the types of successes and failures that pertain to each category.

Government Services and Public Works: Street pavement, water services, school construction, public lighting, more services available, sewage services increased, more communication infrastructure, more parks, more metros, less services, not enough sewage in outlying areas.

Economic Issues: Stopped inflation and the crisis, NAFTA, prices are stable, lowered foreign debt, the economy is good, sold the banks, maintained the prices pact, created jobs, process still going up, salaries remain low, sold Mexican businesses, should not have privatized the banks, should not have enacted NAFTA, borrows money, taxes are high, sold the nation, privatized TELMEX.

Social Policy Issues: Helped farmers, fought drugs, helped poor people, gave houses, SOLIDARIDAD, solved state problems, created housing, reduced crime, helped the environment, cannot stop drugs, does not help the poor, not enough environmental protection, has not slowed immigration.

Political Issues: Maintained social peace, combated corruption, attendance at the Ibo American summit, keeps promises, taken country forward, does not keep promises, corruption is high, government does not work well.

From the second category we generated a dummy variable that took the value of 1 if the voter cited Salinas' outcomes on economic issues.

Appendix 14: Variable Codes, 1993 Gallup Mexico Survey

Retrospective Sociotropic Evaluation: A 4-point variable coded from the question "and what about the economy of Mexico, do you think it is very good, somewhat good, somewhat bad, or very bad?" the variable is coded from [0] "very bad" to [3] "very good."

Retrospective Egotropic Evaluation: A 5-point question coded from the question "how do you view the economic outlook for you and your family today compared to two years ago?" Responses are coded from [0] much worse, [1] somewhat worse, [2] about the same, [3] somewhat better, or [4] much better.

Received Solidaridad Benefit: A dummy variable that takes the value of the respondent or anyone in their family has benefited from a Solidaridad/Pronasol program and 0 otherwise.

NAFTA Approval: Coded from p9, respondents were explained the basic premise of NAFTA and then asked their opinion of it. "It is generally understood that a free trade policy between two countries will lower the prices of imported goods for consumers, but it also might cause local producers of the same good to earn less money. Do you think the free trade agreement between Mexico, the U.S., and Canada, that is NAFTA, is likely to be beneficial or damaging to our economic development?" Responses are coded on a 4-point scale from [0] very damaging, [1] very damaging, [2] somewhat beneficial, or [3] very beneficial.

Police are Fair: A 3-point variable coded from the question "what about law enforcement in our country? Would you say that police enforce the law today more fairly than in the past, less fairly than in the past, or more the less the same?" Values range from [0] less fairly to [2] more fairly.

Satisfied with Democracy in Mexico: A 4-point variable coded from the question "on the whole, how satisfied with the way democracy works in Mexico?" Responses are [0] not at all satisfied, [1] not very satisfied, [2] very satisfied, or [3] very satisfied.

Elections Becoming More Fair: A 3-point variable coded from the question "and what about efforts to improve the way elections are held in Mexico: do you think that elections will be more honest, less honest, or do you think nothing will change. Responses are [0] less honest, [1] nothing will change, and [2] more honest.

Government Drug Policy Approval: A 4-point variable coded from the question "How would you rate the Mexican government's efforts to stop the trafficking of illegal drugs

within Mexico?" Responses include [0] not good at all, [1] not very good, [2] fairly good, [3] or very good.

Ejido Reform Approval: A 4-point variable coded from the question "what do you think of the legislative changes made by the Salinas government to the *ejido* system?" Responses are [0] strongly disapprove, [1] somewhat disapprove, [2] somewhat approve, or [3] strongly approve.

Female: A dummy variable that takes the value of 1 if she is a female and 0 if he is a male.

Education: A 10-point variable that takes the values [0] no education, [1] incomplete primary, [2] complete primary, [3] incomplete secondary, [4] complete secondary, [5] incomplete preparatory, [6] complete preparatory, [7] incomplete university, [8] complete university, and [9] masters/graduate.

Age: A 4-point categorical variable taking the values [0] 18-24, [1] 25-34, [2] 35-44, or [3] 45 or more.

Class: A 3-point variable coded by the pollster, though the criteria for it are not listed. The options are [0] D popular, [1] C middle, and [2] A/B high.

Has Close Relatives in the U.S.: A dummy variable that takes the value of 1 if the respondent said that he or she had a close relative who was currently living in the U.S. and 0 otherwise.

PRI Self-identification: A dummy variable that takes the value of 1 if the respondent said that he or she considered himself or herself a Prista and 0 otherwise.

North: A dummy variable that takes the value of 1 if the respondent is from the states of Nuevo Leon, Chihuahua, Coahuila, Tamaulipas, or Zacatecas and 0 otherwise.

Bajio: A dummy variable that takes the value of 1 if the respondent is from the state of Jalisco, Guanajuato, Michoacan, or Colima and 0 otherwise.

Center: A dummy variable that takes the value of 1 if the respondent is from the state of Morelos, Queretaro, Puebla, or Hidalgo and 0 otherwise.

DF: A dummy variable that takes the value of 1 if the respondent is from the Capital District and 0 otherwise.

South: A dummy variable that takes the value of 1 if the respondent is from Veracruz, Yucatan, Guerrero, or Campeche and 0 otherwise.

Appendix 15: Variable Codes, 2000 Mexico Panel Study Survey

Retrospective Sociotropic Evaluation: A 5-point variable coded from the question "How does the national economy compare to 12 months ago?" Possible answers are [0] much worse, [1] somewhat worse, [2] neither better nor worse, [3] somewhat better, or [4] much better. Coded from *p48*.

Retrospective Egotropic Evaluation: A 5-point variable coded from the question "How does your personal economic situation compare to 12 months ago?" Possible answers are [0] much worse, [1] somewhat worse, [2] neither better nor worse, [3] somewhat better, or [4] much better. Coded from *p47*.

Received Welfare: A dummy variable that takes the value of 1 if the respondent or someone in their family received benefits from Progresa, Procampo, or Liconsa and 0 otherwsie. Coded from *pppp49a*, *pppp49b*, and *pppp49c*; unlike the other questions used

in this survey that come from the first wave of the survey, this question only occurs in wave 4.

