ECONOMIC VOTING IN NEW DEMOCRACIES

A Dissertation
presented to
the Faculty of the Graduate School
University of Missouri-Columbia

In Partial Fulfillment
of the Requirements for the Degree

Doctor of Philosophy

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by
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AUGUST 2006

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ECONOMIC VOTING IN NEW DEMOCRACIES

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ACKNOWLEDGEMENTS

I owe a great deal to my supervisor, Dr. James Endersby. He helped me understand fundamental principles of empirical research and encouraged me to grow up as an independent researcher. He provided me valuable comments in every step of developing my dissertation with great patience and hospitality. Receiving his guidance for my dissertation was the finest luck for me.

It was also a great honor to have Dr. Doh C. Shin as my mentor. His devotion to the study of democratization inspired me to begin my dissertation on the nexus between political changes and citizens' electoral reactions in a comparative perspective. His brilliant guidance and encouragement made me think, speak, and behave in a scholarly manner. I would like to express my deepest gratitude to him.

I am also grateful to other teachers. Dr. Jay Dow taught me how to apply advanced statistical methods to the analysis of electoral behavior. It became a strong weapon to develop my research during my entire graduate school experience. Dr. Jonathan Krieckhaus' invaluable comments and critiques not only improved my dissertation, but also gave me a chance to learn how to deal with various limitations with wisdom. I will not forget Dr. X. H. Wang's dignity and helpful comments on my dissertation. I also appreciate Dr. Junhan Lee who introduced me to the theme of economic voting, and Dr. K. C. Morrison, who gave me invaluable comments on the original paper, which inspired my dissertation.

I would like to thank Dr. Jin-Young Suh, who taught me the ethical responsibilities of political scientists and strongly encouraged me to continue studying political science. I also deeply appreciate the great help of Director Sang Kim, Ms. Nanci S. Chappell, Mr.

Gary Dou, Dr. Mary Jo Herde, Mr. Je-Kook Chung, and other staff of the Asian Affairs Center. They brought joy to my life at MU. I also owe a great deal to my colleagues, Junbum Lee, Seung Kwon You, Wang-Sik Kim, Hanseung Cho, Jae-Woo Hong, Jaechul Lee, Hojin Han, Hongchull Kim, Kwangjin Kim, Johan Park, and Geiguen Shin, who encouraged me to complete my dissertation.

Finally, I also thank my parents, parents-in-law, and brothers and sisters who showed their endless love. I do not know how to pay back their patient support for the rest of my life. I am also grateful to my wife, Oh-Hyun Kwon, and children, Seung-Hwan Jhee and Sung-Kyung Jhee, for their victorious survival without health insurance for six years.

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ECONOMIC VOTING IN NEW DEMOCRACIES

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ABSTRACT

This study investigates economic voting in 70 new democracies that have experienced regime transition since 1974. By incorporating the analysis of elections in virtually all new democracies, this study shows how electorates react to changes in economic conditions under various socio-economic, institutional, and political circumstances. This study addresses a series of questions related to the nexus between economics and elections in new democracies and makes several important findings.

The findings are, first, economic performance under an authoritarian regime affects electoral support for authoritarian successors in founding elections. However, the vote share of an interim government is not affected by economic performance in the period of democratic transition. Second, electorates respond to economic performance of incumbents in post-founding elections. Contextual variables, such as economic development, level of democracy, and democratic consolidation have a weak relationship with economic voting. Third, the institutional clarity of responsibility for incumbents over economic performance does little to influence the relative strength of economic voting.

Chapter 1
Introduction

Economic voting has been one of the enduring themes of electoral studies for the past three decades. Economic voting refers to a “behavioral phenomena, namely that changes in economic conditions or in their perceptions (supposedly) lead to changes in individual voting preferences and via that in election outcomes” (Toka 2002: 1). Since the 1970s, economic voting has drawn much attention from scholars because of its significant influence on electoral outcomes and its positive relationship with democratic accountability. Most empirical studies have shown that changing economic conditions is a factor in a voter’s decision (Lewis-Beck and Paldam 2000: 114; Dorussen and Palmer 2002). Furthermore, according to the paradigm, economic voting is an instrument of enforcing democratic accountability. Palmer and Whitten (2002: 66) argue that economic voting constitutes a “mechanism of electoral accountability that spurs governments to meet the policy goals of the public.” Other scholars have also emphasized that economic voting provides governments political incentives to respond to public demand for economic wealth and that it encourages democratic accountability (Manin et al. 1999; Kiewiet 2000: 427; Lewis-Beck 2000; Dorussen and Palmer 2002)

This research examines economic voting in new democracies. Whether and how economic conditions affect electoral outcomes in founding elections and subsequent elections in 70 new democracies are probed. Whether characteristics of new democratic regimes increase or decrease the strength of economic voting are analyzed.

There are critical reasons for directing scholarly attention to economic voting in new democracies. First, it provides important clues to the interactive relationship between electorates and their political representatives, and to the working of democracy in those immature democracies. As many point out, the mere establishment of democratic institutions does not necessarily promote democratic accountability. Rather, many new democracies have experienced limited democracy with various hybrid forms (Diamond 1999). Therefore, thorough research on how voters react to changes in economic conditions may help improve our understanding of democratic practices in those countries.

Second, economic voting is deeply related to the consolidation of democracy. It is well known that, in the process of democratization, new democracies suffer from significant economic problems, such as exacerbated economic inequality and high inflation. Ex-Communist countries established a new market economy. Most other new democracies experienced serious economic deterioration before and after democratic transition. Such devastating economic conditions have weakened public belief in liberal democracy based on the capitalist market economy and the legitimacy of a democratic regime (Rose et al. 1998). Furthermore, skepticism over a new democratic regime may lead to the resurrection of the political successors to an authoritarian ruler and to a weakening of pro-democratic political elites.

Despite its large political impact, little is known about whether and how electorates of new democracies assign the responsibility for economic performance to incumbents. Recent micro- and macro-level comparative studies have examined voting behavior in developed democracies. However, existing literature on economic voting has omitted new democracies, the ideal laboratory of electoral studies, from its research scope, and cross-national studies analyzing elections in tender democracies are very rare (Pacek and Radcliff 1995b: 745; Lewis-Beck and Stegmaier 2000).

One reason for the limited scope of the research is related to a conventional belief that electorates in most new democracies are not “highly informed, policy-oriented economic voters” as presented in earlier economic voting theory (Dorussen et al. 2002: 2). It has been implicitly or explicitly argued that electoral behavior in new democracies is strongly constrained by noneconomic factors, such as linguistic and ethnic diversity, a strong patron-client relationship, and ideological propensity (Bratton 1997, 1998; Scheler 2002). However, such an argument does not justify the lack of systematic research on economic voting. Rather it suggests a need to give more attention to the conditions under which electorates of new democracies are driven by economic impulses.

This study is an effort to extend the scope of research on economic voting by analyzing legislative and presidential elections in 70 new democracies, nations that joined the third wave of democratization since 1974. By incorporating the analysis of elections in virtually all new democracies, this research shows how electorates react to changes in economic conditions under various socio-economic, institutional, and political circumstances. As Remmer (1991: 778) argued, specifying various conditions of economic voting provides us an opportunity to understand the nexus between economic conditions and voting decisions. In that sense, this research contributes to the development of comparative studies on economic voting.

This research investigates economic voting in new democracies and makes several important findings. First, economic performance under an authoritarian regime affects electoral support for authoritarian successors in founding elections. However, the vote share of an interim government is not affected by economic performance in the period of democratic transition. Second, electorates respond to the economic performance of incumbents in post-founding elections. Contextual variables, such as economic development, level of democracy, and democratic consolidation have a weak relationship with economic voting. Third, clarity of responsibility of incumbents over economic performance does not serve well to explain the strength of economic voting.

1.1 Research Questions

Since 1974, about 70 nation-states have experienced democratic regime transition. Third-wave democracies, defined as a group of countries that have experienced political democratization since 1974, incorporates 20 countries in Africa, 11 in Asia, 19 in Eastern Europe, 16 in Latin America, and 4 in Southern Europe. Those countries varied in the timing of democratic transition. In the 1970s, 12 countries were transformed into democracies, and additional 11 new democracies were born before the fall of Berlin Wall. Since then, 47 more countries have joined the third wave of democratization. Economic conditions in those countries were also diverse and had little commonality. As Karatnycky (2004: 83) documents, these new democracies vary a great deal in terms of economic conditions as well as authoritarian legacies. Democracy is not the "exclusive province of wealthy lands," and there exist significant differences in economic wealth among these new democracies. New democracies were transformed from a diversity of authoritarian regimes. Likewise, they established different sets of democratic institutions. Does economic voting matter for electoral politics in (post-) transitional societies? How do citizens in such diverse new democracies react to changing economic conditions?

Traditional theories of economic voting have assumed that voters have clear information, or at least clear perceptions, of incumbent responsibility for economic conditions in their respective countries. They also assume that elected officials are held accountable by voters for economic conditions of voters. Accordingly, economic voting is an instrument that serves to discipline politicians with respect to seeking democratic accountability with voters. In other words, voters cast their ballots to punish or reward incumbents based on their respective evaluations of economic performance. However, elected officials, the bearers of democratic accountability, perceive economic voting is as “a sort of ‘witch hunt’” (Gregory 2003: 557). That is, elected officials make efforts to maintain or improve economic performance to avoid electoral punishment.

Nonetheless, it is yet to be tested whether the traditional economic voting theories, which have been developed based on the analyses of advanced or Western democracies, can be applied to new democracies. Skepticism about the viability of the existing economic voting theories arises from various economic and political conditions embedded in new democracies.

First, it is not certain whether voters struggling with economic poverty in new democracies have enough resources, such as education and disposable time, to gather sufficient information about economic performances of incumbents, nor is it certain whether they are capable of assigning the responsibility for economic growth to incumbents reasonably. Furthermore, political instability of new democracies makes it difficult to estimate to what extent authoritarian rulers or incumbents are responsible for economic conditions.

The limited level of democracy in those countries may also discourage citizens from economic voting. Existing literature on economic voting assumes that voters' ability to reward or punish incumbents on the basis of their economic performance is efficient only when politicians are vulnerable to electoral outcomes. Voters in immature democracies may not use electoral sanctioning as an effective tool to discipline politicians.

Voters are more enthralled by political issues in the earlier period of democratization. As a result, economic performance may not be the primary concern of voters. Rather, electoral competition in transitional societies is centered on issues about transforming the political regime. In transitional countries, then, political issues are more important than economic issues in electoral politics.

As such, new democracies have many characteristics and circumstances which set them apart from Western democracies where economic development, political stability, and high quality of democracy have been achieved. Prior research, however, does not provide convincing theoretical or empirical analyses to explain the impact of such economic and political features of new democracies on voting behavior. We do not know how or whether to apply theories of economic voting to new democracies. We also do not know the parameters or limitations of economic voting for advanced democracies either.

This research addresses a series of questions related to the nexus between economics and elections in new democracies. 1) Does a nation's economic performance under an authoritarian regime promote the electoral success of their inheritors or of democratic oppositions in founding elections? 2) Does economic performance of an authoritarian regime promote the alternation of authoritarian governments to democratic oppositions? (3) What does determine the strength of economic voting in transitional societies? More specifically, do economic underdevelopment and lower level of democracy promote or suppress electoral punishment of incumbents based on the voter evaluation of economic performance? Does international economic integration between nations dampen the strength of economic sanctioning or rewarding, because it demurs the responsibility for national economic conditions on incumbents? 4) Does democratic consolidation promote economic voting? 5) What sorts of democratic institutional arrangements affect the strength of economic voting? For example, do majoritarian institutions, pervasive in new democracies, promote economic voting? To date, no systematic research has been conducted to address these questions. The first two questions posed here are investigated in chapter 4. The next two questions are investigated in chapter 5. The final question is the focus of the study in chapter 6.

Electoral scholars have paid little attention to the influence of economic performance of an authoritarian regime on electoral politics in a new democracy. It is not clear whether voters are sophisticated enough to identify economic performance and responsibility for it within an authoritarian regime during a time of instability. Nor is it clear whether voters ascribe the responsibility of economic deterioration in the period of democratic transition to successors or incumbents. For this reason, it is necessary to examine economic origins of the electoral support for authoritarian successors to understand the electoral politics of immature new democracies.

It is also important to understand how economic performance under an authoritarian regime and economic conditions in the period of democratic transition affect government alternation to democratic oppositions. Government alternation is widely perceived as an indicator of democracy (Przeworski et al. 2000). In some cases, economic crises facilitated democratic transition. However, it is not certain whether the economic motivation of democratization and the high economic transition costs lead to government alternation to democratic oppositions.

In addition, specifying the influence of economic underdevelopment, democracy, and globalization on economic voting may help us develop more accurate models of economic voting. Economic underdevelopment may dampen the strength of economic voting. Lower levels of education strongly associated with economic poverty increase the cost of access to information for voters. Accordingly, economic voting based on voter evaluation of the responsibility of incumbents may not be effective in poor countries. It is, however, plausible that economic underdevelopment may instigate economic voting because of relatively high public desire for economic prosperity, while simultaneously hindering voters from getting information about incumbents' responsibility. Even though the low level of education in underdeveloped countries weakens motivation to cast votes in order to sanction poor performance by incumbents, the salience of developmental issues may lead citizens to economic voting in elections.

The impact of democracy on economic voting is also questionable because of the ambiguous influence of democracy on establishing the clarity of incumbents' responsibility. On the one hand, a high level of democracy diversifies policy-making resources and may attenuate economic voting by demurring the responsibility for the outcomes of incumbents' economic policy. On the other hand, democracy may also promote economic voting by clarifying economic policy decision-making procedures.

Existing theories of economic voting imply that economic voting may weaken as international economic integration increases, because voters recognize that incumbents have limited responsibility for the national economy. For example, economic deterioration that originated from international oil shocks or international conflicts may attenuate incumbents' responsibility. However, it is also plausible that increasing economic conflict between countries facilitates voters' economic concerns and promotes economic voting behavior, as globalization is deepening.

Fourth, it is also important to examine the nexus between economic voting and democratic consolidation, because voters' reaction to the economic performance of incumbents may vary according to shifting levels of democratic consolidation. It is reasonable to say that the strength of economic voting varies according to differences in the experience of democratic elections. However, democratic consolidation may also have contrary impact on economic voting behavior. By stabilizing the democratic regime, voters may move their concerns from political issues to economic issues. Therefore, consolidation of democratic regime may reduce economic voting for the diversified responsible policy makers.

Fifth, how institutional arrangements affect economic voting is also controversial. Recent research on economic voting has developed the idea that the strength of economic voting depends on the clarity of the responsibility for the economic performance on the governing parties. It claims that voters are less likely to be driven by economic issues under the political contexts with less clarity of responsibility (Powell and Whitten 1993). This implies that majoritarian institutions, such as presidential systems, plurality electoral systems, unicameral systems, and non-federal systems, help voters have centralized perceptions about what incumbents did for economic growth and to what extent they are responsible for it. However, majoritarian institutions could discourage economic voting, because voters are more likely to feel that their participation has little or no influence on electoral outcomes and, ultimately, policy outcomes under less efficient systems of representation and accountability.

1.2 Structure of this Research

Six chapters follow this introduction. Chapter 2 reviews theoretical debates over various aspects of economic voting. First, basic assumptions and hypothetical arguments of the traditional economic voting theory are introduced, and then theoretical and empirical efforts to produce advanced models are discussed. Second, the chapter assesses recent efforts based on macro-level cross-national data to analyze economic voting behavior in new democracies. A Western-centric research tradition not only narrows the research scope of existing literature on economic voting, but also leads to a restriction on incorporating diverse socio-economic, political, and institutional factors. Excessive reliance on the clarity of responsibility claim, which focuses on the perceptual procedure of assigning responsibility to incumbents, overshadows an important aspect of economic voting, i.e. strategic voting behavior to discipline incumbents. Therefore, how the efficacy of economic voting constrains voter choice has not been sufficiently explained. A more systematic effort to extend our research scope by analyzing electoral behavior in new democracies and thorough examination of the impact of diverse contextual factors on economic voting is necessary to make progress in developing advanced models. Furthermore, economic voting should be understood not only as a function of the clear identification of responsible executives, but also as that of the strategic, instrumental choice to maximize democratic accountability.

Chapter 3 explains the research design to test various hypotheses. The chapter explains the basic rules of case selection, the main features of new democracies and the Third wave democratization. Next, the chapter introduces various methodological issues, such as units of analyses, selection bias, model specification, and estimation methods, in cross-national studies on economic voting. It introduces the basic rationale of each approach to these issues, rather than providing alternative solutions. Then, research strategies adopted for this research are presented. Although specific research designs to test various hypotheses are explained in each chapter, a general scheme related to the measurement of main variables, estimation methods, and hypotheses are discussed here. The following chapters examine economic voting in new democracies.