Risk Acceptant: As described in the text, this dummy variable is coded from the question "and which statement is closer to your way of thinking: better a known bad than an unknown good or he who risks nothing gains nothing?" The variable takes the value of 1 if the respondent said that risk was necessary to gain and 0 otherwise. Coded from *p26*.

Left-Right Ideology; An 11-point scale where 0 if left and 10 is right. Coded from *p42*.

PRI Self-Identification: A dummy variable that takes the value of 1 if the respondent considers himself or herself Prista and 0 otherwise. Coded from *p52*.

Independent Self-Identification: A dummy variable that takes the value of 1 if the respondent considers himself or herself not to be Prista, Panista, Perredista, or the member of another party and 0 otherwise. Coded from *p52*.

Satisfaction Mexico's Democracy: A dummy variable coded from the question "and would you say that Mexico today is a democracy?" Yes answers are coded as 1 and no answers as 0. Coded from *p46*.

Government Should More Actively Fight Poverty: A dummy variable coded from the question "with which of the following phrases do you agree more: the government should be doing more to decrease the differences between the rich and the poor or government attempts to reduce the difference between the rich and the poor cause more problems than they are worth?" The variable then takes the value of 1 if the voter thinks the government should be doing more for the poor and 0 otherwise. Coded from *p31*.

Age: A continuous measure of the respondent's age in years, coded by subtracting the year of their birth from 2000. Coded from *year*.

Female: A dummy variable that takes the value of 1 if the respondent is female and 0 if he was a male.

Education: A 5-point measure of the last year of schooling received by the respondent. Categories are [0] none, [1] primary, [2] secondary, [3] tertiary, and [4] university or more. Coded from *p63*

Income: A 9-point categorical variable where [0] 0-1000, [1] 1001-2000, [2] 2001-4000, [3] 4001-6000, [4] 6001-8000, [5] 8001-12000, [6] 12001-16000, [7] 16001-20000, and [8] 20001 or more. Coded from *p69*

Catholic: A dummy variable that takes the value of 1 if the respondent was Catholic and 0 otherwise. Coded from *p59*.

South: A dummy variable that takes the value of 1 if the respondent is from the state of Campeche, Chiapas, Guerrero, Oaxaca, Puebla, Quintana Roo, Tabasco, Tlaxcala, Veracruz, or Yucatan and 0 otherwise.

Center: A dummy variable that takes the value of 1 if the respondent is from the state of Aguascalientes, Distrito Federal, Hidalgo, Mexico, or Morelos and 0 otherwise.

Bajio: dummy variable that takes the value of 1 if the respondent is from the state of Guanajuato, Jalisco, Michoacan, or Jalisco and 0 otherwise.

Appendix 16: Variable Codes, 2003 CSES Survey

Retrospective Sociotropic Evaluation: A 6-point variable coded from the question "how does the national economy compare to 12 months ago?" Responses include [0] much worse, [1] somewhat worse, [2] the same-bad, [3] the same-good, [4] somewhat better, and [5] much better.

Retrospective Egotropic Evaluation: A 6-point variable coded from the question "how does your personal economic situation compare to 12 months ago?" Responses include [0] much worse, [1] somewhat worse, [2] the same-bad, [3] the same-good, [4] somewhat better, and [5] much better.

PAN responsible for National Economy: After being asked about changes in the national economy, respondents were asked the open-ended question "and who is responsible for the national economy becoming [better/worse]?" From this question, we generate a dummy variable that takes the value of 1 if the respondent answered "Vicente Fox" or "the cabinet of Vicente Fox" and 0 otherwise.

Respondent Responsible for Personal Finances: After being asked about changes in their personal situation, respondents were asked the open-ended question "and who is responsible for the your situation becoming [better/worse]?" From this question, we generate a dummy variable that takes the value of 1 if the respondent answered "myself", "I have work", "unemployment", "my family/kids", "I got a raise", or "my spouse emigrated" and 0 otherwise.

Respondent Received Welfare: A dummy variable coded from the question "do you and your family receive some sort of assistance from the federal government or your state

government such as Leche Liconasa, Oportunidades, Procampo, etc?" Those who report receiving help are coded as 1 and those who did not are coded as 0.

Left Right Ideology: An 11-point scale where [0] means left and [10] means right.

Human Rights Protected in Mexico: A 4-point scale coded from the question "How strongly would you say that individual freedom and human rights are protected in Mexico?" Responses are [0] not at all, [1] little respected, [2] somewhat respected, and [3] very respected.

Corruption is a Problem: A 4-point variable coded from the question "how extensive of a problem would you say corruption among politicians in Mexico is today?" Responses are [0] there is almost no corruption, [1] very limited, [2] somewhat extensive, and [3] very extensive.

Divided Government Destabilizes: A dummy variable coded from the question "as you know, the most recent election resulted in the President being from the Pan and the majority of the legislators being from other parties. Do you believe that this situation will generate political instability?" Those who thought it would result in instability were coded as 1 and those who thought nothing would happen were coded as 0.

Political Knowledge: A 4-point variable that counts the number of correct answers the respondent gave to three political knowledge questions: "what are the chambers of the Mexican legislature?" "how long is a legislative term?" and "which party has a plurality in Congress?" Those who got none right are thus coded as 0 and those that got all three right are coded as 3.

Received Gift from PAN: A dummy variable that takes the value of 1 if the respondent reported that someone from a PAN candidate's campaign gave them a gift and 0 otherwise.

Received Gift from Other Party: A dummy variable that takes the value of 1 if the respondent reported that someone from the PRI, PRD, or some other party other than the PAN candidate's campaign gave them a gift and 0 otherwise.

PAN Sympathy: Respondents were asked to qualify the degree to which they liked each party on an 11 point scale, with [0] being not at all and [10] being very much. This variable captures the rating of the PAN.

Salary: A 7-point variable coded by recoding respondent's income into the categories provided fro those that did not answer the open-ended income question. Categories are denominated in terms of minimum salaries. Responses thus include [0] 0-1 Minimum salary (0 - 1,310), [1] 1-3 Minimum salary (1,311 - 3,930), [2] 3-5 Minimum salary (3,931 – 6,550), [3] 5-7 Minimum salary (6,551 - 9,170), [4] 7-10 Minimum salary (9,171 - 13,100), [5] 10-30 Sal. Mín (13,101 - 39,300), [6] 30-+ Minimum salary (39,301 or more).

Male: A dummy variable that takes the value of 1 if the respondent is male and 0 if he or she is female.

Age: The respondent's age in years.

Education: A 9point variable measure of the respondent's completed education, with responses [0] none, [1] incomplete elementary, [2] complete elementary, [3] incomplete secondary, [4] complete secondary, [5] incomplete tertiary, [6] complete tertiary, [7] incomplete university, and [8] complete university.

Indigenous Heritage: A dummy variable that takes the value of 1 if the respondent considers himself or herself indigenous and 0 if they are mixed or white.

Appendix 17: Variable Codes, 2004 Data Opinion Publica y Mercados Survey

Age: The respondent's age in years. Coded from *xb*.

Female: A dummy variable that takes the value of 0 if he is a male and 1 if she is a female. Coded from *xa*.

Income Sufficient to Make Needs: A 4-point variable coded from the question "with your total family household income would you say that it [3] meets your needs and you can save, [2] just meets your needs without too much difficulty, [1] does not meet your needs and have difficulties, or [0] does not meet your needs and you have great difficulties?" Coded from *i173b*.

Received Welfare from City Government: A dummy variable coded from the question "do you or anyone else in your household receive monthly financial help from the city government?" Those who answered "yes" were coded as 1 and those who answered "no" as 0. Coded from *pop1*.

Respondent a Crime Victim: A dummy variable that takes the value of 1 if the respondent was the victim of a crime in the last 12 months and 0 otherwise from *v101b*.

Retrospective Egotropic Evaluation: A 5-point variable coded from the question "in comparison with the previous year, would you say that the economy is better or worse?" Responses include [0] much worse, [1] somewhat worse, [2] remains the same, [3] somewhat better, and [4] much better. Coded from v*7b*.

Retrospective Sociotropic Evaluation: A 5-point variable coded from the question "in comparison with the previous year, would you say that your personal economic situation is better or worse?" Responses include [0] much worse, [1] somewhat worse, [2] remains the same, [3] somewhat better, and [4] much better. Coded from v7.

Appendix 18: Variable Codes, 2006 CSES Survey

Vote for the PAN: Coded from the variable *pelepre* in which voters were given a blank sheet of paper on which to mark their vote, which was then given to the pollster before continuing the interview. It takes the value of 1 if the voter reported voting for the PAN party and 0 if the voter supported the PRI, PRD, New Alliance, Alternative, Victor Gonzalez, Mr. Simi, abstained, voided their vote, or could not remember. In an alternative specification, we dropped all respondents that did not cast a valid vote; the results do not differ substantially from those reported in this chapter. In Appendix 2 , we show that abstention was especially driven by similar economic logic as voting for the main opposition parties and thus can be included in the same default category.

Current State of the National Economy: Coded on a five point scale (0-4) from answers to *p29*, respondents were asked if the current state of the national economy was very bad, bad, neither bad nor good, good, or very good. High values represent positive evaluations of the economy. See Table 4.7 for details.

Economy Over Previous Year: Coded on a six point scale (0-5) from *p30, p30a,* and *p30b*, respondents were asked if over the previous year the national economy had worsened, stayed the same and bad, stayed the same and good, or improved. If the respondent

answered that it had worsened or improved, he or she was asked if it had changed a lot or only somewhat. High values represent positive evaluations of the economy. See Table 4.7 for details.

Economy Over Previous 6 Years: Coded on a four point scale (0-3) from *p34*, respondents were asked whether in comparison to the last year of the previous president's term, the Mexican economy was worse, the same and bad, the same and good, or better. High values represent positive evaluations of the economy. See Table 4.7 for details. Missing respondents were dropped from the analysis.

Personal Finances Over Previous Year: Coded on a four point scale (0-3) from *p33*, respondents were asked whether their personal economic situation was worse, the same and bad, the same and good, or better than in the previous year. High values represent positive evaluations of the economy. See Table 4.7 for details.

Right-Left Ideology: Coded from *p13*, respondents were given a card with values from 0-10, told that 0 equaled "left" and 10 "right" and were asked to place themselves on that scale. The respondents had previously been asked to place the parties and the candidates on the same scale. Our variable is coded using the same coding and with high values being associated with "rightist" ideologies.

Education: Coded from *ps3*, one of the first questions on the survey, respondents were asked what the maximum grade level they achieved was. The response categories were: none, incomplete primary, complete primary, incomplete secondary/technical, complete secondary/technical, incomplete high-school, complete high-school, incomplete university, complete university or more. From this we generated a variable that varied

from 0 if the respondent had no formal education to 8 if the respondent had completed university.

Female: Coded from *ps1*, this variable takes the value of 0 if the respondent was male and 1 if the respondent was female.

Catholic: Coded from *ps23*, this question asked what the respondent's current religion was and takes the value of 1 if the respondent answered "Catholic" and 0 otherwise.

Respondent is Unemployed: Coded from *ps4*, respondents were asked what their principal economic activity was in the previous week and were coded as a 1 if the answer was "unemployed: did not work but looked for work" and 0 otherwise. Other possible responses included worked, did not work (vacations/inactive), home, student, retired, permanently disabled, farmed, rented carros.

Indigenous: Coded from *ps22*, respondents were asked what ethnicity they considered themselves after being reminded that in some countries everyone has the same characteristics whereas in other countries people have different characteristics. The options were "white", "Indigenous", and "Mestizo". This variable takes the value of 1 if the respondent self-identified as indigenous and 0 otherwise. 19 percent of indigenous respondents reported that they spoke an indigenous language and 34 percent reported that their parents spoke an indigenous dialect. Among mestizos, these percentages were 3 and 6 percent respectively, essentially identical percentages as among those who classified as white.