Chapter 4 analyzes founding elections and examines how economic performance prior to democratic transitions affects the fate of successors to authoritarian rulers. Economic performance in authoritarian regimes varies. It is well known that in some countries, including Brazil, South Korea, and Taiwan, authoritarian states initiated successful economic development, whereas most authoritarian regimes in African and Eastern European countries lagged far behind in terms of economic development. How, then, did economic achievement under authoritarian regimes affect their political successors in a new era of electoral competition? Furthermore, in most cases, significant economic downturns followed the period of democratic transition. Did voters ascribe the responsibility of the transition costs to the authoritarian regime? Or did they simply show a “knee-jerk reaction” to the economic conditions by blaming interim governments?

To address these questions, the fourth chapter develops an economic voting model by incorporating two political variables, the nature of authoritarian regimes and of interim governments. It finds that economic voting is an important determinant of electoral outcomes in founding elections. Successful economic performance under an authoritarian regime increases the vote share of successors. Interim governments initiated during democratic transition, however, are neither blamed nor rewarded for economic transition costs. Electorates are not myopic and economic voting is not a knee jerk reaction. Political factors, including the nature of an authoritarian regime and the type of an interim government, have a significant influence on electoral outcomes. Successors to a political party-based authoritarian regime gain more electoral support from the public, which reduces the alternation of authoritarian regime to democratic oppositions.

Chapter 5 moves to the analysis of post-founding elections to see whether an economic voting pattern exists and, if so, how economic and political changes in new democracies strengthen or weaken economic voting. The chapter develops interaction models with GDP per capita, democracy, democratic consolidation, and globalization to test the main hypotheses. Those four contextual variables do not produce a linear relationship. Instead, a certain level of economic development and democracy produces consistent economic voting behavior. In those countries where the GDP per capita is more than $3000, a positive change in economic growth measured with the annual growth rate of GDP per capita increases the vote share of an incumbent. A consistent relationship with economic voting is also found only in those countries where the level of democracy is high, measured with the Polity IV democracy score of eight or higher.

The fifth chapter also shows that the dynamics of economic voting reflect the process of democratic consolidation. After the second post-founding election, there exists a consistent positive effect of the economic growth rate on the vote share of an incumbent. This suggests that voters do not ascribe the responsibility of transition costs to incumbents in the earlier period of democratization. Economic deterioration during the earlier transition period does not harm the electoral support for incumbents. Voters seem to be aware that incumbents have limited responsibility for the current economic downturn.

Chapter 6 examines how two different institutional configurations, majoritarian and consensual democracies, affect voter choice. Existing literature on the economic voting theory has suggested that either voter perceptions of economic conditions and incumbent responsibilities are strongly influenced by institutional arrangements. Based on the clarity of responsibility notion, economic voting theorists have suggested that voters under those political institutions which promote clear identification of the economic responsibility are more likely to be driven by economic conditions.

This chapter develops an alternative explanation of economic voting. It claims that institutional consensuality may promote economic voting because the higher levels of democratic responsiveness and of representativeness make electoral sanctioning more efficient. To measure the consensuality of institutions, it uses four indicators, presidential systems, proportional electoral systems, bicameral systems, and federal systems. It finds that individual characteristics of majoritarian institutions do not strengthen economic voting. Rather, a combined index of consensuality has a positive impact on the strength of economic voting.

Chapter 6 shows that the clarity of responsibility hypothesis, which focuses on the informational procedure of voting decision, has a critical limitation in accounting for the origins of the insignificant influence of institutional clarity on the strength of economic voting. Based on these findings, this chapter argues that economic voting may be a function of democratic accountability that determines the efficacy of electoral sanctioning. Voters blame or reward incumbents only when elected officials are vulnerable to the electoral sanctioning.

In the final chapter, the main findings are summarized, and contributions to the economic voting literature are discussed. The present research provides an extensive examination of the patterns of economic voting in new democracies. It also provides important clues to the influence of diverse socio-economic, political, and institutional contexts on the strength of economic voting. This research, however, does not examine the impact of several contextual variables related to the ideological, organizational features of ruling governments on electoral outcomes. It is well known that left-wing or right-wing ruling parties received different responses from voters (Pacek 1994; Bielasiak et al. 2002; Oates et al. 2001). Furthermore, the level of party cohesion causes different electoral outcomes in the process of democratic consolidation (Ishiyama 1999). Incorporation of such contextual variables into the analysis and the supplemental analysis of various economic voting patterns based on survey based studies may help to produce more concise explanations about economic voting patterns in new democracies.

Chapter 2
Literature on Economic Voting

Over the past few decades, the literature on economic voting has provided theoretical explanations of the nexus between economic conditions and electoral behavior. The traditional economic voting theory claims that voters cast ballots for incumbents with successful economic performance, whereas they withdraw electoral support for those with poor economic performance. Political reality, however, does not correspond to the ideal conditions of economic voting theory, and the direct influence of economic conditions on electoral support for incumbents is not "automatic" (Lewis-Beck 1984: 206; Powell and Whitten 2002: 66).

Due to the "instability" of economic voting across nations over time, scholars have focused on two main links in the causal chain of the traditional economic voting theory: how do voters perceive the economic conditions and how do voter perceptions affect voter choices (Lewis-Beck 1991, 2000)? To answer the former question, some scholars have examined the process by which voters evaluate economic conditions and ascribe the responsibility of economic performance to incumbent politicians or parties. Emerging literature regarding the institutional constraints on informational clarity of responsibility reflects such an effort (Powell and Whitten 1993; Whitten and Palmer 1999; Kiewiet 2000; Royed et al. 2000; Nadeau et al. 2002). Others, however, have centered on the latter question and have explored how diverse political contexts, such as the availability of alternative oppositions (party system), issue priority of political parties (party ideology), and the salience of economic issues (diversionary factors), affect the strategies of citizens to make their votes count (Lewis-Beck 1986, 1988; Powell 1989; Jacobson 1991: 33; Anderson 2000, 2002).

Prior comparative studies on economic voting in new democracies also have examined how voters perceive and respond to economic conditions under diverse economic and political conditions. Most of these studies have shown that economic underdevelopment and limited democracy, which are characteristic features of immature new democracies, marginalize informational clarity of incumbents' responsibility and distort sincere economic voting intentions to enforce democratic accountability.

This chapter explores the literature on economic voting theory and assesses the attendant contributions and limitations in explaining the nexus between economics and elections. This chapter is composed of four sections. The first section briefly summarizes basic assumptions and hypotheses of traditional retrospective theories of economic voting. The next section discusses various efforts to develop advanced models of economic voting focusing on four sequential issues: evaluation of economic performance, ascription of responsibility, salience of economic issues (electoral circumstances), and efficacy of electoral punishment or reward (electoral accountability).

The third section assesses existing comparative studies on economic voting in new democracies. Major findings related to the characteristics of economic voting behavior in new democracies are summarized and the limitations of prior research are discussed. Finally, the argument is made that the expansion of research scope into new democracies, along with more theoretical efforts to examine the efficacy of economic voting in disciplining representatives, may improve our understanding of the nexus between economic conditions and voter choice.

2.1 Traditional Theories of Economic Voting

As rational-choice theorizing increased its influence in political science, literature on electoral behavior, which had been dominated by the party identification propositions, provided room for analyses of the impact of candidate attributes and issue voting (Key 1966; Fiorina 1983; Dalton 1993). The emerging research tradition underscores that "citizens are not fools" and are sophisticated enough to understand electoral issues and party positions, and that elections function as a necessary condition of democratic accountability by disciplining the government (Key 1966: 7; Fiorina 1983: 5; Katznelson 1999: 202).

To explain the relationship between economic conditions and electoral choice, economic voting scholars have often relied on a rational choice perspective. As Dorussen and Palmer (2002: 1) argued, economic voting theory is a "theory about applied rational, i.e. reasoning, behavior." As Figure 2-1 illustrates, the traditional economic voting theory requires a set of premises related to the nature of voters, political parties, and elections. First, elections are assumed to function as a market in which voters and politicians effectively exchange interests (Downs 1957). Second, voters are assumed to be responsible, rational, and goal-seeking by exchanging their votes for economic benefits, including low inflation, low unemployment, and high GDP growth (Key 1966; Fiorina 1981). Third, ruling political parties are mainly responsible for economic outcomes; ruling parties are also rational and office-seeking. Therefore, ruling parties can be held accountable for economic conditions by voters in order to receive electoral support (Schneider 1984: 211; Kiewiet 2000: 428).

[Figure 2-1 Here]

As Dalton (1993: 198) pointed out, Downs does not assume that “all voters are sophisticated on all issues; instead, he asks whether they possess an informed basis for making policy choices through their vote. For instance, this perspective assumes that people can evaluate past performance (or future promises) of the parties and use this as a basis for decision making.” The traditional retrospective voting theory does not necessarily deny the influence of prospective voting. However, it assumes that voters are more concerned about “actual outcomes than about the particular means of achieving those outcomes” (Fiorina 1981: 8). Based on the pragmatic approach, Key (1966: 61) also argued that the electorate “commands prospectively only insofar as it expresses either approval or disapproval of that which has happened before. Voters may reject what they have known; or they may approve what they have known. They are not likely to be attracted in great numbers by promises of the novel or unknown.” Drawing on the Downsian theory of retrospective voting, Fiorina (1981: 12) pointed out that it is informationally cheaper to gain “knowledge of the past” than “knowledge of future plans.”

Traditional retrospective economic voting theory has been criticized for such simple assumptions and hypotheses. Critics of the traditional economic voting theory, however, do not deny the fact that voter choices are driven by economic conditions in a given society. Instead of rejecting the traditional reward-punishment theory, they have produced various propositions to overcome the limitations of the retrospective voting claim.

2.2 Revised Theories of Economic Voting

Scholars have developed several groups of alternative propositions based on the criticisms of traditional economic voting theory. Table 2-1 summarizes research questions, theoretical issues, and hypotheses presented by advanced theories of economic voting. As shown, diverse efforts to explain the variance, often called "instability," in economic voting behavior have focused on four basic types of research questions: (1) what kind of economic performance matters? (2) who is more competent or responsible? (3) do economic issues matter? (4) is economic voting a strategic behavior?

[Table 2-1 Here]

2.2.1 What kind of economic performance matters?

First, one group of alternative hypotheses is related to the mechanism with which voters perceive the future economic performances of ruling parties. The proponents of the prospective hypothesis hold that voters are more likely to vote for political parties that might perform well in the future rather than those who performed well in the past (Chappell et al. 1984; MacKuen et al. 1992). Proponents of the sociotropic hypothesis insist that voters are altruistic, and that national economic conditions have more influence on voter decision than do family and personal financial conditions (Kramer 1983; Feldman 1984; Norpoth 1984; Reed et al. 1984; Lewis-Beck 1986; Markus 1988).

Inspired by Downs's (1957) rationale for the expected utility-based voting decision between alternatives, many subsequent studies have shown that voters are not only retrospective, but also prospective. Chappell et al. (1984: 12) criticized the preceding literature on retrospective voting insofar as "they do not explain how expectations are formed or related to past experience." According to Chappell and colleagues (1984: 12-13), "naïve" voters refer to those "unaware of constraints relating outcomes at a given point of time or across time," whereas "sophisticated" voters are those who have "some sense of feasibility constraints in evaluating outcomes and would be concerned with future as well as current implications of present choices." They (p, 13) argue that voters do not simply punish incumbents and deliver consequences only for undesirable economic outcomes, because sophisticated voters would consider "inherit[ed] high rates of inflation and unemployment from the predecessors" and would "recognize that short-run choices are constrained by economic possibilities … they would reward or punish according to whether selected policies would promote movement toward desired long-run outcomes." Challenging the traditional Keysian retrospective models, MacKuen et al. (1992) claim that the "usual" indicators of the retrospective model have no significant effect on presidential approvals in America.

2.2.2 Who is more competent or responsible?

Second, scholars also have explored how the expected competence of candidates and of political parties and the clarity of incumbents' responsibility affect economic voting behavior. The proponents of the issue priority hypothesis insist that voters support parties on the right because of a policy priority of lower inflation, while they support parties on the left because of a desire for lower unemployment. Based on the assumption that voters are more sensitive to economic frustration when they have higher expectation, the issue priority hypothesis claims that a "right" government is more vulnerable to high inflation, whereas a "left" government is more vulnerable to high unemployment. Focusing on voter perceptions of political parties' capabilities in resolving economic problems, a number of scholars have examined the manner in which economic voting is constrained by ideological orientations (Rattinger 1991; Powell et al. 1993; Carlsen 2000; Stevenson 2002).

Rattinger (1991: 51), for instance, insists that the general logic of “bad times hurt the ins [incumbents]” does not tell us “who would benefit, whether it should be the major opposition parties, radical fringe groups, or the ‘party of the nonvoters.’” Challenging the “simple incumbency-oriented logic” of economic voting, he (p, 57) explored whether unemployment had the same effect on the vote share of left-right parties in Germany and found that the unemployment rate had a consistently positive impact on the Social Democratic Party of Germany (SPD)’s electoral success. Analyzing party-specific economic voting in four Western countries, Carlsen (2000: 142) also showed that left parties gain electoral benefits from high unemployment, whereas right parties gain from high inflation.

Whereas the issue priority hypothesis centers on voters’ ascription of responsibility based on the ideological orientations of incumbents, the clarity of responsibility hypothesis focuses on the impact of diverse socioeconomic and political contexts that undermine voters’ identification of the responsibility of incumbents. Such contextual factors as globalization, divided government, coalition government, party cohesion, bicameral systems, and federal systems demur or clarify the responsibility of incumbents. Based on the assumption of contextual constraints on the ascription of responsibility to the incumbents, it hypothesizes that the higher the clarity of responsibility, the stronger the link to economic voting behavior (Paldam 1991; Remmer

1991; Powell and Whitten 1993, 1999; Chappell et al. 2000; Stevenson 2002; Nadeau et al. 2002; Samuels 2004; Anderson 2004).

Lewis-Beck and Mitchell (1990) analyze five countries, i.e. Britain, France, Germany, Italy, and Spain, to find that unemployment and inflation undermine seat shares of incumbents. Furthermore, they find that the strengths of economic voting depend on political context. They argue that the strongest economic voting, in Britain, and the weakest, in Italy, reflects the "diffusion of government responsibility" under a multiparty coalition government.

Paldam (1991) shows that voters are driven more by economic issues within political contexts that provide clearer information about economic performance. His analysis on the impact of party systems and the stability of majority governments provides important motives to expand the analysis to the mediation role of other institutions. Powell and Whitten (1993: 398) also shows the impact of a set of institutional variables, including bicameral systems, party cohesion, opposition committee chair, minority governments, and the number of government parties, on the strength of economic voting. They argue that "the greater the perceived unified control of policymaking by the incumbent government, the more likely is the citizen to assign responsibility for economic and political outcomes to the incumbents." They conclude that "both positive and negative effects of economic performance will be diminished in countries where responsibility is widely diffused" (Powell and Whitten 1993: 399). For them, economic voting is a function of the clarity of responsibility.

Although such efforts focus on the nature of incumbency and horizontal accountability, other researchers have extended their attention to vertical accountability.

Anderson (2004) examined the impact of "multi-level governance" on economic voting by analyzing nineteen Organization for Economic Co-operation and Development (OECD) countries. Focusing on the "vertical dimension of clarity of responsibility," he hypothesized that multilevel governance reduces economic voting because it diffuses the responsibility of incumbents. He found that federalism and the presence of regional elections weaken economic voting. Samuels and Hellwig (2004) also examined whether vertical clarity measured by the level of constitutional, electoral, territorial, and fiscal decentralization affects the strength of economic voting, and find strong evidence to support the clarity of responsibility hypothesis. Decentralization reduces the strength of economic voting.

2.2.3 Do economic issues matter?

Third, scholars also have explored how diverse electoral contexts, including economic underdevelopment, political instability, postmaterial values, election types, international conflict, and election timing, affect public perception of the importance of economic satisfaction for voters. Assuming that the salience of noneconomic issues undermines the impact of economic issues on voter choice, they hypothesize that such diversionary factors decrease the strength of economic voting (Pacek et al. 1995b; Western et al. 2001).

Dalton et al. (1993: 207) argued that "[e]lections are seldom dominated by a single issue. Thus the impact of any one issue for the entire public is often modest because not even all the informed voters will be interested in it." As Pacek et al. (1995b: 748) pointed out, electoral issues in postauthoritarian countries often are dominated by democratization itself, rather than economic issues. Analyzing voting behavior in Latin American countries, Pacek et al. (1995b) argued that different sensitivities to poor economic performances caused the asymmetry in the strength of economic voting. Only those who experienced either economic growth or deterioration should react to such changes, and less modernized areas might be isolated from the impact of the national economy.

Tracing the changing issue competition in elections, some scholars argued that emerging postmaterial issues weaken economic voting. Drawing on Inglehart's (1990) claim on changing voting behavior, Dalton (1993: 207) pointed out, "issue voting is shifting from the economic and security issues that arose from the class cleavage and social divisions to the new post-material issues of advanced industrial societies." Recently, Western and Tranter (2001) explored the impact of the displacement of materialist concerns with postmaterial values on voter choice in Australia. They found that postmaterial values as well as economic voting account for voter choice in the 1990s in that country.

Recently, Samuels (2004: 427) argued that in concurrent presidential elections with legislative elections, low clarity of responsibility does not attenuate the strength of economic voting, whereas in concurrent legislative elections with presidential elections, it does. He suggested that the concurrence or nonconcurrence of elections is the unique and influential factor that may mediate the "accountability relationship between voters and elected officials." He argued that when elections are held nonconcurrently, economic issues are less likely to be noticed in either presidential or legislative elections: there is less focus on national messages in legislative elections and more focus on personal qualities in presidential elections.

2.2.4 Is economic voting a strategic behavior?

Another strand of research into economic voting focuses more on strategic voting behavior than other research strands do. Voters consider not only the responsibility of incumbents but also the efficacy of electoral punishment or reward. Whereas other theories of economic voting assume that responsible incumbents or political parties are to be blamed or rewarded, this research strand claims that voters do not behave in this manner. Again, economic voting is not "automatic."

As Cox (1997) argued, voters do not cast their ballots for the most preferred parties when those parties have little possibility of being elected. In the same vein, when voters have no political alternatives, economic voting as a strategy to reward or to punish ruling parties to promote democratic accountability loses its explanatory power and viability. As Key (1966: 3, 7) argued, "[i]f the people can choose only from among rascals, they are certain to choose a rascal" and "in the large, the electorate behaves about as rationally and responsibly as we should expect, given the clarity of the alternatives presented to it and the character of the information available to it." Some scholars have developed the "clarity of opposition" hypothesis, which states that the strength of economic voting decreases when there is no practical alternative in the electoral arena (Anderson 2000; Samuels et al. 2003; Samuels 2004; Duch 2005).

2.3 Economic Voting in New Democracies

Recently, an increasing number of comparative studies on economic voting have attempted to explain variance in economic voting across nations and over time. Some of these studies have included new democracies. Table 2-2 summarizes literature based on aggregated data of election outcomes since the 1990s. Paldam's (1991) seminal work on economic voting in 17 old democracies initiated the studies based on aggregated election data, even though he found only a marginal effect of economic indicators including GDP per capita growth, inflation, and unemployment on the changes in vote share of incumbents. It is notable, however, that only a few studies incorporate non-Western countries in their analyses. Most of the literature focuses on industrialized countries (Lewis-Beck 2000: 208-211). Only five out of fourteen studies examine elections in new democracies.

[Table 2-2 here]

Economic voting in Latin American countries and Eastern European countries has gained relatively more attention from scholars than other regions (Remmer 1991; Pacek 1994; Pacek and Radcliff 1995b; Fidrmuc 2000; Benton 2005). Remmer (1991) analyzes election outcomes in twelve "old" and "new" democracies in Latin America during the 1990s to examine how economic conditions affected electoral support for incumbents. Her findings support the idea that the retrospective voting model is applicable to the region. Empirical test results show that inflation and exchange rate depreciation account for the total percentage shift in votes for incumbents between presidential elections. However, they find that the age of democratic regime, a measure of democratic consolidation, has no significant mediation effect on the dependent variable. New democracies in the region are not particularly vulnerable to economic setbacks. Pacek et al. (1995b) also examine economic voting in developing countries in Latin America as well as in Asia to find the presence of economic voting behavior.

In post-Communist countries, the impact of economic performance on voter choice is somewhat ambiguous. Pacek (1994) finds evidence of strong economic voting behavior in East Central Europe. His finding is also supported by other survey- based studies. Bielasiak and Blunck (2002) find that economic evaluation affected electoral choices of voters in Poland. Hesli and Bashkirova (2001) also show that the reward-punishment proposition accounts for voter choice in Russia.

Harper (2000: 1191), however, finds that economic voting behavior hardly accounts for the replacement of pro-market incumbents with ex-communist parties in Eastern European countries. Analyzing survey data in Bulgaria, Hungary, and Lithuania, he argues "economic factors had at best a modest effect on party choice in these nations." Fidrmuc (2000) also finds that retrospective economic voting cannot account for electoral choice of voters in post-Communist countries. He analyzes electoral support for pro-reform right parties in four Eastern European countries (i.e., Czech Republic, Slovakia, Hungary, and Poland) to find that voters in transitional countries are more likely to be prospective than retrospective.

Duch (2001) provides a convincing claim over the origins of such variance in economic voting in post-Communist countries. He analyzes surveys conducted in Hungary and Poland and proposes a developmental model of economic voting. According to Duch, information and trust in democratic institutions determine the variance in economic voting in transitional societies. He hypothesizes that "as citizens become more informed about democratic processes they engage in higher levels of economic voting," and that "as they develop more trust in nascent democratic institutions, they are more likely to anticipate a responsive government and will be more likely to engage in economic voting" (p. 895). Empirical test results supporting his hypotheses challenge the trend in the earlier research applying the classic sanctioning model to developing countries. Duch's findings suggest that voters in new democracies, where low levels of information of and trust in democratic institutions in the earlier period of transition are pervasive, are less likely to be guided by economic performances of incumbents.

The limited influence of economic voting behavior is also reported in some electoral studies of Southern Europe (Veiga 1998; Hamann 2000; Fraile 2002). Analyzing the repeated electoral victories of the Spanish Socialist Party regardless of economic conditions, Hamann (2000) examines the effect of three political variables - political party systems (the location and strength of rival political parties), compensatory policies (structural adjustment policies), and internal party systems - on the continuous electoral success of the socialist party. He insists that the political variables that promote electoral coalitions account for the reelection of the party and furnish a better explanation than the economic voting literature. In a similar vein, Fraile (2002) argues that political discourse helps the socialist party to avoid responsibility, even though the weakening efficiency of the discourse increases the relevance of the retrospective economic voting in the 1990s.

Literature on economic voting in Asia and African countries is rare in either survey or aggregated data based studies. Only old Asian democracies, such as Australia and Japan, have gained attention from scholars (Reed and Brunk 1984; Western and

Tranter 2001). For most electoral studies on new democracies, the main concern is not about specific electoral behavior, including economic voting, but how elections have affected political rule and democratic consolidation in general (Cowen and Laakso 1997). Furthermore, those studies on economic voting in Asian countries have found limited influence of economic conditions on voting decision. For example, analyzing Korean elections, Lee and Jhee (2002), Horowitz and Kim (2004), and Shin and Jhee (2006) found that economic voting behavior has marginal and unstable impact on voter choice in post-democratization elections.

Most comparative studies on multiparty elections in Africa's new democracies focus on describing historical contexts of regime changes to electoral democracy and discuss the nature of elections in the region as well as the theoretical correlation between elections and democracy (Rakner 2002; Bratton 1997, 1998; Scheler 2002; Wantchekon 2003). For example, criticizing the "fallacy of electoralism," Bratton (1998: 52) argued that elections "do not, in and of themselves, constitute a consolidated democracy." Analyzing elections in Africa's illiberal democracies, he insisted that the quality of elections measured with voter-registration and the presence of opposition boycotts, was declining. Adejumobi (2000: 66) also described elections in the region as an electoral coup d'etat or a "military-turned-political" procedure to achieve political power by holding national elections. Analyzing the pervasive manipulations of electoral outcomes by authoritarian rulers with various tactics, he discussed the prerequisites for changing the nature of election as a "component of liberal democracy." In one exception, Posner and Simon (2002) analyzed Zambian voters to find a moderate economic voting pattern. Voters withdrew electoral support for incumbents when economic conditions declined. Interestingly, they found that voters also withdrew from the electoral process, rather than support opposition parties or candidates.

2.4 What Is To Be Done?

Despite increasing efforts to explain the variance in economic voting behavior in new democracies, the existing literature has failed to explain how distinctive features of transitional societies and the diverse economic and political features of new democracies affect voters' response to the changes in economic conditions. First, prior research has failed to consider the effect of economic performance under an authoritarian regime on the outcomes in a founding election, in order to control noise of political instability. Likewise, little is known about how electorates reacted to changes in economic conditions in the transitional period of democratization.

Second, although Pacek et al. (1995b) initiated the scholarly efforts to analyze the impact of socio-economic conditions on economic voting in new democracies, they could not provide a convincing rationale, as well as empirical evidence, for the negative impact of economic underdevelopment on the sensitivity of economic issues. They could provide no evidence that at the national level voters in underdeveloped countries are less interested in economic wealth than in developed countries. If some segments of the electorate are not participating in a modern economy, we do not know whether they are less sensitive to the conditions of the national economy.

Third, the existing literature is not capable of explaining how dynamic changes in political democratization affect economic voting behavior. Lopez de Nava (2004b), for example, attempts to show whether economic voting becomes strong together with advances in democratic consolidation, measured with the length of democratic regime. Yet, Lopez de Nava fails to provide corroborating evidence. It is reasonable to expect that increases in the experience of democratic practice and the shifts of issue salience from politics to economy may promote economic voting. However, a challenging argument that rapid deterioration of national economy in the initial period of democratization intensifies the salience of economic issues is also reasonable. Prior research does not address this fundamental question.

Fourth, the existing literature also does not sufficiently explain how the democratic accountability of incumbents, a premise of economic sanctioning, affects voters' sincere intention to blame or to reward. Recently, the development of an economic voting theory has been dominated by the institutional "clarity of responsibility" hypothesis, which claims that voters do not have perfect information about economic conditions and that institutional diversity explains the variance in the strength of economic voting. The clarity of responsibility hypothesis has contributed to an expansion of our understanding of variance in economic voting behavior across countries. The "identifiability" of the responsibility, however, is only part of the story.

The clarity of responsibility hypothesis cannot explain why voters, even under "clear" institutional arrangements, are marginally driven by economic conditions without considering the strategic meaning of economic voting. As many have pointed out, economic voting works only when voters feel that a sincere response to the economic performance of incumbents is necessary to make their votes count. Benton (2005: 419-422) insists that when institutional constraint "forces voters to behave more strategically" to "avoid wasting votes on parties unlikely to win," sincere economic voting may decline.

He insists, “sincere economic evaluations interact with more strategic electoral concerns to affect voting behavior” and that “strategic voting also affects how people punish parties, that is, whether they will hold them accountable for causing economic distress.”

The existing literature based on the alternative opposition hypothesis provides an important theoretical implication, namely that strategic adjustment of economic voting behavior is inevitable (Duch and Stevenson 2005). However, it should be noted also that the presence of alternative oppositions is only one of the factors that determines the value of economic voting as an efficient electoral strategy for voters. Furthermore, neither the clarity of responsibility nor the alternative opposition hypothesis can sufficiently address a fundamental issue related to the efficacy of economic voting as a tool of democratic accountability: why do citizens use their precious votes for electoral sanctioning?

Many scholars have pointed out that economic voting promotes the accountability of a regime by punishing incumbents based on poor economic performance, but only a few empirical studies have examined this normative claim. However, the disciplinary aspect of economic voting and its positive relationship with democratic accountability cannot be regarded as an untouchable myth. Recently, Kiewiet (2000: 427, 430) examined the possibility that economic voting provides “incentives to pursue good economic policies.” Kiewiet (2000: 42) hypothesized that the higher the clarity of institutional responsibility, the more accountable the government is. He argued that economic voting theory has a two-sided analysis: a demand side and a supply side. The demand side includes “voters’ desire for income growth, high employment, and low inflation,” and the supply side includes economic policies for satisfying voters’ desires. Kiewiet claimed, “electoral competition promotes efficiency-enhancing policies and discourages rent-creating policies." However, Kiewiet (2000: 429) also pointed out that the political business cycles (PBC) distorting a national economy can be engendered by retrospective economic voting. See Nordhaus (1975) for further discussion on the PBC theory.

Some democratization theorists have suggested that the resurrection of authoritarian or ex-Communist parties and reverse democratization often are driven by poor economic performances of new democratic governments, and that voters' lack of patience with poor economic performances tends to undermine the political legitimacy of new democratic governments and lead to decreased public support for democracy (Rose et al. 1998; Rose and Shin 2001; Chu et al. 2001). Some authoritarian or Communist parties have maintained public support in elections. Failure of economic and political reform under new democratic governments led to the electoral failure of democratic parties and threatened the legitimacy of democratic governance (Ishiyama 1999).

The reported negative functions of economic voting shows that voters' reaction to economic performance of incumbents does not automatically promote democratic accountability. Rather, it implies that the strength of economic voting depends on the accountability of incumbents in a democratic regime. In other words, economic voting is a function of incumbents' accountability to the voters. Poor accountability in an immature democracy may distort electoral outcomes and, ultimately, weaken the efficacy of economic voting. There is no doubt that the supply side of electoral accountability, the quality of democracy, constrains the strength of economic voting. This is because voters would not vote for economic performance of incumbents when the voters feel that their strategy does not improve democratic accountability. In other words, when "audience costs" of incumbents are low and when rulers are less vulnerable to electoral sanctioning for their performances, including economic growth, low inflation, and low unemployment, voters generally will not become economic voters.

Even under political contexts that are expected to reduce clarity of responsibility, high accountability of incumbents may facilitate economic voting. If voters become suspicious about the efficiency of economic voting, they will not use the ballot as a tool to discipline their representatives and to hold their governments accountable. As Duch (2001: 897) argued, democracy may promote economic voting because the public trust in the responsiveness of the government increases the chance to guide the government, whereas "a low level of political trust may inhibit voters from employing sanctioning strategies that are critical for the economic voting model." In other words, voters may not be driven by economic conditions when they recognize that their sincere voting does not punish or reward incumbents or that it only has a marginal effect on election outcomes and, ultimately, the political incentive to be accountable. However, the existing literature does not provide sufficient answers to the regime effect on the efficacy of electoral sanctioning and ultimately on the strength of economic voting.

Fifth, the disciplinary function of economic voting also depends on the mechanism through which voters control elected officials and their ability to implement what voters want in a given society. Therefore, it is important to examine how economic voting works under many types of democratic institutions. Few studies have examined the impact of institutional arrangements in new democracies so far. The advocates of consensual institutions have argued that consensual democracy is a superior form of democracy, as opposed to majoritarian democracy, in terms of the representativeness of subnational entities and economic performance (Schmidt 1997; Lijphart 1999). Therefore, it is interesting to examine whether voters in a consensual democracy are more likely to be driven by economic performance than those in a majoritarian democracy. Does a consensual institution's power sharing nature reduce the clarity of responsibility and weaken economic voting? Or does the higher representation of minorities and its plausible high accountability promote economic voting? The existing literature provides few answers to these questions.

In sum, prior theories and empirical studies provide very limited answers to important questions related to the impact of diverse socioeconomic and political conditions on economic voting behavior in a new democracy. Therefore, the first step is to incorporate electoral behavior of non-western democracies into the analysis and examine how economic and political conditions affect economic voting behavior in the process of democratization. In addition, it is necessary to examine the way in which democratic accountability affects the disciplinary efficacy and, ultimately, the calculation of voters seeking to maximize the utility of economic voting. Finally, it is important to examine how diverse institutional arrangements affect voting behavior, because the strength of economic voting is determined not only by the clarity of responsibility but also by the efficacy of the sanctioning.

Chapter 3
Research Design

This chapter discusses the research designs employed in this study. This discussion includes empirical questions of operationalization and measurement as well as the methodology utilized. Which countries are operationally defined as new democracies? Which variables are included in the models of economic voting for the explanation of election outcomes in transitional societies? How can we measure dependent and independent variables? Which estimation method should be employed? To address these questions, this chapter explains case selection rules and discusses the dynamics of regime transitions from authoritarian rule. Then the discussion moves to various methodological issues in the field of economic voting. Finally, it explains variables, estimation methods, and hypotheses employed in this research.

3.1 Case Selection

This research examines elections in 70 new democracies that have experienced regime transition since 1974, which has been widely perceived as the beginning year of the third wave democratization. Democratic regime transition is identified with any positive change to the polity score of 5 or more in Polity IV (Marshall and Jaggers, 2004). The polity rates each country annually on a twenty-one scale (full democracy 10, full autocracy –10). The polity is made up of a weighted sum of the following components, such as competitiveness of political participation, competitiveness of recruitment, openness and competitiveness of executive recruitment, regulation of participation, and constraints on the chief executive. However, five small countries (i.e., Cyprus, Comoros, East Timor, Fiji, and Guyana), where the total population was less than 1 million as of the year of democratic transition, were excluded (Krieckhaus 2006, Appendix). As a result, presidential and legislative elections in 70 countries have been selected for this research. See Appendix 1 for the identification of elections examined here. The unit of analysis in all statistical models is the nation-election year.

Polity IV identifies regime changes and transitions with changes in the polity scores (Marshall and Jaggers 2004). Regime changes are observed when the score changes by 3 or more, which is an arbitrary gap between two consecutive years. However, such conceptualization of regime changes may fail to differentiate gradual regime changes within democracy or non-democracies from those from authoritarian regime to democratic regime. As Bunce (2000) argued, the conceptualization of democracy as gradations of political regime may not identify the critical differences between democracy and non-democracy. Therefore, it is necessary to set a reasonable threshold of democracy for the empirical research on democratization based on one of the most widely used datasets. This research set the polity score of five as the threshold of democratic regime change.