Mixed/Mestizo Race: Coded from *ps22* (the previous question). This variable takes the value of 1 if the respondent self-identified as mestizo and 0 otherwise.

Income: Coded from *s12* and *s12a*, this is a 5-point variable that classify's the respondent's monthly family income between [0] 0-1,460, [1] 1,461-4,380, [2] 4,381-7,300, [3] 7,301-10,220, or [4] more than 10,220.

Center: Dummy variable that takes the value of 1 if the respondent is from the state of Aguascalientes, Distrito Federal, Guanajuato, Hidalgo, México, Michoacán, Morelos, or Querétaro and 0 otherwise.

South: Dummy variable that takes the value of 1 if the respondent is from the state of Campeche, Chiapas, Guerrero, Oaxaca, Puebla, Quintana Roo, Tabasco, Tlaxcala, Veracruz, or Yucatán and 0 otherwise.

Appendix 19: Codes for Incumbent Responsibility, 2006 CSES

In Table 4.9, we outline voter responses to the question "And who would you say is responsible for the economy becoming better/worse?" and then in Table 4.10 and Table 4.13 we use it to test the hypothesis that voters who blame the president for changes in the economy are more likely to cast an economic vote.[1] Below we list the various answers that were included in each of the categories listed in each table.

President Vicente Fox: el presidente/ fox

The Government: el gobierno/ gobierno federal, los malos gobiernos/ presidentes, los politicos, todos/ todo el sistema, el cambio de gobierno, corrupción en el gobierno, mala administración del gobierno, las elecciones para presidente, no hubo devaluación.

Congress: cámara de diputados, los senadores y el congreso, los diputados del pri

State or Local Government: gobiernos estatales/ gobernadores, presidente municipales

The Political Parties: el pri, el pan, el prd/ alianza por el bien de todos, todos los partidos

The Previous Government: carlos salinas de gortari, sexenios anteriores

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[1] Y, ¿quién considera usted que es el principal responsable de que la situación económica del país haya...(ENCUESTADOR: MENCIONAR SEGUN RESPUESTA ANTERIOR) "mejorado"..., "permanecido igual de bien"..., "permanecido igual de mal"..., "empeorado"...?(REGISTRE PRIMER RESPUESTA ESPONTÁNEA)

Other Government Agencies: gabinete del presidente, secretaria de hacienda/ francisco gil, la secretaria de seguridad pública

Economic or Societal Actors: los ciudadanos/ el pueblo/ clase traba, empresarios, economía/ inestabilidad económica, las empresas extranjeras, apertura de empleos, desempleo, los bajos salarios, falta de inversions, equipo de gobierno, empresas y socieda, las empresas nacionales, banco de méxico, cámara de comercio, los conflictos con el magisterio de oa, la sobrepoblación, la inflación, narcotráfico, las alzas en el precio del petróleo, a las remesas de los migrantes, la estabilidad económica de estados un, apertura del mercado mexicano a productos.

From this coding we generated a dummy variable if the respondent blamed the government and 0 otherwise.

Appendix 20: Codes for Salience Measures, 2006 CSES Survey

In Table 4.11, Table 4.12, and Table 4.13, we use answers to two open ended questions to construct a measure of the economy's expressed salience for each voter. In this appendix, we outline the responses that were coded as being economic-motivations as well as the additional categories listed in the summary Tables. Answers are listed in order of their frequency of response.

P1: Thinking about the things that personally interested you, what was the most important issue in this election?[2]:

Economy: el empleo/generar empleo, apoyo a los pobres, economía, aumento de sueldos, representar un cambio/modelo económico, estabilidad económica, inflación, igualdad social, igualdad.

Governability: limpieza en la elección/no fraude, democracia en méxico, participación de la gente, corrupción, estabilidad en el país, respetar el voto de los ciudadanos, incertidumbre por los resultados, q x primera vez van a votar mexicanos, mala organización del ife, los derechos humanos, video escándalos, no evidenciar la preferencia electoral, credibilidad en las instituciones, corrupción del gobierno, participación de los funcionarios del CCE, cumplir las promesas de campaña.

Crime: seguridad pública/delincuencia, narcotráfico, drogadicción, secuestros, violencia.

Social Policy: educación/apoyo, apoyo a los de la 3ª edad, bajar precios de servicios, ayuda a mujeres/madres solteras, apoyo al campo/programas, integración familiar, otorgar becas, servicio de agua potable, programas sociales, créditos para vivienda, apoyo a discapacitados, pensionados, sector salud.

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[2] Pensando en las cosas que a usted le interesan en lo personal, ¿cuál fue el asunto más importante que se trató en esta elección?

Partisan Conflict: cambio de presidente/elección de presidente, problemas entre candidatos, conflicto por los resultados, el debate, ver si ganaba amlo, la campaña sucia del pan, que el pri perdió votos.

Other Policy: problemas migratorios, impuestos, bajar sueldo a funcionarios públicos, pavimentación/aminos, el tlc, PEMEX, quitar pensiones a los ex – presidente, apoyo a la juventud.

Other Non-Policy: propuestas de los candidatos, apoyo al pueblo/colonias/ comunidad, el futuro del país, continuidad del proyecto de gobierno, mejorar la calidad de vida, ningún problema en las elecciones, honestidad, otro.

P28: What do you believe has been the most important issue that the government has faced?"[3]:

Economy: Desempleo, Pobreza, Economía, Crisis económica, Inflación, Bajos salarios, Devaluación del peso.

Crime: Inseguridad /Delincuencia, Narcotráfico, Drogadicción, Narcomenudeo, Asesinatos, Falta de policías, Vandalismo, Secuestros.