According to Polity IV, there had been 528 cases of score changes in any component variables in 142 countries between 1974 and 2002. Twelve old democracies, including Botswana, Colombia, Gambia, India, Jamaica, Mauritius, Sri Lanka, Trinidad & Togo, Venezuela, France, Germany, and Israel, also experienced such changes. Excluding those cases of 12 old democracies and 5 small countries, the number of the score changes decreases to 479 in 125 countries. Among them, 72 countries experienced regime changes to the polity score of 5 or higher. Excluding two vanished countries, Czechoslovakia and Yugoslavia, the number of democracies becomes 70 countries. These countries experienced 308 changes in regime scores. These figures show that each new democracy experienced about 4.4 times of regime change in the period of 1974-2002.

Using Polity III, Doorenspleet (2004: 322) classified a country as democratic when it satisfies several conditions: "competitiveness of executive recruitment" (XRCOMP) with codes 2 or 3, "openness of executive recruitment" (XROPEN) with codes 3 or 4, "competitiveness of participation" (PARCOMP) with codes 0, 3, 4, or 5, and "constraints on the power of the chief executive" (XCONST) with codes 4, 5, 6, or 7. She uses these four indicators to identify democracies to avoid arbitrary selection of democracies by choosing an arbitrary point of polity widely adopted in other studies. However, this method of classification allows four limited democracies (i.e., Iran, Ivory Coast, Malaysia, and Uganda) that could not reach the polity score of 5 to be classified as democratic. This research omits these limited democracies. All other instances selected by Doorenspleet's method and the five-point change method overlap.

3.2 Transition from Authoritarian Regime to Democracy

Beginning in Southern Europe, the third wave of democratization moved onward to Latin America, Asia, and Eastern Europe. In the 1990s, democratic regimes expanded to every region, especially in Eastern Europe and Africa. Karatnycky (2004: 83) reports that the number of "Free countries" enjoying the "open political competition, respect for civil liberties, vigorous independent media, and vibrant independent civic life" increased from 41 in 1974 to 88 out of 192 sovereign states in 2003. The number of "Partly free countries" also increased from 48 countries to 55 countries, whereas that of "Not free countries" declined from 69 to 49 countries between the same period.

A preliminary analysis of Polity IV also presents historical trends of global democratization. Figure 3-1 shows the shifts in democratization as measured by the mean scores of polity between 1974 and 2002. The mean scores consistently increased in the period. Among 70 new democracies, the mean score is –5.1 in 1974, but it increases to 6.2 in 2002. Across the globe, the average polity score increases from -2.4 to 2.0 in the same period.

[Figure 3-1 Here]

Such global democratization was achieved across many levels of economic development. Most new democracies in the earlier period of the third wave democratization had higher levels of economic development, which supports the modernization theory of democratization: the higher the level of economic development, the higher the probability of democratic transition. According to modernization theory, economic development is a prerequisite of democratic transition. However, modernization theory cannot account for democratization during the 1990s when poor countries joined the third wave of democratization. See Chapter 4 for more discussion on the economic condition of new democracies.

The third wave of democratization transformed various authoritarian regimes. This research classifies seven ideal types of authoritarian regimes: military, military party dominant, nationalist party dominant, socialist party dominant, communist totalitarian, seceded communist party, and other regimes. Among 70 new democracies, military regime has the largest portion with 26.8 percent, followed by military party regime

(22.5 %), seceded communist party regime (18.3 %), communist party (9.9 %), socialist party (8.5 %), nationalist party regime (7.0 %), and others (7.0 %).

New democracies have experienced various paths of democratization. In some countries, authoritarian rulers initiated democratic transition without losing critical power. For example, in Argentina, after the failure of the Falklands war, President Leopoldo F. Galtieri resigned and Reynaldo B. Bignone, another leader of military junta, took over the presidency and prepared democratic elections for a civilian government. Responding to political challenges from civil societies and opposition parties, some authoritarian rulers were replaced with independent personnel from the outside as in Haiti, Pakistan, and Thailand. In some cases, ruling coalitions broke down, and leaders of opposition parties or heads of military groups that initiated coups replaced authoritarian rulers formed interim governments and initiated democratic transition as in Bolivia, Greece, and Spain.

Among the 70 new democracies 46.5 percent of democratization was initiated by authoritarian incumbents. Other initiators included opposition parties (21.1 %), coup leaders (12.7 %), reformers (12.7 %), and independent personnel (7.0 %). Pro-democratic coups were the primary forces of democratic transition from military regimes. In other types of authoritarian regimes, however, authoritarian incumbents initiated a majority of democratic transitions. For example, ten out of seventeen military party dominant regimes - Brazil, Burkina Faso, Central African Republic, Chile, Dominican Republic, Ghana (1992), Kenya, Mozambique, Panama, and South Korea - were democratized under the accommodations with authoritarian rulers. Four out of five nationalist party dominant regimes in Malawi, Mexico, Taiwan, and Zambia were also led by leaders of ruling parties, the Malawi Congress Party, the Institutional Revolutionary Party, *Kuo-Min*

Tang, and the United National Independence Party respectively. The major role of authoritarian rulers is not unusual in former Communist countries. In Albania, Mongolia, Poland, and Russia, communist leaders initiated democratization without losing controls of the government.

It is notable that democratization in most-seceded countries from ex-Communist states was initiated by non- or anti-communist nationalists or oppositions. As Lewis (2000: 18) argued, the eventual regime changes in Eastern Europe came from a "policy shift within the Soviet leadership" rather than pressures from opposition parties. The failure of a conservative communist coup in 1991 facilitated nationalist movements and internal conflict within the ruling communist parties: Ter-Petrosyan led the Pan-Armenian National Movement; Shushkevich and his successor Grib led interim governments in Belarus; Ruutel led the Estonian Popular Front; Gamsakhurdia led Round Table Free Georgia in Georgia; Gorbunovs led Latvian Way Union; Snegur led the interim government in Moldova; and Kravchuk led the Supreme Soviet in Ukraine. In two former republics of Czechoslovakia, Czech Republic and Slovakia, the first non-communist president Havel also replaced Husak and the Civic Forum in Czech Republic and its counterpart in Slovakia, Public Against Violence, crumbled the communist rule. In Croatia, a former republic of Yugoslavia, the right-wing Croatian Democratic Union, led by Tudjman, initiated democratic transition. Only in Lithuania and two former republics of Yugoslavia, Macedonia and Slovenia, successor parties to communist regimes initiated democratization as well as the pro-independent movement.

3.3 Methodological Issues in Economic Voting Research

Cross-national studies on economic voting have relied on many types of data, case selection rules, model specifications, and estimation methods. Some scholars have argued that such methodological differences might cause the empirical "instability" of economic voting discussed in Chapter 2 (Lewis-Beck 1986, 2002; Wlezien et al. 1997; Chappell et al. 2000; Anderson 2000: 152).

Table 3-1 summarizes several methodological issues within the economic voting literature. Among the methodologies used to test various hypotheses, no one set of options seems to be better than any other. It is meaningful, however, to summarize the strengths and weaknesses of each approach here before explaining the design of the current study. It may help us get a good sense of the advantages and disadvantages of methods employed in this research.

[Table 3-1 Here]

3.3.1 Micro vs. macro?

There have been two strands of research strategies used to examine the impact of economic conditions on electoral outcomes (Feldman et al. 1991: 185). Some have analyzed various survey data collected in Africa, Asia, Europe, Latin America, and North America. It is well known that the inception of traditional economic voting theory was based on national electoral surveys culled from the United States (Key 1966; Fiorina 1983). Subsequent electoral studies also analyzed diverse national or cross-national survey data, such as Euro-Barometer surveys, Pew Global Attitudes surveys, and the Comparative Study of Electoral Systems Module1 (Duch and Palmer 1999; Harper 2000;

Duch 1998; Wlezien et al. 1997; Cohen 2004; Fournier et al. 2003; Nishizawa 2002; Nadeau et al 2002; Anderson 2000).

Another group of scholars has analyzed aggregated election data to examine the nexus between national economy and electoral outcomes. For example, Paldam's (1991) seminal work initiated analyses of Seventeen Organization for Economic Co-operation and Development (OECD) countries and developed two main hypotheses of economic voting, including the clarity of responsibility hypothesis and the issue priority hypothesis. Remmer (1991) and Pacek (1995) examined the elections of non-Western countries, including 12 Latin American and 8 less developed countries, respectively. Macro-level analyses have increased gradually during the last decades. This change reflects the increasing number of democracies and free elections beyond advanced Western democracies.

Critics of aggregated level analysis have argued that it cannot provide a precise explanation for voter perception of economic conditions. They point out that there is a gap between objective economic conditions and public evaluation, and that only an individual level of analysis would make it possible to test whether and how voter perception of economic performance directly affects electoral choice. For example, Cohen (2004: 28–29) argued that using survey data is more appropriate than aggregate economic indicators, because it allows individual's weighting schemes (sociotropic or egocentric aspects and prospective or retrospective aspects) and economic misperceptions and inaccuracies. Since economic voting as a theory requires a voter to cast a ballot based on economic evaluation, aggregate analysis investigates economic voting at the wrong level of analysis. On the other hand, critics of the survey-based studies insist that survey-based studies would constrain the number of examined elections, and that aggregate data analysis is more appropriate for cross-national studies to examine the impact of diverse economic, political, and institutional contexts on the patterns of economic voting. Aggregate analysis increases the breadth of potential studies since availability of survey data is limited.

Neither the survey-based individual level analysis nor the aggregated level analysis is universally superior to the other. There has been a strong consensus among scholars that each approach is complementary, and some scholars have suggested combining both methods together (Steenbergen and Jones 2002).

3.3.2 Limited research scope and selection bias

Most literature on economic voting has examined variance in voting behavior by focusing on stable Western democracies. Elections in new democracies have been excluded from the mainstream of cross-national studies of economic voting. Furthermore, only a few studies have examined voter choices in presidential elections (Samuels 2004). Some attempts at examining elections in less developed societies fail to provide empirical evidence corroborating electoral accountability (Remmer 1991; Pacek 1994; Pacek and Radcliff 1995; Wilkin et al 1997; Fidrmuc 2000).

The limited scope of research on cross-national voting behavior causes several limitations for the economic voting literature. First, even though emerging, survey-based studies have shown the ways in which voter perception of economic conditions constrains choice, only limited generalization of findings is possible without the analysis of cross-national survey data. Second, the excessive dependence on Western and advanced democracies cannot provide sufficient explanations for the characteristics of economic voting generally nor specifically in transitional societies with diverse economic and political conditions, such as economic underdevelopment, limited democracy, and immature democratic regimes. A large family of more than 70 new families and frequent elections in these countries have recently made it possible to study economic voting on broader cross-national and cross-regional scope.

3.3.3 Model specification

Some researchers have suggested that a problem related to “omitted variables” has been pervasive in cross-national studies on economic voting and that important political variables have been excluded. This problem is especially serious for the analysis of non-Western countries in which continuous political instability has dominated electoral competitions. Responding to such criticisms, recent studies have developed voter choice models by incorporating diverse contextual variables in their analyses. Another issue is the inclusion of the so-called “Big 3s,” inflation, real GDP per capita, and unemployment. Traditionally, scholars have used those three main economic variables to examine how such indicators of economic conditions affect voting behavior. They have collected monthly or annual data from World Development Indicators (WDI), the International Monetary Fund (IMF), and the International Labor Organization (ILO).

Recently, some have attempted to incorporate other economic indicators, such as the exchange rate, welfare spending, consumption, an economic performance index, and the stock market (Remmer 1991; Pacek & Radcliff 1995a; Chappell et al. 2000; Jensen & Jeong 2004). Others use only the minimum number of economic variables to examine economic voting (Royed et al. 2000). Advocates of using a minimum number of economic variables point out that this is appropriate and sufficient for examining economic voting (Pacek & Radcliff 1995b: 750; Royed et al. 2000). For example, Royed et al. (2000: 673) proposed to drop economic growth, conventionally measured with GDP per capita growth rate, because it had no significant effect in every model they made. Samuels (2004: 428) employed changes in per capita GDP growth but neither unemployment nor inflation in their analysis of electoral accountability. The rationale for the exclusion of these two variables is twofold. First, information regarding unemployment is not available for most of the selected countries. Second, it was not certain "whether voters respond to the level or direction of inflation." However, it should be noted that, as Palmer and Whitten (2003: 146) have argued, it is misleading to omit "theory-rich" economic variables simply for the statistical nonsignificance.

3.3.4 Measurement of variables

As Powell and Whitten (1993) summarized, there are two types of dependent variables used in the analysis of economic voting: the absolute vote or seat share won by the incumbent parties (Lewis-Beck and Michell 1990) and changes in the percentage of the vote received by the incumbent parties (Powell and Whitten 1993). However, there is no significant difference in the coefficients of the independent variables if a model includes the previous vote share received by the incumbent (Powell and Whitten 1993: 394). The latter may provide a more convenient interpretation of test results by showing how economic conditions affect the changes in vote share. However, many elections are inevitably excluded due to the instability of political party systems, especially in new democracies. A third way to measure the dependent variable is to use the vote shares of ruling coalitions instead of using that of a single major incumbent party. However, as Lopez de Nava (2004: 16) insisted, "it is very unlikely that voters can assign responsibility to a whole coalition." Furthermore, it is hardly applicable to the analysis of new democracies due to frequent changes in the formation of electoral coalitions and, thus, unreliable reliable data.

Another issue is related to the measurement of economic variables. Assuming that voters perceive their economic conditions in comparison with those of other countries, it has been argued that comparative figures of GDP, inflation, and unemployment are more useful than the straight approach using absolute values (Powell and Whitten 1993). The comparative approach uses the mean of the values of each economic variable as a comparison figure (Chappell et al. 2000). However, the assumption of the comparative approach, in which the voters simply compare their economic development with average economic achievement, is difficult to accept, even for critics of advanced democracies. The information costs to make cross-national assessments of economic prosperity, particularly in new democracies, are huge.

3.3.5 Estimation methods

The Ordinary Least Squares (OLS) estimation method has been used widely for analyses of pooled or cross-sectional election data. There has been a strong consensus that using OLS creates no major problems for the analysis of cross-national electoral data. Although other methods, including panel-corrected standardized error methods (PCSEs) and Least Squared Dependent Variable (LSDV), have been used, most scholars use OLS, assuming that there is no significant autocorrelation problem between elections (Royed et al. 2000). Few studies, however, report the preliminary analysis to identify structural problems in the data used. Moreover, the cross-national election data do not satisfy restrictive conditions of more advanced models, so OLS regression seems the most appropriate model for the data.

3. 4 Variables and Estimation Methods

3.4.1 Dependent variables

This research uses the valid vote share of incumbents as a dependent variable. Note that an absolute majority of new democracies have been democratized since 1989. The number of experienced elections in most new democracies is not large, so an alternative dependent variable of change in vote share for incumbents is not adopted here. Another reason for using valid vote share is that in many new democracies, no comparable previous election exists before the founding election. Data sources for the dependent variables are described in Appendix 2.

3.4.2 Independent variables of national economy

The base model of economic voting includes one year lagged GDP per capita growth rate and one year lagged inflation (logged) as indicators of economic performance. Most annual data for national GDP per capita growth rate and inflation rate are available from the World Development Indicators. Most values for unemployment are not. Approximately fifty percent of the data for unemployment is missing. Inflation has measurement problems because of the presence of outliers. To reduce their influence, this research uses logged inflation as an economic variable. However, quite a few cases experienced deflation, so the negative values decreased a significant portion of cases, especially for empirical tests for founding elections in Chapter 4. Therefore, a positive number of 10 is added before log transformation for the analysis of founding elections in Chapter 4 and of post-founding elections in Chapter 5. Note that the minimum value for inflation was -9.6 percent.

3.4.3 Noneconomic Independent Variables

This research employs models with various noneconomic variables. First, for the model of economic voting in founding elections, two political variables (i.e., the nature of authoritarian regimes and the characteristics of interim governments), are included. For the collection of these data, this research relies on various data sources including the *Political Handbook of the World*, *World Almanac*, and *CIA World Factbook*. In other models, general government consumption, globalization, level of democracy, democratic consolidation, election types, electoral systems, bicameral systems, presidential systems, and federal systems are collected to classify the political features of new democracies. These variables allow tests for the impact of political contexts and institutional configuration on the strength of economic voting. Data sources for these independent variables are described in Appendix 2. To control region-specific factors, Asia, Latin America, and Europe are included as dummy variables. Africa is used as the base category.

3.4.4 Estimation method

Time is an important factor in the pooled, cross-sectional data. Incumbent vote share for one election is reasonably a function of vote share from the previous election. To solve the autocorrelation and heteroscedasticity problem of the pooled data, Wilkins et al. (1997) selected only the latest election per country. However, their method may waste important information of the pooled data. Following Royed et al. (2000: 671), for models of post-founding elections, this research performs OLS with a lagged dependent variable to avoid the autocorrelation problem. Incumbent vote share in the previous election is used as an independent variable in the regression model.

3.4.5 Hypotheses

To test the fundamental research questions, various hypotheses are discussed and tested in each chapter in detail. Here are summaries of the seven main hypotheses: (1) a positive change in GDP per capita under an authoritarian regime increases the percentage of votes for an incumbent government in founding elections (the responsibility hypothesis I); (2) a positive change in GDP per capita under an authoritarian regime reduces the likelihood of power transition to opposition parties in founding elections (the responsibility hypothesis II); (3) the higher the level of economic development, the stronger the economic voting (the asymmetric issue salience hypothesis); (4) the higher the level of democracy, the stronger the economic voting (the democratic accountability hypothesis); (5) the longer the experience of democratic elections, the stronger the economic voting (the political learning hypothesis); (6) the higher the level of globalization, the weaker the economic voting (the diversionary hypothesis); and (7) economic voting in majoritarian democracies is stronger than consensual democracies (the democratic consensuality hypothesis).