Governability: Corrupción, Las Elecciones, Mal gobierno, Problemas con el magisterio, Falta de apoyo a la gente, Resolver el fraude, El resultado de las elecciones, Conflictos con el Congreso, Los debates de los candidatos, Las instituciones, Caso de Lidia Cacho, Marchas, Aplicar correctamente la ley,

[3] ¿Cuál cree Ud. que ha sido el asunto más importante que ha enfrentado el gobierno en este sexenio?

Transparencia en la información gubernamental, Influyentismo, Video escándalos.

Partisan Conflict: División de partidos/Opiniones, No lo dejan trabajar, Defender a AMLO.

Social Policy: Educación, Vivienda, Seguro popular, Discriminación, Programas sociales/Oportunidades, Apoyo a la salud, Altas tarifas de luz, Otorgar becas, Transporte público.

Other Policy: Migración, Desastres naturales/Huracanes, Inmigración, Carreteras, Campo, Deuda externa, Obras públicas, Las relaciones diplomáticas con EEUU, Reforma fiscal, El Tratado de Libre Comercio, Falta de presupuesto, Atraer inversiones, Libertad de expresión, Sobrepoblación, Falta de apoyo a los Estados.

Other: OTRO, Falta de autoridad, Solo busco su propio beneficio.

As was described in the text, a salience scale was created from these variables that took the value of 1 if the respondent mentioned economic factors in answering either question, 2 if he or she mentioned economics when answering both questions, and 0 if he or she did not mention economics at all.

Appendix 21: Variable Codes, 2006 LAPOP Survey

Age: The respondent's age in years. Coded from Q2.

Catholic: A dummy variable that takes the value of 0 if the respondent describes their religion as Catholic and 0 otherwise. Coded from Q3.

Center: Dummy variable that takes the value of 1 if the respondent is from the state of Hidalgo, Mexico, Morelos, or Tlaxcala and 0 otherwise. Coded from ESTRATORPI.

Center-West: Dummy variable that takes the value of 1 if the respondent is from the state of Aguascalientes, Gunajuato, Jalisco, Michoacan, Nayarit, or Querétero and 0 otherwise. Coded from ESTRATORPI.

Education: The total number of years that the respondent was in school, ranging from 0 (no school) to 18 (6 years in university or more). Coded from ED.

Egotropic Evaluation of Current Financial Situation: A 5-point variable coded from the question " How would you generally describe your current economic situation?" Possible answers are [0] very bad, [1] bad, [2] neither bad nor good (regular), [3] good, or [4] very good. Coded from IDIO1.

Evaluation of the President: A 5-point variable coded from the question "And speaking in general of the current government, how would you describe the current work being done by president Vicente Fox?" Possible answers are [0] very bad, [1] bad, [2] neither good nor bad (regular), [3] good, and [4] very good. Coded from M1.

Family Receives Remittances: Dummy variable coded from the question "Does your family receive remittances from outside the country?" Respondents who answered yes are coded as 1, all others are 0. Coded from Q10A.

Federal District: Dummy variable that takes the value of 1 if the respondent is from Federal District and 0 otherwise. Coded from TAMAÑO.

Female: Dummy variable that takes the value of 1 if the respondent is female and 0 if he is male. Coded from Q1.

Is Income Sufficient to Meet Needs: A 4-point variable that is coded from the question "The salary that you and receive and your total family income: [0] does not cover all your needs; you have great difficulties; [1] does not cover all your family's needs, you have difficulties; [2] exactly covers your needs without great difficulty; or [3] covers all your needs and you can save." Coded from Q10D.

Local Area is Safe From Crime: A 4-poit variable coded from the question "speaking of the place or neighborhood where you live and thinking about the possibility of being a victim of an assault or robbery, do you feel [0] very insecure, [1] somewhat insecure, [2] somewhat secure, or [3] very secure?" Coded from AOJ8.

Married: Dummy variable that takes the value of 1 if the respondent is married and 0 if he or she single, in a civil union, divorced, separated, or widowed. Coded from Q11.

Mexico is Democratic: A 4-point variable coded from the question "In your opinion, Mexico is a country that is [0] not at all democratic, [1] a little democratic, [3] somewhat democratic, or [4] very democratic?" Coded from PN5.

PAN Identification: Dummy variable if the respondent said that they sympathized with the PAN and 0 otherwise. Coded from Mexvb11.

Respondent Has Paid Bribe in Last Year: A dummy variable that takes the value of 1 if the respondent reported that any of the following officials asked him or her for a bribe in the

previous year (question codes are in parentheses): policeman (EXC2), public employee (EXC6), municipal employee (EXC11), a coworker/boss (EXC13), judge (EXC14), doctor/hospital official (EXC15), worker in the process of enrolling a student in school (EXC16), or utility worker (EXC17). In other words, a 0 represents someone who was never asked for a bribe.

Respondent Was a Crime Victim: A dummy variable that takes the value of 1 if the respondent has been the victim of a crime in the previous 12 months and 0 otherwise. Coded from VIC1.

Respondent's Mother is Indigenous: Dummy variable that takes the value of 1 if the respondent said that his or her mother would be considered indigenous (*indigena*) and 0 if she would be considered white (*blanca*), mixed (*mestiza*), black (*negra*), or mulato (*mulata*). Coded from MEXETIDA.

Sociotropic Evaluation of Current Economic Conditions: A 5-point variable coded from the question " How would you generally describe the nation's economic situation?" Possible answers are [0] very bad, [1] bad, [2] neither bad nor good (regular), [3] good, or [4] very good. Coded from SOCT1.

South: Dummy variable that takes the value of 1 if the respondent is from the state of Chiapas, Guerrero, Oaxaca, Quintana Roo, Tabasco, Veracruz, or Yucatan. Coded from ESTRATORPI.

Worker Does Not Have Seguro Social: A dummy variable that takes the value of 1 if the worker (a) said that he or she had social security and (b) was not self employed and 0 if either condition was not met. As described in the text, this question was only asked of respondents in the workforce. Coded from OCUP1C and OCUP1A.