The responsibility hypothesis I suggests that successful economic performance of an authoritarian regime promotes electoral support for authoritarian rulers or their successors. Poor economic performance leads to electoral punishment. The hypothesis examines whether traditional retrospective economic voting theory works in the period of democratic transition. The responsibility hypothesis II claims that economic performance of authoritarian regime affects the likelihood of government alternation to opposition parties. This hypothesis examines whether economic voting promotes government alternation, which is a critical condition of democratic consolidation, in founding elections.

The asymmetric issue salience hypothesis claims that a high level of economic development increases economic voting, whereas a low level of economic development decreases the strength of economic voting. A large share of rural voters in less developed countries should be less sensitive to changes in economic conditions than those in developed countries. Pacek et al. (1995b) claim that only voters in industrialized areas are sensitive to national economic performance. Based on the assumption that the salience of economic issues is determined by the degree of industrialization, their research implies that economic development has a positive impact on economic voting. It is, however, plausible that economic voting corresponds to the public desire for economic wealth, and voters in poor countries are more sensitive to economic performance of incumbents.

The democratic accountability hypothesis claims that voters in a nation with a high level of democracy are driven more by changes in economic conditions. As economic voting is an instrument to discipline elected politicians, the strength of economic voting increases as voters feel greater political empowerment and efficacy of electoral sanctioning. Therefore, the level of democracy promotes economic voting. On the other hand, it is also plausible that power sharing under conditions of a high level of democracy decreases the strength of economic voting.

The political learning hypothesis claims that entrenched democratization promotes economic voting. As Lopez de Nava (2004b: 26) argued, voters learn how democracy works and realize how political representatives are controlled through elections. Decreasing salience of political issues may also increase the strength of economic voting. Empirical test results of the democratic consolidation hypothesis may provide important clues to the dynamics of economic voting in the transitional societies.

This research also tests the diversionary hypothesis which applies the basic logic of the clarity of responsibility proposition to the analysis of the impact of globalization on economic voting. As the clarity of responsibility hypothesis suggests, the presence of multiple origins of responsibility reduces the strength of economic voting. Not only the dispersion of policy making power, but also international economic integration reduce the impact of economic voting. Voters may not ascribe the responsibility of economic outcomes to incumbents who have little domestic authority over economic policies. It is also plausible to argue that international economic integration intensifies economic disputes between countries and promotes economic voting.

Lastly, the democratic consensuality hypothesis claims that consensual institutions promote economic voting. The clarity of responsibility proposition suggests that political and institutional contexts affect ascription of economic policy responsibility to incumbents, and ultimately, shapes voter choice. Based on the proposition, this research examines how two clusters of democracies, i.e. majoritarian and consensual democracies, have different effects of economic voting. According to the clarity of responsibility proposition, majoritarian institutions promote economic voting due to highly concentrated policy-making power of incumbents compared to that of the consensual institutions. However, it is also plausible that consensual democracies provide more favorable electoral circumstances because of the stronger disciplinary impact of consensual institutions, including parliamentary systems, proportional electoral systems, bicameral systems, and federal systems. Empirical tests of the clarity of responsibility hypothesis may provide a view of the impact of individual as well as collective institutional arrangements on the incentive of economic voting.

Chapter 4
Founding Elections and Economic Voting

Many studies on democratization have examined whether good economic conditions promote democratic regime transition as well as the breakdown of authoritarian regimes. They have shown that economic development has a strong positive association with democracy or with democratic regime transition (Doorenspleet 2004). However, compared with the fully blossomed regime-level analysis, few have attempted to explain how economic conditions affect electoral politics in transitional societies (Remmer 1991). Cross-national empirical studies on voting behavior have paid little attention to the dynamics of democratic transition and economic voting behavior in new democracies. Furthermore, few cross-national studies on economic voting have focused on the applicability of existing economic voting theories to non-western countries. As a corollary, little has been known about voters' reactions to economic conditions in unstable, transitional political circumstances.

As a first step to examine economic voting behavior in the context of political democratization, the present chapter raises several fundamental questions: did the economic performance of authoritarian regimes affect the electoral support for their successors in founding elections? If so, how did political legacies of authoritarian regimes and transitional politics matter in voter choice? Did economic deterioration in the period of democratic transition harm electoral support for interim rulers? To address these questions, the present research analyzes founding elections in 70 third-wave democracies. It develops an economic voting model that incorporates two contextual variables, the nature of authoritarian regimes and the characteristics of democratic transitions, neglected in previous literature on economic voting.

Answering these questions is important in that, first, electoral support for ex-authoritarian successors is directly related to the replacement of authoritarian rulers with democratic oppositions, which has been perceived as a critical condition of democratic consolidation (Przeworski et al. 2000). Therefore, whether and how the economic performance under authoritarian regimes affects election outcomes in founding elections may improve our understanding of democratic consolidation, beyond the nexus between economic conditions and electoral support for incumbents.

Second, election outcomes in founding elections, as many have argued, have a freezing effect on electoral politics in a new democratic era (O'Donnell and Schmitter 1986; Oates et al. 2001). That is, the first election after the beginning of democratic transition establishes "both rules and players of the democratic game in a configuration that remains stable for subsequent repetitions of the democratic cycle" (Benoit 2004: 365). Therefore, the analysis of economic voting in founding elections provides important clues to the nature of subsequent electoral politics in new democracies.

This chapter consists of four sections. In the following section prior research on the influence of economic development on democratization and on the nexus between economic conditions and the electoral support for successors to authoritarian regimes are briefly summarized. Several limitations of the existing research are discussed. Second, basic features of third wave democratization and founding elections are described. Next, an empirical research design to test main hypotheses is explained. In this section, case selection rules, measurements of variables, and estimation methods are discussed. Finally, test results are reported, followed by the implications for further research on economic voting behavior.

4.1 Transitology and Electoral Support for Authoritarian Rulers

Many scholars have attempted to explain the phenomenon of massive democratization (Huntington 1991; Bunce 2000; Doorenspleet 2004). As Poznanski (2001) summarized correctly, various approaches explain the origins, procedural features, and outcomes of democratization in different ways. On the one hand, the individualist approach, which includes the liberal, institutional, personalist, and evolutionary models, emphasizes the critical role of strategic choices by political elites. On the other hand, the collectivist approach, which includes totalitarian, modernization, Marxist, and structuralist models of democratization, focuses on the impact of economic conditions, such as the level of economic development and economic dependence, on democratic transition (Potter 1997; Doorenspleet 2004). The collectivist approach claims that economic conditions are strongly associated with regime transition.

The Modernization theory, for example, emphasizes that economic development promotes democracy. It argues that “the more well-to-do a nation, the greater the chances that it will sustain democracy” (Lipset 1959: 75). Lipset (1959, 1960: 83) showed that various indices of economic development, including wealth, industrialization, urbanization, and education, are highly correlated with democracy. Lipset also stresses that economic development changes the form of the “class struggle” via the increasing role of the middle class and the exposure of the lower class to middle-class values. A vast number of subsequent studies on the relationship between economic development and democracy have challenged or corroborated his findings (Coleman 1960; Russett 1965; Dahl 1971; Bollen 1979; Diamond 1980; Bollen 1983; Diamond 1992; Przeworski and Limongi 1994, 1997; Boix and Stokes 2003; Doorenspleet 2005).

It is surprising, however, that although such attempts to study the political economy of regime transition have gained significant attention from scholars, little is known about how economic factors shape electoral politics in transitional societies and how economic accountability affects electoral support for the government. Most studies of democratization have provided only descriptive analyses that explore economic stimulation of democratic transition and political contexts in which democratic electoral rules and multi-party systems were established, rather than electoral behavior (Reich 2001).

As a result, the dynamics of electoral politics in the initial period of democratization have not been explained sufficiently. Despite the initiation of democratic elections in a country, democracy may not be consolidated if the public continues to support authoritarian successors. Therefore, it is important to examine the socio-economic origins of electoral support for successors as well as for democratic oppositions. The existing democratization literature, however, does not explain the macro economic origins of the electoral support for authoritarian rulers in post-democratization elections, especially in founding elections.

Cross-national electoral studies have examined the direct relationship between economic conditions and electoral outcomes. Recently, an increasing number of studies have examined elections in new democracies to show that economic conditions constrain electoral support for incumbents (Remmer 1991; Pacek 1994; Pacek and Radcliff 1995;

Fidrmuc 2000). Furthermore, recent literature on economic voting has developed diverse hypotheses that provide important theoretical implications for the research on electoral behavior in transitional societies. For example, Paldam's (1991) seminal work shows that institutional "clarity of responsibility" constrains the mechanism that voters evaluate economic performance of incumbents. Subsequent studies have shown how diverse political contexts determine the strength of economic voting. See chapter 5 for further discussion. However, no systematic empirical studies examine how the economic and political legacies of authoritarian regimes affect election outcomes in transitional societies. Instead, their efforts are restricted to showing the viability of diverse economic voting theories in non-western societies. As a corollary, the relationship between economic conditions and election outcomes in the contexts of democratization has not so far been sufficiently explored.

It is important to see whether economic factors are a prominent determinant of election outcomes in new democracies, because economic voting is widely believed to be a law-like voting pattern in western democracies. Therefore, how the unstable political conditions constrain economic voting provides important clues to electoral politics in new democracies. More importantly, electoral studies of economic voting in new democracies may show us how economic voting is related to democratic consolidation. The analysis of founding elections, therefore, is the necessary first step to examine post-democratization elections in new democracies.

Some prior electoral studies, especially those of post-communist countries, have examined why voters supported successors to an authoritarian regime after the achievement of democratic systems in new democracies (Markowski et al. 1993; Tucker

2000; Fidrmuc 2000; Harper 2000). Exploring the dynamic ties between economic conditions and electoral choice in transitional societies, the existing literature pointed out that not only the organizational benefits of ex-ruling authoritarian parties, but also the poor economic performance of pro-democratic governments encouraged electoral support for left-wing parties whose rule was perceived to be more successful in controlling inflation and unemployment in the pre-transition period (Pacek 1994; Bielasiak et al. 2002; Oates et al. 2001). In addition, these studies argued that electoral support for the leftist parties mainly came from those economically disadvantaged from marketization (Hesli et al. 2001: 394; Fidrmuc 1998).

Using aggregate district-level data, Pacek (1994: 735) found that unemployment has a positive impact on the voting decision for left-wing parties in the 1991 presidential election of Poland and the 1991 legislative election of Bulgaria. Bielasiak et al. (2002) also found that negative evaluations of current national economy increase the vote for post-communist parties in the 1993 legislative election of Poland. Oates et al. (2001: 16) explored the causes for the endurance of communist parties in six Eastern European countries, including Russia, Ukraine, Bulgaria, Slovakia, and the Czech Republic. They found that the presence of a common hatred of a market economy caused electoral support for successors to the authoritarian regime. They argued that public nostalgia for the past economic stability and social welfare systems which had been guaranteed by communist governments led to electoral support for the far left communist parties in those countries. Urban (2003: 257) also argued that economic grievances help garnering votes for the left-wing parties in the post-communist societies. He argued that not only such organizational features of ex-communist parties as “inherited organizational skills, local networks, and latent identification in the voters' minds with communist-era social entitlements," and the high internal cohesion, but also the "basic social safety net," a positive legacy of communist regime, provided electoral benefits for the left-wing parties.

Another interesting finding of prior research is that voters under unstable political conditions are less likely to be retrospective. For instance, Fidrmuc (1998) found that the unemployed supported left-wing parties in the 1997 presidential election in Poland and the 1998 legislative election in Hungary regardless of their incumbency. He argued that voters supported political parties expected to deliver favorable policies, and that retrospective economic voting has only a moderate effect on electoral outcomes.

Such prior studies of post-communist elections have shown that economic conditions have at least a moderate impact on electoral support for ex-authoritarian parties. Furthermore, they have shown the heterogeneity of economic voting in a transitional society, because the positive impact of marketization is uneven among voters. However, these earlier studies, first, have examined only a limited number of new democracies. It is difficult to believe that findings from surveys conducted in several Eastern European countries are applicable to non-European transitional societies that followed different trajectories of democratization. Furthermore, most of them do not incorporate into their analyses founding elections that are critical to examine the dynamics of economic voting in transitional societies.

Second, prior empirical studies fail to show how macroeconomic performance of authoritarian regimes affected economic voting behavior in transitional societies. Even if most scholars acknowledge that poor economic performance and the following nostalgic sentiments weaken legitimacy of a newly established democratic regime, no existing literature based on aggregated data has examined how the past macroeconomic achievements under authoritarian regime shaped the electoral outcomes. Instead, prior survey based studies have tested for the presence of a statistical association between economic hardships after democratization and electoral support for ex-communist parties to show the influence of nostalgic sentiments. Such a treat, however, cannot clarify whether the electoral support for left-wing parties comes from their electoral competence as an alternative, or from the economic legacies of the past authoritarian rule.

Third, empirical tests in the existing literature often ascribe a moderate or null impact of retrospective economic voting in new democracies to political instability that might impede the correct evaluations of incumbent responsibility and accurate identification of competitive candidates during the transitional period (Tucker 2005: 5). Such an interpretation, however, might lead one into a mistaken belief that voters are not aware of the economic performance of authoritarian rulers, or that voters are not retrospective. It is, however, more reasonable to say that voters would not blame only the incumbents of a post-communist era for their poor economic performance, because voters understand the longstanding impact of past economic policies, as handled by the authoritarian regime. Therefore, it is more promising to incorporate the analysis of the impact of the past economic performance under authoritarian regimes on electoral outcomes, and to compare it with that of economic conditions under incumbent governments.

By analyzing founding elections and economic voting behavior in third-wave democracies, this research highlights the impact of economic conditions on two different aspects of electoral politics in the process of democratization: electoral support for successor parties and power transition to democratic opposition parties. This research examines the first free election outcomes in the context of democratization by focusing on the influence of economic conditions on electoral support for successors to authoritarian rulers, who were responsible for economic deterioration or prosperity as the case may be, during their governance.

4.2 Third-Wave Democratization and Founding Elections

Huntington (1991) defines third-wave democracies as a group of countries that have experienced political democratization since the year 1974. Seventy countries that experienced dramatic regime changes from diverse authoritarian regimes to democratic systems belong to this category. See Chapter 3 for the conceptualization of democratization and new democracies. Most new democracies are, however, politically immature in that they have a relatively short experience with a democratic regime. Forty-nine countries, a majority of new democracies, were democratized in the post-Cold war period. Furthermore, as many have noted, democratic regimes among those countries were not easily consolidated (Diamond 1999; McFaul 2002). Only fifty-two countries among them could avoid any regime level challenges until 2002, whereas the rest, eighteen countries, have experienced a reverse transition to authoritarian regimes. The unstable democracies, with the year the country returned to authoritarian rule, are Albania (1996), Armenia (1995), Belarus (1991), Burkina Faso (1980), Congo-Brazzaville (1997), Ghana (1981), Guinea-Bissau (1998), Haiti (1991), Lesotho (1998), Nepal (2002), Niger (1996), Nigeria (1984), Pakistan (1999), Peru (1992), Russia (1993), Sudan (1989), Zambia (1996), and Zimbabwe (1983). Even though most of these unstable democracies reinstalled democratic regimes within a few years, some are still unable to accomplish democratic consolidation at this point in time.

As a third-wave democratization syndrome, elections have been regarded as a "vehicle of democratization" (Huntington 1991: 174). Emphasizing the influence of public experience of peaceful power shifts to opposition parties upon the consolidation of democracy, scholars have argued that holding elections is a necessary first step to achieve the ultimate goal of democratic transition (Huntington 1991: 187; Adejumobi 2000: 60). For the "freezing effect" on subsequent political development, especially, founding elections, defined as the first, free, competitive, and multiparty elections, have gained much attention from scholars (O'Donnell and Schmitter 1986: 62; Reich 2001).

Founding elections have been held on diverse paths and economic conditions. In some countries, especially Eastern European countries, elections to constitutional assemblies preceded them. In most African countries national conferences for constitutional amendment were called before the founding elections (Mulikita 2003: 106; Nohlen 1999). Yet other countries, including most Asian and Latin American countries, where partially free electoral competitions were allowed, non-democratic constitutions were amended under the guidance of authoritarian rulers or in conditions of compromise between ruling parties and opposition groups, without holding elections to constitutional assemblies or national conferences.

Table 4-1 reports election years, election types, vote shares of successor parties, and the occurrence of government replacement in founding elections from 1974 to 2002. On average, ex-authoritarian parties gained about one fifth of valid votes in the founding elections. In some countries, authoritarian parties gained a majority of public support.

Authoritarian rulers or successor parties in 15 countries continued to govern and successfully adapted to the new era of electoral politics. As Huntington (1996) noted, the establishment of electoral democracy often resulted in the “red return” and the electoral victory for anti-democratic parties.