Appendicies for Cross-National Surveys

Appendix 22: Variable Codes, 2002 Latinobarometer Surveys

Age: The respondent's age, coded on a 4-point scale that takes the value of [0] if the respondent is 16-25 years old, [1] 26-40 years, [2] 41-60 years, or [3] 61 years or more. Coded from S2.

Corruption Has Gotten Worse: A 5-point variable from the question "From the list of issues that I am going to read out to you, do you think they have increased a lot or a little, or have decreased a lot or a little or have remained the same in the last 12 months?: Corruption." (S6STC). Possible response include [4] Increased a lot, [3] Increased a little, [2] Remained the same, [1] Decreased a little, or [0] Decreased a lot. Coded from S6STC.

Crime Has Gotten Worse: A 5-point variable from the question "From the list of issues that I am going to read out to you, do you think they have increased a lot or a little, or have decreased a lot or a little or have remained the same in the last 12 months?: Crime." (S6STC). Possible response include [4] Increased a lot, [3] Increased a little, [2] Remained the same, [1] Decreased a little, or [0] Decreased a lot. Coded from S6STA.

Current State of Nation's Economy: A 5-point scale from the question "In general, how would you describe the present economic situation of the country?" Options include [4] Very good, [3] Good, [2] About average, [1] Bad, or [0] Very bad. Coded from P2STA.

Current State of Personal Finances: A 5-point scale from the question "In general, how would you describe your present economic situation and that of your family?" Options include [4] Very good, [3] Good, [2] About average, [1] Bad, or [0] Very bad. Coded from P2STD.

Drug Addiction Has Gotten Worse: A 5-point variable coded from the question "From the list of issues that I am going to read out to you, do you think they have increased a lot or a little, or have decreased a lot or a little or have remained the same in the last 12 months?: Drug Addiction." (S6STC). Possible response include [4] Increased a lot, [3] Increased a little, [2] Remained the same, [1] Decreased a little, or [0] Decreased a lot. Coded from S6STA.

Education: The number of years for which the respondent has education; ranges from 0 to 16.

Female: Dummy variable that takes the value of 0 if the respondent is male and 1 if she is a female. Coded from S1.

Income Sufficient to Meet Needs: A 4-point variable from the question "Does your salary and the total of your family's salary allow you to satisfactorily cover your needs?" Responses include [3] Covers them well, I can save, [2] Covers them all right, without great difficulty, [1] Does not cover them, there are difficulties, or [0] Does not cover them, there are great difficulties. Coded from P67ST.

Language Not Spanish or Portuguese: A dummy variable from "what is your mother tongue? Spanish, Portuguese, A Native Language, or Other." Variable takes the value of 1 if the respondent's native language is either a native language or "other" and 0 if it is Spanish or Portuguese. This variable is a proxy for being of indigenous descent. Coded from S15A.

Nervous About Losing Job: As described in the text, this 4-point variable is from the question "How concerned would you say you are that you will be left without work or unemployed during the next 12 months?" Responses include [3] Very concerned, [2] Concerned, [1} A little concerned, or [0] Not at all concerned? Coded from P26ST.

Privately Employed: Other: A dummy variable that comes from respondent answers to the two questions "[The Respondent's] actual occupation is: Freelance/self-employed, Wage earner in public firm, Wage earner in private firm, Temporarily respondent doesn't work, Retired, Doesn't work/the person in charge of going to shopping and keeping the house, Student" and "What type of job do you do? Freelance-self-employed: Professional (doctor, lawyer, pawnbroker, architect); Freelance-self-employed: Owner of a business; Freelance-self-employed: Farmer; Freelance-self-employed: self-employed, salesman; Wage earner, employee: Professional; Wage earner, employee: high executive (Manager, Director); Wage earner, employee: Medium executive; or Other employee" The variable takes the value of 1 if the respondent answered the first question that he or she is a wage earner in a private firm and then answered the second question as none of

the above categories, is coded as missing if the respondent does not work (because the nervousness about becoming unemployed variable is coded as missing for all non-employed workers), and 0 for all other types of employment. The variables being used are S8B and S9.

Privately Employed: Professional/Management: A dummy variable coded from variables S8B and S9 as outlined above that takes the value of 1 if the respondent answered the first question that he or she is a wage earner in a private firm and then answered the second question as a professional, high executive, or medium executive, missing if the respondent does not work, and 0 for all other types of employment.

Publicly Employed: A dummy variable coded from variable S8B as outlined above that takes the value of 1 if the respondent answered the first question that he or she is a wage earner in a public firm, missing if the respondent does not work, and 0 for all other types of employment.

Self Employed: Business Owner: A dummy variable coded from variables S8B and S9 as outlined above that takes the value of 1 if the respondent answered the first question that he or she is works freelance or is self employed and then answered the second question as a business owner, missing if the respondent does not work, and 0 for all other types of employment.

Self Employed: Farmer: A dummy variable coded from variables S8B and S9 as outlined above that takes the value of 1 if the respondent answered the first question that he or

she is works freelance or is self employed and then answered the second question as a farmer, missing if the respondent does not work, and 0 for all other types of employment.

Self Employed: Professional: A dummy variable coded from variables S8B and S9 as outlined above that takes the value of 1 if the respondent answered the first question that he or she is works freelance or is self employed and then answered the second question as a professional, missing if the respondent does not work, and 0 for all other types of employment.

Appendix 23: Variable Codes, Wave 2 CSES Survey

The following variables are measured at the individual-level; the coding of the dependent variable is described in Appendix 24:

Age: The respondent's age in years. Coded from *D1*.

Female: A dummy variable that takes the value of 1 if the respondent is female and 0 if he is male. Coded from *D2*.

Education: An 8-point categorical variable that takes the following values depending upon the last year of education completed by the respondent: [0] none, [1] incomplete primary, [2] completed primary, [3] incomplete secondary, [4] completed secondary, [5] post-secondary trade or vocational school, [6] incomplete university, [7] complete university. Coded from *D3*.

Income Quintile: A 5-point variable that ranks the respondent's household income according to which quintile it falls in. Values of [0] rank as the lowest quintile and values of [4] represent the highest quintile. Coded from *D20*.