[Table 4-1 here]

Table 4-1 also reports economic conditions, measured by GDP per capita (in constant 1995 US dollars) and the rate of inflation, in the year of founding elections. Founding elections were conducted under diverse economic conditions. The level of inflation varied between –6.2 % in Mali and 11,750 % in Bolivia, an extremely large rage. The level of economic development measured by GDP per capita also varied widely, from $135 in Malawi to $10,759 in Spain. The mean GDP per capita in the year of founding elections is about $1,924, which is much lower than the amount widely insisted upon as the prerequisite economic condition of democratic transition by other modernist theorists (Huntington 1991; Przeworski and Limongi 1997).

While rejecting the idea that a certain level of economic development is a necessary or sufficient condition of political democratization, Huntington (1991: 61) argued that three quarters of third wave democracies were in the middle level of $1,000-$3,000 (GNP per capita, 1976 dollars). Przeworski and Limongi (1997: 160) also argued that the transition zone lies between $1,000 and $6,000 (Purchasing Power Parities in 1985 U.S. dollars). However, unlike these expectations, almost half of new democracies, 34 countries, were below the level of $1000 GDP per capita (in constant 1995 US dollars). Many poor countries joined the latest wave of democratization. In the year of founding elections, the average GDP per capita of the third wave democracies between 1974 and

1988 is slightly more than $3,000, whereas the figure in the post cold-war era is even less than a half that amount. Furthermore, other economic indicators also show the devastating circumstances of the founding elections. The average inflation rate for the same period is more than 400 percent.

4.3 Research Design

This research analyzes an original dataset of democratic founding elections held from 1974 through 2002 in 70 new democracies across four continents. A founding election is operationally defined as the first, free election to the highest executives, the first presidential election in a presidential system or the first legislative election in a parliamentary system, in a new democracy. O'Donnell and Schmitter (1986: 58, 1239–40) define the founding election as a political contest that occurs when "for the first time after an authoritarian regime, elected positions of national significance are disputed under reasonably competitive conditions."

It should be noted that two different ways of identifying founding elections have been pervasive among scholars. One group has defined founding elections as simply the first free elections, including those to constitutional assemblies (Lewis 2000; Reich 2001). It emphasizes the freezing effect of such first elections on party alignments. Others, however, have defined founding elections as the first legislative or presidential elections to the highest executive positions (Bratton 1997; Lee 2004).

Because the main theme of this research is to explore the relationship between the economic performance of incumbent "executives" and election outcomes, this research follows the latter definition and incorporates presidential elections, rather than legislative elections, when both elections were held simultaneously. Two additional considerations are required for the identification of founding elections, due to institutional and contextual factors. First, two elections to a constitutional assembly that functioned like normal legislatures, including the 1986 legislative elections in Sudan and 1989 in Namibia, are identified as founding elections. Second, there were several unstable countries that experienced regime changes repeatedly. They are Albania, Armenia, Ghana, Guinea-Bissau, Haiti, Lesotho, Peru, and Russia. For those cases, each democratization is assumed to be independent only if there were more than 10 years of temporal gap between democratic transitions. This would include one case of the 1992 presidential election in Ghana. As a result, 71 elections in 70 countries, including 23 legislative elections and 48 presidential elections, are identified as founding elections that occurred between 1974 and 2002.

4.3.1 Hypotheses

The present chapter tests three research hypotheses of retrospective economic voting to examine whether and how economic conditions affect electoral politics in founding elections.

Hypothesis $_1$: a positive change in GDP per capita under an authoritarian regime increases the percentage of votes for a <u>successor party/president</u>.

Hypothesis $_2$: a positive change in GDP per capita increases the percentage of votes for an <u>interim government</u>.

Hypothesis $_3$: a positive change in GDP per capita under an authoritarian regime reduces the likelihood of <u>power transition to opposition parties</u>.

The retrospective reaction to economic conditions is the basic argument in economic voting theories. Voters reward incumbents for good economic performance, whereas they punish incumbents for poor performance. Test results of these hypotheses may clarify the economic constraints on three different aspects of electoral outcomes: the electoral resurrection of ex-authoritarian rulers, the electoral support for interim governments, and government alternation to democratic oppositions.

4.3.2 Variables and Estimation Methods

This research uses two different types of dependent variables, including *valid vote share of a successor party/president or of an interim ruling party/ president*, and *power transition.* First, valid vote share of a successor party/president to a authoritarian ruler is employed as a dependent variable. Here, those successors are defined as the most effective parties/rulers representing the main ideological and organizational characteristics of the past authoritarian ruling parties/rulers. Authoritarian parties with internal factions might split into different successor parties. In those cases, only one successor party with the largest vote share is selected. It is necessary to exclude minor successor parties because of the lack of reliable data that may allow more accurate identification of electoral support for the whole successor parties. Second, valid vote share of an interim ruling party/president is also used as another dependent variable. The interim ruling party/ president refers to those that achieved the highest executive power between the period of political liberalization and founding elections.

Third, the occurrence of power transition to opposition parties is used as a dependent variable to test the third hypothesis. Government alternation is a dichotomous variable, coded as 1 if one transition occurs, and 0 if it does not. The power transition, however, does not simply refer to an electoral outcome that result in the replacement of the ruling government by opposition parties, because democratic oppositions often seized the government before holding founding elections. Regardless of the nature of ruling parties in the interim government, only if a democratic opposition won the founding election, is the dependent variable identified as a power transition (=1). Therefore, some cases, where democratic oppositions continued to rule the government are coded as 1. The number of those cases is 15. Fifteen countries in which democratic oppositions initiated interim governments achieved power transition in founding elections without any exception. Of the 71 founding elections, 56 elections resulted in power transition to oppositions, whereas 15 elections did not. Founding elections that failed to achieve government alternation are those in Burkina Faso, El Salvador, Ghana, Guinea-Bissau, Kenya, Lithuania, Macedonia, Mexico, Mongolia, Mozambique, Paraguay, Senegal, Slovenia, South Korea, and Taiwan.

Data for the dependent variables are culled from various sources. Such as the Database on Political Institutions (DPI), Cross-National Time Series Data (CNTS), and the Comparative Data set on Political Institutions, have been released to the public domain. Unfortunately, however, those datasets do not report the incumbent vote shares directly. For example, the widely used DPI dataset released in 2000 reports only the proportion of seats held by the largest party in the parliament.

Information about rulers before and immediately after a democratic transition and the electoral vote share for them or their parties in post-democratization elections are collected from published sources, including *Elections in Africa* (Nohlen et al., 1999), *Electoral Systems and Political Transformation in Post-Communist Europe* (Birch 2003), *Keesing's Record of World Events*, *Political Handbook*, and *World Factbook*. Internet sources supplement this African Election Archives, Political Transformation and the Electoral Process in Post-Communist Europe, Political Database of the Americas, and Parties and Elections in Europe. Detailed explanations about variables and their sources are provided in Appendix 2.

For the measurement of economic performance of authoritarian or interim governments, one-year lagged economic indicators are employed. These economic performance measures are annual GDP per capita growth rates and logged [inflation+10], of the ending year of an authoritarian regime. The World Development Indicators (WDI) data is the main source for the economic variables. Although widely used for economic data, the WDI provides only limited information about economic conditions in new democracies. It lacks information about 1 year lagged GDP per capita growth rates for 9 new democracies examined here, especially those of Eastern European countries. The nine countries are Armenia, Belarus, Croatia, Czech, Lithuania, Macedonia, Poland, Slovenia, and Taiwan. The WDI also does not have information for the rate of inflation under the authoritarian regime for 18 countries - Albania, Armenia, Belarus, Benin, Czech, Estonia, Georgia, Latvia, Lithuania, Macedonia, Moldova, Mongolia, Romania, Russia, Slovakia, Slovenia, Taiwan, and Ukraine. Since the economic data are highly skewed, a log transformation is necessary for an effective analysis of the data. Furthermore, a simple log transformation of the variable to moderate the effect of outliers would increase the number of missing cases, because some cases have negative values for inflation. To correctly analyze the data, ten points are added to the inflation rate before the log transformation. This modifies the constant in estimated countries below, but has no substantive effect other than to reduce cases that would be lost as missing data. GDP per capita growth rate is expected to have a positive effect on the vote share of incumbents, whereas logged [inflation + 10] is expected to have a negative effect.

Two characteristics of democratic transitions are also used as independent variables: *types of authoritarian regimes* and *patterns of democratic transition*. The types of authoritarian regimes can be divided into seven categories: (1) military regime, (2) military-party regime, (3) nationalist-party regime, (4) socialist-party regime, (5) Communist-totalitarian regime, (6) Communist-seceded regime, and (7) other that do not fit these categories. Patterns of democratic transition are identified with five types of interim governments: (1) authoritarian incumbents, (2) new authoritarian rulers, (3) independent personnel (4) opposition leaders, or (5) military groups. The main source for the identification of the type of authoritarian regimes and the patterns of democratic transition is the *Political Handbook.* Table 4-2 assigns each nation to the appropriate cell identifying the types of authoritarian regimes and the patterns of democratic transition.

[Table 4-2 here]

The type of authoritarian regime characterizes "who governs" in a nation before democratic transition. A military regime refers to the authoritarian regime that ruled by a group of military officials as a junta. Military regime often evolved into a military-party regime by transforming ruling groups into an independent political party or initiating political coalition with any other existing political parties. A nationalist party regime refers to a political party whose leader(s) obtained political legitimacy for involvement in secessionist movements. A socialist regime refers to those ideologically guided by Marx-

Leninism when opposition parties were allowed. A communist regime refers to ex-Soviet regime or an Eastern European country where a communist party had maintained totalitarian rules. Some Communist regimes experienced massive secessionist movements and became independent in the end. Fourteen Eastern European countries, such as Armenia, Belarus, Croatia, Czech Republic, Estonia, Georgia, Latvia, Lithuania, Macedonia, Moldova, Slovakia, Slovenia, and Ukraine belong to the seceded communist regime. Finally, other types of authoritarian regimes include the "racial discrimination regime" in South Africa, the "colonial regime" in Namibia and Papua New Guinea, and the monarchy in Nepal.

Scholars have attempted to explain how the nature of an authoritarian regime constrains the features of politics in new democracies (Bratton and Walle 1994; Ishiyama 2002). For example, analyzing democratization procedures in Africa, Bratton and Walle (1994: 456) argued that neo-patrimonial practice, the core feature of politics in Africa, affected transition outcomes by shaping the "short-term calculations and the immediate reactions of strategic actors to unfolding events."

The legacy of an authoritarian regime should be related directly to the attributes of the successor party. Each type of the identified authoritarian regimes, however, does not seem to have distinguished influence on electoral outcomes. It is reasonable to say that the electoral competitiveness of authoritarian regimes is mainly determined by the organizational capacity of successors. Accordingly, this research, again, divides those seven authoritarian regimes types into two: the non-party-based military regime and the party-based authoritarian regime. A military regime (=1), which lacks an authoritarian party organization, is expected to be vulnerable to electoral competition in democratic fair elections. On the contrary, a successor party to a party-based authoritarian regime (=0) is expected to be more viable. The military-party dominant and other one-party dominant regimes are expected to have a positive effect on the vote share of successor parties, because successors to such regimes might utilize their experiences of party politics and organizational resources.

The typology of democratic transitions has gained much attention from scholars. Criticizing the structural approach, Huntington (1991: 114, 123, 164–5) claims to shift our attention from the causes to the causers to identify distinct features of democratic transition processes including transformation, transplacement, and replacement. He argues that the "relative importance of governing and opposition groups" shapes the nature of the democratization process and various "methods of democracy." Political negotiations, compromises, and agreements, demonstrations, campaigns, elections, and nonviolent resolutions of differences determine the characteristics of democratization. Huntington's (1991) typology of democratization, based on the analysis of the power relationship between ruling authoritarians and oppositions, has been regarded as a milestone in the studies on democratization, because it effectively captures diverse patterns of democratization procedure.

As he also admitted, Huntington's typology remains "rough," and his conceptualization of transitional paths based on multidimensional aspects of transitional politics, including the power ratios between rulers and oppositions, the presence of political strategies to compromise, and the level of replacement, leads into ambiguous identification of distinct transitional patterns. Therefore, each transitional path often overlaps with others.

Following Huntington (1991), this research assumes that the power relation between authoritarian rulers and opposition groups is the most important determinant of post-transitional politics. However, this research identifies the features of transitional paths with the nature of transitional (interim) governments to avoid the subjective identification of the initiator of democratization. Focusing on the changes in the formation of executives, this research differentiates five basic types of interim governments whose highest executives are (1) authoritarian incumbents, (2) new authoritarian rulers recruited among ruling authoritarian military groups/parties, (3) independent personnel as a compromise between rulers and oppositions, (4) opposition leaders who replaced authoritarian rulers, or (5) military groups that succeeded in replacing authoritarian governments and that initiated democratization.

Characteristics of transitions might constrain electoral support for successors of authoritarian regimes. Lewis (2000: 18) argued, "the mode of transition has major consequences for later developments, the formation of new parties and the nature of the parties in the course of further evolution … more evolutionary processes of transformation or extrication … created conditions for the survival of authoritarian forces within partially reformed socialist parties with greater potential to block the emergence of a coherent oppositions." Gradual transformation of authoritarian regimes may promote electoral support for authoritarian successors. On the other hand, opposition-initiated transitions that eradicated former authoritarian rulers in the interim governments are expected to have a negative effect on the electoral support for successors. Among the five types of interim governments the first two are expected to decrease the vote share of successors because of the limited replacement of authoritarian rulers. Other types of interim governments, on the other hand, are expected to help successors to obtain more electoral success.

To control the impact of the level of democracy on economic voting behavior, this research uses *the level of democracy* measured with Polity2 scores of Polity IV. Polity2 of Polity IV is a revised Polity regime measure to facilitate "time-series analyses without losing crucial information by treating the 'standardized authority scores' (i.e., -66, -77, and -88) as missing values" (http://www.cidcm.umd.edu/inscr/polity/convert.htm). It ranges within –10 (=high autocracy) and 10 (=high democracy). An interaction term of the level of democracy and the annual growth rates of GDP per capita is also used as an independent variable. The level of democracy is expected to have a negative impact on the vote share of successors, because the development of a multi-party system and power sharing under a new democratic regime prevent the concentration of votes to the largest parties or candidates in elections.

A dichotomous variable for *Legislative election* is also included in the basic model. A legislative election is expected to have a negative effect on the vote share of successor parties, because electoral competition in legislative elections might be less intensified between a pro-democratic bloc and pro-authoritarian parties than in presidential elections.

Finally, a dummy variable for each region, Asia, Latin America, and Europe, is included to control the impact of region specific factors on voting decision. Africa, with the largest number of new democracies, is used as the base category here.

This research uses the Ordinary Least Squares estimation method. In these basic models, an electoral outcome is identified as a function of transitional politics as well as the economic environments in a country. The unit of analysis is the nation-election year. The regression models take forms of the estimated equations below.

$$S_{vote\,(c)} = \beta_0 + GDPgrowth_{a-1}\beta_1 + Loginf10_{a-1}\beta_2 + Military_{a-1}\beta_3 + Opposition_c\beta_4 + Legislative_c\beta_5 + Polity2_c\beta_6 + Polity2_c * GDPgrowth_{a-1}\beta_7 + Asia_c\beta_8 + LatinAmerica_c\beta_9 + Europe_c\beta_{10} + e_c$$

$$I_{vote\,(c)} = \beta_0 + GDPgrowth_c\beta_1 + Loginf10_c\beta_2 + Military_{a-1}\beta_3 + Opposition_c\beta_4 + Legislative_c\beta_5 + Polity2_c\beta_6 + Polity2_c * GDPgrowth_c\beta_7 + Asia_c\beta_8 + LatinAmerica_c\beta_9 + Europe_c\beta_{10} + e_c$$

S_{vote} is the percentage of the vote for successor parties or presidents in a founding election. I_{vote} is the percentage of the vote for an interim ruling party or president in a founding election. $_c$ denotes the year of founding elections. $_a$ denotes the ending year of authoritarian rule. β_0 is the notation of the intercept, and $\beta_{1\sim10}$ *are* coefficients. *e* represents the error term. *GDPgrowth* is the annual growth rate of GDP per capita. *Loginf10* is logged [inflation + 10]. *Military* is military authoritarian regime. *Opposition* is democratic transition initiated by opposition parties. *Polity2* is the score of polity2 in the Polity IV dataset. *Polity2*GDPgrowth* is an interaction term of the Polity2 score and the annual growth rate. *Asia*, *LatinAmerica*, and *Europe* are dummy variables for regions. Africa is used as the base category here.

To test the hypothesis of the impact of economic conditions on the government alternation to opposition parties (Hypothesis $_3$), a logistic regression model is employed.

In the following equation, *Alternation* denotes the government alternation to pro-democratic opposition parties or presidents. Other notations are the same as those in prior equations.

$$Alternation_c = \beta_0 + GDPgrowth_{a-1}\beta_1 + Loginf10_{a-1}\beta_2 + Military_{a-1}\beta_3 + Opposition_c\beta_4 + Polity2_c\beta_5 + Polity2_c\, GDPgrowth_{a-1}\beta_6 + Asia_c\beta_7 + LatinAmerica_c\beta_8 + Europe_c\beta_9 + e_c$$

4.4 Results

4.4.1 Economic Conditions and the Vote Share of Successors

The first employed models predict vote share of successors as a simple function of economic performance under an authoritarian regime. Test results for the electoral support for successors to authoritarian rulers are presented in Table 4-3. In Model 1 and Model 2 the percentage of valid votes for an authoritarian ruler or his successor is used as the dependent variable. GDP per capita growth rate and/or inflation in the ending year (–1) of authoritarian regimes are used as independent variables of economic performance under authoritarian regimes. Model 3 and Model 4, however, uses GDP per capita growth rate and/or inflation in the year of founding elections as independent variables. Unfortunately, for Model 1, only 50 founding elections have complete data. Data are not available for economic variables of 20 countries, and the polity2 score is missing for Namibia. Model 1 incorporates 16 legislative elections and 34 presidential elections. Except for founding elections of Benin and Taiwan, most dropped cases are those of East European countries. See Appendix 4 for the identification of missing cases.

[Table 4-3 Here]

Model 1 of Table 4-3 shows that economic performance under authoritarian regimes promotes electoral success of successors to authoritarian regime. Annual growth rates of GDP per capita have a statistically significant positive effect on the dependent variable at the level of .01. The coefficient of GDP per capita growth rate is 1.99. In the model, however, the inflation rate has no significant influence on the vote share of authoritarian successors. Each percent of GDP per capita growth rate increases successors' vote share by about 2 percent. However, the rate of inflation has no effect.

The level of democracy has a significant and negative impact on successors' vote share. In addition, the interaction between the level of democracy and GDP per capita growth rates has a negative effect on vote share. For a given polity2 score, a one percent increase in the annual growth rate of GDP per capita increases the vote share of successor parties by 1.99-.19(5.7)=0.91. At the mean GDP per capita growth rate (-1.2 %), an each unit increase in democracy as measured on the polity scale, decreases successor vote share by -1.80-.19=-1.99. See Chapter 5 for the further discussion on the impact of democracy on economic voting.

The authoritarian regime type is the most influential factor that determines successor vote share in founding elections. The coefficient of military authoritarian regime is –17.06, and it is statistically significant at the level of .01. Pro-democratic opposition initiation of interim governments has the coefficient of –7.76, but its impact is not different from 0. The legislative election type has a significant negative effect on the dependent variable. Dummy variables for each region, however, have no statistically significant effect on the dependent variable.

Model 2 of Table 4-3 reports test results excluding inflation, and allows the incorporation of eleven additional founding elections for which the inflation rate is missing. Those added cases are eight Eastern European countries (i.e., Albania, Estonia, Georgia, Latvia, Moldova, Mongolia, Romania, Russia, Slovakia, and Ukraine) and three non-European countries (i.e., Benin, Mongolia, and Sudan). The test results are not noticeably different from those reported in Model 1. GDP per capita growth rate has a statistically significant positive influence on the vote share of successors. Its coefficient decreases by a fourth, from 1.99 to 1.56. Military authoritarian regime again has a significant, negative effect on the dependent variable. As in Model 1, Polity2 has a negative impact on the vote share of successors and its interaction variable with GDP per capita growth rates has a negative effect on the dependent variable. One of the differences between Model 1 and Model 2 of the Table 4-3 is that opposition initiation of interim governments has a not only negative, but also statistically significant effect on the dependent variable. See Appendix 5 for the comparison of relative strength of influence of individual variable on the dependent variable. It reports standardized regression coefficients based on the models of Table 4-3.

The first two models of the Table 4-3 are employed to examine the impact of economic performance under authoritarian regime on successor vote share. The latter two models, Model 3 and Model 4 are, however, employed to examine whether voters ascribe the responsibility of economic conditions in the period of democratic transition to authoritarian successors in founding elections.

Model 3 and Model 4 incorporate the annual growth rate of GDP per capita and logged inflation rate in the year of the founding election instead of those indicators under the authoritarian regime. This results in a larger sample size for Model 3 and Model 4. However, the test results are similar. In Model 3 the annual growth rate of GDP per capita continues to have a significant positive effect on the vote share of successors to authoritarian regime, whereas inflation has no statistically significant effect on the electoral support for successors. The magnitude of the coefficient of GDP per capita growth decreases slightly to 1.92. The variable identifying a military authoritarian regime has a larger reduction impact on the vote share of successors to authoritarian rulers. Opposition initiation of democratization also has a statistically significant impact, and the coefficient of the variable is in the expected direction to reduce electoral support for successors.

Model 4, in which inflation is excluded, shows that GDP per capita growth has a significant positive impact on the vote share of successors to authoritarian rulers again. The existence of a military authoritarian regime has a significant reduction impact, and opposition initiation also has a statistically significant impact on the dependent variable.

In sum, Table 4-3 shows that the fate of successors depends on their economic performance and their organizational capability. GDP per capita growth improved the electoral success of successors. Party-based authoritarian regimes were much more viable than non-party–based military regimes. Party-based authoritarian regimes provide about 17 percent of vote share advantage! Electoral survival of successors is dominated by political factors more than an 8 percent rate of change in GDP per capita under authoritarian regime. One interesting finding is that voters assigned the responsibility of economic conditions in the period of democratic transition to the successors.

[Table 4-4 Here]

To examine the robustness of these test results, another form of economic data, the Penn World Tables 6.1 (hereafter PWT 6.1), was tested. Table 4-4 presents test results using real GDP per capita growth change of the PWT 6.1, replacing GDP per capita growth rates from WDI. Using PWT 6.1 allows two additional founding elections of Poland and Taiwan (in Model 2 of Table 4-4), or Slovenia and Taiwan (in Model 4 of Table 4-4) to be included into the analysis of economic voting, but the number of examined cases decreases in every model because of missing data for other cases. See Appendix 4 for the comparison of missing values between WDI and PWT 6.1. For example, in Model 2 of the Table 4-4, two founding elections of Poland and Taiwan are added by changing the data source, but those of nine countries, i.e., Albania, Bulgaria, Estonia, Georgia, Latvia, Mongolia, Moldova, and Russia, and Sudan, are omitted for the lack of available data for GDP per capita growth rate. As a result, the number of cases decreases from 61 (in Model 2 of Table 4-3) to 54.

At a glance, the test results based on real GDP growth change of PWT 6.1 are similar to those reported in Table 4-3. In Model 1, Model 2, and Model 4 real GDP per capita growth has a positive effect on the vote share of successors to authoritarian regime. Inflation, however, has no significant impact on the dependent variable. Furthermore, polity2 scores have a significant, negative effect on the vote share of successors. Military authoritarian regime also has a large impact on the vote share of successors. The type of legislative elections, however, has no consistent significant negative effect on the dependent variable. In these instances, the models of Table 4-4 are similar to the models of Table 4-3.

In Model 3, however, the positive impact of the real GDP per capita growth change weakens to an insignificant effect. In addition, the interaction term with Polity2 also lose its significant effect in this model. The instability of the economic impact on the electoral support for successors arises mainly from the different set of selected cases. Compared with the 57 elections selected in the Model 3 of the Table 4-3, the corresponding model of the Table 4-4 has available data for 54 elections. In the latter four elections of Croatia, Lithuania, Mongolia, and Sudan included in the former, are excluded, but an election of Poland is included.

It is also plausible that the discrepancy lies in the different measurement of GDP growth rates between two indicators of the WDI and the PWT6.1. For example, WDI reports that the GDP per capita growth rate in the year of its founding election (1994) for Guinea Bissau is 0.25, whereas PWT 6.1, 10.26. Test results excluding such cases with higher differences between two indicators of GDP per capita growth, however, do not show substantial differences from the models reported in Table 4-3 (not reported here).

An additional set of tests using only common cases also corroborates the idea that different sampling of cases causes the discrepant empirical test results, as well as the different measurement of PWT 6.1 (Appendices 6, 7). Finally, test results based on a combined dataset in which missing values of the WDI are replaced with available data of PWT6.1 are not significantly different from those reported in Table 4-3 (Appendix 8).

4.4.2 Economic Conditions and the Vote Share of Incumbents

Prior regression results corroborate that the economic performance of an authoritarian regime is a determinant of electoral outcomes in founding elections. It supports the idea that voters are aware of what authoritarian rulers did for the improvement of the national economy in the past. It also shows that economic conditions in the year of founding election affect electoral support for authoritarian rulers or their successors. It implies that voters are sophisticated enough to understand that the authoritarian regime is responsible for the conditions of the national economy in the period of democratic transition. Then how did transitional economic conditions affect electoral support for interim governments? Did voters assign the responsibility for high transition costs to interim governments?

Test results for the estimation of the impact of transitional economic conditions on the electoral support for interim rulers are reported in Table 4-5. The vote share for the ruling interim governments (%) is used as the dependent variable. Furthermore, two economic indicators of the year of founding elections are employed as independent variables: both GDP per capita growth rate and logged values of the inflation [+10] rate are used in Model 1 of the table, whereas inflation is excluded in Model 2.

[Table 4-5 Here]

Model 1 of Table 4-5, shows that GDP per capita growth and inflation rates do not have any significant effect on the vote share of incumbents. The coefficient of the GDP per capita growth rate is 1.20, which is on the expected direction; it has no statistically significant effect on the dependent variable. The sign of the coefficient of inflation rate is not only insignificant but also in the opposite direction. These results do not strongly support the traditional retrospective hypothesis that voters punish or reward incumbents for economic performance.

Unlike the null impact of economic conditions, the military authoritarian regime type continues to have a significant, negative effect on the vote share of ruling parties of interim governments. A non-party based authoritarian regime reduces 25.2 percent of the vote share of incumbents of the interim governments. The variables for the level of democracy and the legislative election type also have significant negative effects on the dependent variable. Opposition initiation of interim governments, however, has no statistically significant effect on the dependent variable.

In Model 2, where only the economic variable for GDP per capita growth is used, test results are similar. GDP per capita growth rate is positive, but has no statistically significant effect on the dependent variable. The military regime type has a strong negative impact on the vote share of incumbents. Other political variables including opposition initiation of interim governments, the level of democracy, and its interaction term with GDP per capita growth have no significant impact on interim government vote share. A difference between two models is that the negative impact of the legislative election type weakens to an insignificant effect.

Economic performance of interim governments does not appear to be a main concern of voters in founding elections. The weaker impact of the economic variables than those in models of Table 4-3 may reflect the limited responsibility of non-successor incumbents upon economic conditions. The findings are consistent with the view that voters did not simply assign the responsibility of economic conditions to incumbents of interim governments. Rather, voters punished or rewarded successors for the economic conditions in the year of founding elections. Voters may be sophisticated enough to ascribe the responsibility of economic conditions in the transitional period to authoritarian regime.

4.4.3 Economic Voting and Alternations in Government

So far, this research has shown that the economic performance of an authoritarian regime and national economic conditions under interim governments have a significant effect on electoral support for authoritarian rulers or successors rather than interim governments. In that case, how are the economic conditions related to government alternation? Do the poor economic performance of authoritarian rulers and high transition costs facilitate ousting successors?

Table 4-6 presents test results for the impact of economic conditions on government alternation. A logistic regression model is employed here. The dependent variable identifies whether there was a government alternation to a pro-democratic opposition (1), or not (0). Among 71 founding elections, successors to authoritarian regime lost their positions in 56 countries (=1). Fifteen successors obtained the highest executive power in founding elections (=0): six African countries (Burkina Faso, Ghana, Guinea-Bissau, Kenya, Mozambique, and Senegal), three Asian countries (Mongolia, South Korea, and Taiwan), three Eastern European countries (Lithuania, Macedonia, and Slovenia), and three Latin American countries (El Salvador, Mexico, and Paraguay).

In Model 1 and Model 2, GDP per capita growth rate and logged inflation [+10] are employed as independent variables of economic performance, whereas those in the year of the founding election are adopted in Model 3 and Model 4. Similar to previous tests, other independent variables include the military authoritarian regime type, opposition initiation of interim governments, democracy, and the interaction term of polity*GDP per capita growth rates under authoritarian rule / in the year of founding elections, and three dummy variables for regions (Asia, Latin America, and Europe).

[Table 4-6 Here]

Model 1 of the table shows that economic performance under the authoritarian regime has no significant effect on the shift of executive power to opposition parties. Its interaction term with democracy also has no significant effect on the probability of ousting the authoritarian regime in founding elections. Inflation has no significant effect on the dependent variable. Furthermore, neither the military authoritarian regime nor opposition initiation of interim governments has significant effect on the likelihood of government alternation. The presence of authoritarian rulers who modified themselves as political parties may increase their adaptability to the new circumstances of electoral competition. However, the test results fail to provide evidence supporting the idea that the nature of authoritarian regime has any significant effect on the likelihood of government alternation. The opposition initiation of democratization has no significant impact on the alternation of authoritarian governments. Dummy variables for each region also do not have any significant effects on the dependent variable. Note that three cases of failed government alternation in Lithuania, Macedonia, and Slovenia, are dropped for the lack of available data for economic variables, and that the variable of Europe is dropped for the perfect prediction of ousting authoritarian rulers.

Test results reported in Model 2 are different. GDP per capita growth under authoritarian regime has a significant negative effect on the likelihood of ousting authoritarian rulers. Its interaction term with democracy also has a significant effect on the probability of ousting authoritarian regime in founding elections. The level of democracy has a significant influence on the likelihood of government alternation. However, neither military authoritarian regime nor opposition initiation of interim governments has any significant effect on the dependent variable.

In Model 3 and Model 4, test results are similar to those in Model 2. GDP per capita growth rate in the year of founding election has a significant negative effect on the dependent variable. Its interaction term with democracy also has a significant effect on the probability of ousting an authoritarian regime. These results corroborate that economic conditions in the period of democratic transition affect the likelihood of ousting authoritarian rulers. Furthermore, opposition initiation of interim governments has a significant positive effect on the dependent variable.

Using Model 4 of Table 4-6, Appendix 9 reports the marginal effect of each variable on the probability of government alternation to opposition parties in founding elections. It shows that a one percent increase in GDP per capita growth rates in the year of a founding election decreases the probability of ousting authoritarian regimes by 4 percent. The probability of winning an election is mainly determined by political variables. Authoritarian regime types have a larger effect on the likelihood of ousting authoritarian rulers or successors. Non-party based military authoritarian regime increases the probability of ousting authoritarian regimes by 13 percent. Likewise, transitions initiated by opposition parties increases the likelihood of ousting authoritarian rulers or successors by 15 percent. Polity2 and its interaction term with GDP per capita growth rates have a marginal effect of 3 percent and of 1 percent of government alternation respectively.

4.5 Conclusion

This chapter has examined economic voting behavior in transitional societies by analyzing founding elections. Findings of this research corroborate hypothesis $_1$ and hypothesis $_3$. Economic performance of authoritarian rulers has a statistically significant impact on electoral support for successors to authoritarian regimes. It seems to corroborate that voters punished or rewarded those successors for their past economic performance under the authoritarian regime by supporting incumbents or withdrawing votes from incumbents in founding elections. Furthermore, economic performance under an authoritarian regime affected the government alternation to oppositions in founding elections. The poor economic performance of an authoritarian regime harms their electoral survival in the new era of democracy. However, the present research fails to show that economic conditions in the period of democratic transition have a significant impact on the vote share of an interim government (hypothesis $_2$). Either the GDP per capita growth rate or the inflation rate has no significant impact on the vote share of interim rulers or their parties. Voters also seem to be sophisticated enough to assign the responsibility of economic conditions in the transitional period to successors, rather than interim governments in charge of transitional economy. Incumbency did not matter for voters in assigning the responsibility for economic conditions in founding elections.

This research shows that the economic concerns have only a moderate impact on voting decision compared with other variables. Voters were barely influenced by poor economic achievements under an authoritarian regime they had experienced. One percent increase in GDP per capita growth rates under authoritarian regime reduces about 2 percent of the vote share of successors. Furthermore, it has about a four percent of the marginal effect on the likelihood of ousting authoritarian rulers. Economic voting behavior is not a dominant feature of electoral politics in transitional societies. Rather, political variables, including the nature of an authoritarian regime and the initiation of democratic transition, have more dominant influence on electoral outcomes.

These findings corroborate the conventional wisdom that voters in transitional societies are marginally constrained by economic factors. This research, however, shows that there exists a relatively consistent retrospective voting behavior. Economic performance affected electoral support for successors and government alternation, which has been widely perceived as a condition of democratic consolidation.

As this research examines only economic voting behavior in founding elections, this chapter excludes the majority of subsequent elections in new democracies. Therefore, it is not certain whether economic voting continues to factor into post-founding elections. Does democratic consolidation promote further economic voting as the experience of democratic governance becomes accumulated for voters? Or do voters pay more attention to non-economic issues? The following chapters examine the nexus between the national economy and voting behavior in post-founding elections by focusing on the influence of democratic consolidation and institutional arrangements.