Size of Respondent's City: A 4-point variable reflecting the respondent's classification of their town of residence. Valid answers include [0] rural area or village, [1] small or middle-size town, [2] suburbs or large city or town, [3] large town. Coded from *D30*.

Union Member: A dummy variable that takes the value of 1 if the respondent belongs to a union and 0 otherwise. Coded from *D5*.

Unemployed: A dummy variable that takes the value of 1 if the respondent is currently unemployed and 0 otherwise. Coded from *D10*.

While Collar Worker: A dummy variable that takes the value of 1 if the respondent is a white-collar worker, defined by the CSES team as ":a broad occupational grouping of workers engaged in non manual labor: Managers, salaried professionals, office workers, sales personnel, and proprietors are generally included in the category" an d 0 otherwise. Coded from *D12*.

Manual Laborer: A dummy variable that takes the value of 1 if the respondent is a manual worker in a field outside of agriculture and 0 otherwise. Coded from *D12*.

Self Employed: A dummy variable that takes the value of 1 if the respondent is self-employed, defined as "self-employed occupations of all kinds, excluding self-employed

farming. Included for example entrepreneurs, shop keeper, professionals like lawyers, medical doctors etc" and 0 otherwise. Coded from *D12*.

Public Employee: A dummy variable that takes the value of 1 if the respondent's primary employer is the government and 0 otherwise. Coded from *D13*.

Private-Sector Employee: A dummy variable that takes the value of 1 if the respondent's primary employer is in the private sector and 0 otherwise. Coded from *D13*.

Mixed Public-Private Employee: A dummy variable that takes the value of 1 if the respondent's primary employer is a mixed public-private enterprise and 0 otherwise. Coded from *D13*.

Satisfied with Democracy in Country: Coded from the question "On the whole, are you very satisfied, fairly satisfied, not very satisfied, or not at all satisfied with the way democracy works in [country]?" Possible answers are [0] not at al satisfied, [1] not very satisfied, [2] fairly satisfied, or [3] very satisfied. Coded from *Q8*.

Freedoms are Protected: Coded from the question "How much respect is there for individual freedom and human rights nowadays in (country)?" Possible responses are [0] not much respect, [1] some respect, and [2] a lot of respect. Coded from *Q22*.

Corruption is Pervasive: Coded from the question "How widespread do you think corruption such as bribe taking is amongst politicians in [country]?" Possible responses are [0] it hardly happens at all, [1] not very widespread, [2] quite widespread, [3] very widespread. Coded from *Q23*.

Democracy Best System: Coded from the question "Please tell me how strongly you agree or disagree with the following statement: "Democracy may have problems buts it's better than any other form of government." Variables are coded as [0] disagree strongly, [1] disagree, [2] agree, and [3] agree strongly.

The following variables are measured at the Country level:

Latin American Country: A dummy variable that takes the value of 1 if the country was Brazil or Mexico and 0 otherwise.

Other Developing Country: A dummy variable that takes the value of 1 if the country was Albania, Bulgaria, Taiwan, Hungary, South Korea, the Philippines, Poland, Romania, or Slovenia and 0 otherwise.

Has Troops in Iraq: A dummy variable that takes the value of the country had more than 100 troops in Iraq at the time of the survey (Australia, Italy, Japan, New Zealand, Portugal, UK, US, Albania, South Korea, the Philippines, and Romania) and 0 otherwise.

GDP Growth: The change in per capita GDP in the year prior to the election in percentage terms. Compiled from the World Bank's World Development Indicators.

Unemployment Rate: The unemployment rate in the year before the election as a percentage of the economically active population. Compiled from the World Bank's World Development Indicators.

Deviation in Growth Over 10 Years: The standard deviation of the annual growth rate in per capita GDP over the 10 years prior to the election. Compiled from the World Bank's World Development Indicators.

Appendix 24: Codes for Salience Measures, 2006 CSES

The salience measures used in Table 1.2, Table 9.1, and Table 9.2 are coded from an open ended question Q5 in the second wave of CSES "What do you think has been the most important issue facing [country] over the last [number of years that the last government was in office] years?" For each of the countries in the sample, we list the categories that we coded as representing an economic priority; all other valid answers are coded as 0.

Albania (2005): Unemployment, low wages and pensions, economic monopolies, poverty, high prices, economic growth, investments.

Australia (2004): Industrial relations, unemployment, interest rates.

Belgium (2003): Employment.

Brazil (2002): Unemployment, inflation, poverty, low income, economic crisis, devaluation of the exchange rate.

Bulgaria (2001): Low income, unemployment, privatization, achieve stable economic growth

Canada (2004): Create jobs and reduce unemployment, fuel prices, jobs and social programs, poverty

Chile (2005): Unemployment, work situation and employment, poverty, economy and high prices, low wages, pensions, inequality, other economic problems

Denmark (2001): The economy, employment/unemployment, maintain employment in country, economic competition, other answers about the economy, income policy, poverty, inequality, EMU

Finland (2003): Economic development, employment/unemployment, poverty and inequality

France (2002): Unemployment, working hours, future in a global economy, purchasing power.

Germany (2002): Unemployment, economic situation.

Hong Kong (2004): People's livelihood, economy, employment, wages, welfare.

Hungary (2002): Unemployment, pensioner wages, living standards, inflation and prices, the economy, wages, income inequality.

Iceland (2003): The economy, foreign trade, economic stability, privatization, wages, prices and inflation, employment.

Ireland (2002): Inflation, unemployment.

Israel (2003): Economy, inflation, growth, unemployment.

Italy (2006): Economy, job market, unemployment, euro, inflation, wages.

Japan (2004): Unemployment, pension, financial policies, general economic issues, prices.

Kyrgyzstan (2005): Poverty, unemployment, economic crisis.

Mexico (2003): Unemployment, the economy, poverty, wages, devaluation, inflation.

Netherlands (2002): Poverty, economy, Euro, inflation, unemployment, divisions between the poor and the rich.

New Zealand (2002): Economy, exports, growth, knowledge economy, living beyond means, foreign investment, interest rates, poverty, unemployment, create jobs, wages, salaries, inflation, cost of living.

Norway (2001): Employment, prices, other economic issues, poverty.

Peru (2006): Poverty, unemployment, economic policy, inflation, other economic issues

Philippines (2004): Economy, poverty, inflation, unemployment, low wages.

Poland (2001): Unemployment, poverty, incomes, financial problems of pensioners, rising prices, inequality, living standards, the economy.

Portugal (2002): Economic instability, unemployment, cost of living, poverty, inflation, minimum income guarantees, salaries, economic development.

Portugal (2005): General economic situation, the Euro, inflation, unemployment, salaries and poverty, other economic issues.

Romania (2004): Low incomes and poverty, unemployment, growth, inflation

Russia (2004): Poverty, prices, unemployment, salaries, non-payment of wages, the economy, economic inequality.

Slovenia (2004): Unemployment, poverty, economic problems, economic criminal, income differences.

South Korea (2004): Economic stability, unemployment, prices, stagnation, improving economic conditions, erosion of middle class, inducing investment, connections of politics and economy.

Spain (2004): Unemployment.

Sweden (2002): Economic issues.

Switzerland (2003): Economics, labor market.

Taiwan (2001): Respondents were allowed multiple responses and their combinations were coded. Any mention of Economy or Unemployment was coded as economics, the specific issue codes were numbers 1, 4, 6, 8, 9, 12, 15, 19, 21, 23, 34, 35, 41, 42, 50, 55, 57, 58, 60, 62, 65, 68, 69, 70, 71, 72, 73, 76.

Taiwan (2004): Economy, finance, unemployment.

UK (2005): The Euro, the economy, poverty.

United States (2004): Unemployment, create jobs, poverty, inflation and cost of living, recession, money supply and interest rates, middle class, big business too powerful, inequality.

Appendix 25: Variable Codes, Cross-National Elections Models

Previous Level of Electoral Support: The percentage of the valid vote received by the executive party/governing party in the previous election. Executive elections are compared to previous executive elections and legislative elections are compared to previous legislative elections.

ΔGDP_{PC}: The change in per capita GDP in the year prior to the election in percentage terms. For elections held in the first 6 months of the year, data are compiled from the calendar previous to the one in which the election was held. Compiled from the World Bank's World Development Indicators.

Latin American or Caribbean Country: A dummy variable that takes the value of 1 if the country was (with the number of elections in parentheses) Argentina (9), Barbados (6), Belize (3), Bolivia (5), Brazil (2), Chile (1), Colombia (8), Costa Rica (12), Dominican Republic (4), Ecuador (8), El Salvador (9), Honduras (5), Jamaica (4), Mexico (4), Nicaragua (2), Panama (2), Peru (5), Trinidad and Tobago (7), Uruguay (4), or Venezuela (8) and 0 if the country was Australia (18), Austria (13), Belgium (13), Canada (12), Denmark (15), Finland (12), France (6), Germany (10), Iceland (12), Italy (12), Japan (14), Luxembourg (8), Netherlands (12), New Zealand (14), Norway (12), Spain (8), Sweden (13), Switzerland (11), USA (21), UK (10).

Incumbent Sought Reelection: A dummy variable that takes the value of 0 if the incumbent was constitutionally prohibited from seeking reelection or retired in the year prior to the election and 1 if they sought reelection. This variable is coded as a 1 if the election was a midterm election.

Midterm Legislative Election: A dummy variable that takes the value of 1 if the election was a legislative election in a presidential system that was not held concurrently with the presidential election and 0 if it was a concurrent election or a parliamentary election.

Effective Number of Legislative Parties: The effective number of legislative parties with seats in the electorate, coded according to the Laasko and Taagepera (1979) formula $ENLP=1/\sum S_i^2$ where S_i was the percentage of seats held by party i.

Change in Turnout: The change in the percentage of the electorate that turned out and cast a vote (valid or not) in the current election compared to the previous one. Compiled from the International IDEA turnout database.

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Biography

Matthew McMinn Singer was born in Portland Oregon June 1, 1977. Soon After his family moved south to Salem and then to Roseburg, where Matt attended school. Upon completion of high school, Matt attended Brigham Young University in Provo, Utah as a Howard W. Hunter scholar for a year and then served a 2 year mission for the Church of Jesus Christ of Latter Day Saints in Oaxaca, Mexico. Upon completion of his missionary service, he returned to BYU where he graduated in April 2001 summa cum laude and department valedictorian with a Bachelor of Arts degree in Political Science. After graduation, Matt began his current program of graduate studies at Duke in the fall of 2001, completing a master's degree in political science in the spring of 2004. Upon completion of this dissertation, he will be an assistant professor at the University of Connecticut.

Matt is the author of "Inequality and Deliberative Development: Revisiting Bolivia's Experience with the PRSP." Development Policy Review (forthcoming 2007), "The 2005 presidential and parliamentary elections in Bolivia," Electoral Studies 26 (March 2007): 200-205, "The 2004 presidential and parliamentary elections in Panama," Electoral Studies 24 (September 2005): 531-7., "The 2002 presidential and parliamentary Elections in Bolivia," Electoral Studies 23 (March 2004): 172-182. (with Kevin Morrison), "Targeting Success: The Enduring Power of the NRA." In Interest Group Politics, 7th ed.

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While at Duke, Matt has been a James B Duke Fellow. In 2001 and 2002, he received an honorable mention in the NSF Graduate Research Fellowship Competition. He received Graduate Student Research Travel Grant in 2005 and 2006. His 2006 fieldwork was funded by the Ford Foundation Doctoral Dissertation Research Fellowship in the Areas of Democratic Governance and Human Welfare in South America. In 2006-2007, his work was supported by the Bass Instructorship from the Graduate School.

Matt has been married to Cara Leslie Shirk since 2000 and they have three children: Mary Leslie, Andrew Gregory, and Whitney Lynne.