Chapter 5
Economic Voting and Democratic Consolidation

This chapter examines whether economic performance has a significant impact on electoral support for incumbents and how various socio-economic and political factors, such as economic development, the level of democracy, and democratic consolidation, affect the strength of economic voting in post-founding elections in 70 new democracies. Chapter 4 has analyzed founding elections to find that the economic performance of an authoritarian regime and transitional economic conditions have affected electoral outcomes. It implies that voters consider past or transitional economic conditions to punish or reward authoritarian successors rather than interim governments. Certainly, it reflects the ambiguous responsibility of incumbent governments during the period of democratization. Then in what conditions do voters assign the responsibility of economic conditions to incumbents? Does the accrual of democratic experiences promote electoral sanctioning or rewarding of incumbents? How does economic underdevelopment pervasive in new democracies affect the strength of economic voting? Does the level of democracy promote economic voting? This research aims at addressing these questions related to the determinants of the strength of economic voting, which has been a main theme of comparative economic voting studies.

Both electoral and democratization studies commonly agree that voters in new democracies are sensitive to economic conditions and would not throw away their chances to punish or to reward incumbents for their economic performances (Diamond and Linz 1989). However, only a few studies have examined economic voting in new democracies (Remmer 1991; Pacek 1994; Fidrmuc 2000). Furthermore, most of them address a simple applicability of existing economic voting theories to the analyses of voter choice in non-Western democracies. As a result, little is known about distinct features of economic voting in new democracies compared with those in western democracies, and how diverse economic and political conditions, such as economic underdevelopment, low level of democracy, and little experience of democratic regime, embedded in new democracies have affected the patterns of economic voting.

This chapter analyzes an original dataset that encompasses presidential and legislative elections in 70 new democracies in the period of 1974-2002. Five main hypotheses, the retrospective hypothesis, the asymmetric issue salience hypothesis, the democratic accountability hypothesis, the political learning hypothesis, and the diversionary hypothesis, are tested here. It finds that economic performance of an incumbent constrains electoral outcomes in new democracies, which supports the retrospective hypothesis. A positive change in the annual growth rate of GDP per capita increases the vote share of an incumbent. However, the present research fails to provide strong evidence to corroborate any other hypotheses. None of the contextual variables, including economic development, democracy, democratic consolidation, and globalization, has a consistent, significant linear effect on the strength of economic voting. However, it shows that there is a moderate trend that economic voting is stronger when the level of economic development or democracy is relatively high, and when the number of elections is more than 2.

This chapter consists of four sections. The following section introduces prior research on the economic voting in developing countries, and assesses its theoretical and empirical contributions as well as its limitations. Section 2 outlines a research design to test several hypotheses. Section 3 reports empirical test results. Finally, findings of this chapter are summarized, and implications for further research are discussed.

5.1 Literature on Economic Voting in Developing Countries

To unravel the nature of voting behavior in transitional societies some scholars have examined how voters react to economic conditions in new democracies (Remmer 1991; Pacek 1994; Pacek and Radcliff 1995b; Fidrmuc 2000). Analyzing aggregate data of 21 presidential elections in 12 Latin American countries in the 1980s, Remmer (1991) found that economic deterioration, measured by short-term variations in GDP, inflation, and exchange rate depreciation, undermined electoral support for incumbent parties. She argued that the "responsiveness of electoral outcomes to economic reversals in Latin America" reinforces the theoretical relevance of prior research grounded in the experience of OECD nations (p. 795).

Pacek (1994) examined presidential and legislative elections of three East Central European countries in the period of 1990-1992 (i.e., Poland, Bulgaria, and Czechoslovakia). Using interregional, district level aggregate data of elections, he found that economic conditions, measured by unemployment rates, had a significant negative effect on voting decision for incumbents in those post-Communist states. Pacek and Radcliff (1995b) expanded the temporal and spatial domains of the research by incorporating 52 legislative and presidential elections in eight developing countries between 1951 and 1990. They also have shown that economic conditions, measured by the percentage change in real GDP per capita, were one of the important determinants of the incumbent party's percentage share of the vote. They found that each one-percentage point decrease in real GDP per capita reduced about one percent of the vote share of an incumbent party. However, according to them, the economic effect is asymmetric. The economic effect on the electoral support for incumbents is nil during economic expansions. They argued that the asymmetric effect reflects "greater voter sensitivity to poor economic performances."

Existing research on economic voting, however, has failed to explain how diverse economic and political conditions, such as economic underdevelopment, the low level of democracy, and little experience with a democratic regime embedded in transitional societies affect the strength of economic voting in a systematic manner. These structural factors are expected to constrain the sensitivity of economic issues, the clear identification of incumbent responsibility, and the sanctioning function of economic voting. As Pacek and Radcliff (1995b) argued, the presence of a large share of rural area in underdeveloped countries, where voters are less sensitive to national economic growth, may decrease the strength of economic voting. Furthermore, economic underdevelopment, which constrains voters' access to information, may reduce the strength of economic voting. The low level of democracy and the corresponding less sensitivity of incumbents to electoral sanctioning may also reduce the instrumental efficacy of economic voting to discipline governments. Accordingly, voters under the limited level of democracy may have a weaker motivation to use economic voting than fully democratized democracies. The level of democratic consolidation also affect the strength of economic voting, because voters in unstable and immature democracies are more likely to be interested in political issues related to the establishment of a new democratic regime than economic issues. Therefore, it is important to specify how such economic and political conditions constrain economic voting for comparative studies of electoral behavior.

Increasing aggregate-level studies of economic voting has expanded research scope by incorporating new democracies, but does not center on the features of voting patterns in transitional societies, either. For example, Anderson (2000) and Samuels (2004a, 2004b) examined elections in new democracies as well as old democracies, yet little was discussed on the features of economic voting under different economic and political conditions.

Such a limitation is deeply related to the conventional approach of not incorporating elections held during transitional periods into the analysis of economic voting. For example, criticizing the case selection of Remmer (1991), Pacek et al. (1995b: 748) argued that incorporation of elections in post-authoritarian periods, “dominated by the very process of democratization itself,” is problematic, because electoral fraud and military interventions often occurred. And then, they examined only “relatively uninterrupted competitive elections” in a few less developed countries. However, it is hardly reasonable to find pure elections “immune from the intense political conflict” in non-western societies. Ironically, Pacek et al. (1995b) also noted that their samples included politically unstable countries, such as India, Uruguay, and Sri Lanka (p. 749). Despite the intention to control the impact of transitional features, such a conventional approach narrows their research scope and exacerbates the selection bias. As a corollary, most studies show only the presence of economic voting in new democracies that are similar to mature democracies.

5.1.1 Economic Underdevelopment and Economic Voting

Economic voting, a form of electoral accountability, requires voters' accurate evaluation of incumbents' performance and electoral sanctioning and/ or reward. Therefore, the strength of the economic voting depends on diverse contextual factors that promote or hinder informing citizens of the clear responsibility of incumbents (Paldam 1991; Powell and Whitten 1993; Whitten and Palmer 1999). The level of economic development may also affect the strength of economic voting, because it constrains voters' sensitivity to economic issues and their cognitive capacity, which comprise the mechanisms for gaining information of incumbent performance, and the procedure of involving in electoral sanctioning.

Pacek et al.'s (1995b: 754) effort is a pioneering attempt to account for the impact of the level of economic development on the patterns of economic voting in non-Western democracies. They argued that "the economic effect on the vote may be driven by the behavior of only that part of society participating in the modern economy," and therefore "the large share of voters who have been left out of the aggregate growth have no particular reason to reward incumbents for such [economic] growth" in Latin America (p. 754). Their arguments imply that the limited sensitivity to economic growth in poor countries decreases the strength of economic voting.

It is also plausible that economic underdevelopment may impede voter capability in achieving information about incumbent performance and participation in electoral sanctioning. Numerous scholars have argued that economic growth fosters more informed and politically active citizens (Lipset 1960; Verba et al. 1995). Accordingly, the strength of economic voting in poor countries, where voters are less educated and have limited access to information, may be far below what the retrospective economic voting theory has expected. On the contrary, economic voting may tend to be relatively stronger in wealthy countries where voters have more access to information.

5.1.2 Democracy and Economic Voting

No cross-national study based on either aggregated data or survey responses has examined the mediation impact of democracy on the strength of economic voting. It reflects not only the limited consideration of the variations in electoral accountability among democracies, but also the limited research scope of prior research which mainly has focused on the analysis of economic voting in old democracies.

The debate over a regime effect on economic growth provides important implications to the research on the nexus between democratic regime type and economic voting. Advocates of a positive relationship between democracy and economic growth argue that not only the presence of strong property rights, but also electoral accountability in democracies promotes economic growth by providing strong incentives to politicians (Przeworski and Limongi 1993). Assuming the presence of higher audience costs of economic failure in democracies than those in non-democracies, they contend that politicians are more accountable in democratic regimes (Fearon 1994).

It is, however, clear that democratic accountability varies across democracies, and the corresponding electoral sanctioning has diverse patterns across nations over time. Fearon (1999: 56) points out that the sanctioning function of electoral accountability decreases when voters feel "little ability to induce politicians to do what the voters would want done." In other words, the limited empowerment of citizens and the lower responsiveness of the elected in less democratized regime may weaken the strength of economic voting. Furthermore, the lower transparency of democratic governance in less democratized countries may also harm the capacity of voters in identifying performances for which incumbents are responsible. Existing literature has suggested that highly qualified democratic accountability and transparency promote economic voting.

On the contrary, it is also plausible that democracy has a limited effect on the strength of economic voting. Some theories of economic voting support this argument. First, the issue salience theory suggests that economic voting decreases where political issues related to deepening democratization are salient. Under relatively less democratized countries, political debate over the path of political reform may arise, and therefore economic issues gain less attention from voters; the high salience of political issues may reduce the strength of economic voting. Second, the clarity of responsibility thesis also suggests that the level of democracy is negatively related to the strength of economic voting. It is because power concentration to executives in less democratized countries may help voters' identification of responsible politicians, whereas the institutional checks and balances in highly democratized countries interrupt clear identification of voters' targets to blame. See chapter 2 for further discussion on the theories of issue salience and of clarity of responsibility.

5.1.3 Democratic Consolidation and Economic Voting

As Doorenspleet (2004) argued, studies on democratization need to be differentiated from those on democracy, because democratic consolidation widely measured with the length of a democratic regime does not necessarily coincide with the level of democracy. Even a high level of democracy can be achieved before a new democratic regime is consolidated. Rapidly democratized countries may have more discrepancy between the level of democratic consolidation and the level of democracy. It suggests that the mediation effect of democratization on the strength of economic voting may not be different from that of democracy.

Democratic consolidation would promote economic voting by shifting voters' concerns from political issues to economic issues. Political issues related to democratic transition weaken, and voters become more sensitive to economic issues than political issues as a new democratic regime matures. Furthermore, as Lopez de Nava (2004b: 26) argued, "voters have a learning curve with respect to how democracy works … in the 'oldest' democracies the economic vote function will be more robust."

Such an expectation is, however, controversial because democratization was often driven by economic crises and economic reform became an important electoral issue in the initial period of democratization. As many studies on post-Communist transitions have pointed out, economic reform and adjustment under new democratic governments generated high transition costs, including high unemployment, inflation, and inequality (Hellman 1998: 203). Therefore, the consolidation of democratic regime may not promote economic voting, but reduce the strength of economic voting, as the highly salient economic issues in the initial period of democratic transition disappear.

5.2 Research Design

This chapter examines post-founding presidential and legislative elections in 70 countries that experienced democratic transition since 1974, the beginning year of the third wave of democratization. Challenging the existing empirical and theoretical literature in which elections in the period of democratization are regarded as only noise or outlying observations, it directly examines how economic and political features of new democracies, including the economic underdevelopment, the low level of democracy, and the limited democratic consolidation, affect the strength of economic voting by incorporating most elections in new democracies.

Following previous research on economic voting, it excludes two different types of elections: elections to constitutional assemblies and founding elections. Founding elections, of course, were the focus of the previous chapter. Only post-founding elections are included in this analysis. Post-founding elections are defined as either legislative or presidential elections held after founding elections. In this chapter, the observations are limited to first-round elections, so that about 53 second-round presidential elections are excluded. The main reason to adopt the first-round elections rather than the second-round elections is to minimize the missing cases for those elections in which incumbents failed to gain sufficient votes for running the second round. Furthermore, compared with other presidential elections following the plurality rule, the vote share of an incumbent in the second-round may exaggerate voters' electoral support for those candidates who have passed the first round. As a result, 330 elections (208 legislative elections and 122 presidential elections) in 68 countries are identified as post-founding elections here. Of the sample of 70 new democracies, two countries, Indonesia and Sudan, are excluded because there were no post-founding elections. In total, 17.6 percent of post-founding elections are omitted due to missing data for one or more variables. See Appendix 11 for the identification of additional missing elections.

5.2.1 Hypotheses

This chapter tests several hypotheses, such as, the basic retrospective hypothesis, the asymmetric issue salience hypothesis, the democratic accountability hypothesis, the political learning hypothesis, and the diversionary hypothesis.

Hypothesis $_1$: a positive change in GDP per capita increases the vote share of an incumbent party /president: (Retrospective Economic Voting Hypothesis).

Hypothesis $_2$: the higher the level of economic development, the stronger the economic voting (the Asymmetric Issue Salience Hypothesis).

Hypothesis $_3$: the higher the level of democracy, the stronger the economic voting (the Democratic Accountability Hypothesis).

Hypothesis $_4$: the longer the experience of democratic elections, the stronger the economic voting (the Political Learning Hypothesis).

Hypothesis $_5$: the higher the level of globalization, the weaker the economic voting (the Diversionary Hypothesis).

The retrospective hypothesis claims that voters punish or reward incumbents' economic performance. Voters withdraw electoral support for incumbents when their economic performance measured by the annual growth rates of GDP per capita is poor. Voters, however, cast their votes for incumbents as economic conditions improve. The asymmetric economic issue salience hypothesis claims that economic development facilitates economic voting. Economic development promotes economic integration of national economy, which increases voters' sensitivity to the economic performance of incumbents. Furthermore, it also facilitates voters' access to information and lowers the costs of participation in electoral sanctioning. The democratic accountability hypothesis refers that the level of democracy facilitates economic voting. Democratic accountability and transparency promote the efficiency of electoral sanctioning and lower the costs of obtaining accurate information as to the responsible targets to blame. The political learning hypothesis claims that democratic consolidation facilitates economic voting because the accumulated experiences of democratic elections accelerate the efficiency of electoral sanctioning, and decreasing salience of political issues increases economic issue salience. Furthermore, finally, the diversionary hypothesis claims that increasing international economic integration weakens economic voting. International economic integration decreases not only incumbent influence on national economic conditions, but also their responsibility.

The empirical tests below analyze an original pooled dataset. The unit of analysis here is the nation-election year. To solve the various problems related to pooled data, scholars have used various estimation methods. First, Pacek et al. (1995b) added dummy variables for each country to control the potential bias related to "country differences in the dependent variable (vote for incumbent party)" (p. 751). The Least Squares with Dummy Variables (LSDV) or other methods, such as the Panel Corrected Standard Errors (PCSEs) estimation method, are used to solve problems such as autocorrelation (Whitten and Palmer 1999). Minimizing the problems that arise from pooled data, some argue that no significant autocorrelation problem exists in election data (Royed et al. 2000, 2004; Samuels 2004). Following the latter argument, this research uses the Ordinary Least Squares estimation method. The full statistical model of economic voting is as follows.

$I_{vote\,(c)} = \beta_0 + I_{vote\,(p)}\beta_1 + GDPgrowth_{c-1}\beta_2 + Loginf10_{c-1}\beta_3 + Econdev_c\beta_4 + Democ_c\,\beta_5 +$
$Demcon_c\,\beta_6 + Global_c\,\beta_7 + GDPgrowth_{c-1} * Econdev_c\,\beta_8 + GDPgrowth_{c-1} * Democ_c\,\beta_9 +$

$$GDPgrowth_{c-1} * Demcon_c\, \beta_{10} + GDPgrowth_{c-1} * Global_c\, \beta_{11} + Govfinance_{c-1}\beta_{12} + Asia_c\beta_{13} + LatinAmerica_c\beta_{14} + Europe_c\beta_{15} + e_c$$

I_{vote} is the vote percentage for an incumbent party or president. c denotes the year of current election. p denotes the year of previous election. β_0 is the notation of the intercept, and $\beta_{1\sim15}$ *are* coefficients. *e* represents the error term. *GDPgrowth* is the annual growth rate of GDP per capita. *Loginf10* is logged [inflation +10]. *Econdev* is the level of economic development measured by GDP per capita. *Democ* is democracy scores of Polity IV dataset. *Demcon* is democratic consolidation measured by the number of previous legislative or presidential elections counted, respectively. *Global* is globalization measured by the portion of trade to GDP (%). *Govfinance* is economic boosting efforts of the government. *Asia*, *LatinAmerica*, and *Europe* are dummy variables for regions. Africa is used as the base category here. It should also be noted that the same model is used for the regression of legislative elections, presidential elections, and both legislative and presidential elections, separately.

5.2.2 Variables

Because the main theme of this chapter is to estimate the effect of economic conditions on public support for incumbents, this research uses the vote share of an incumbent party or a president as the dependent variable. The mean incumbent vote share is 37.8 percent of valid votes, and the median vote share is 38.0 percent. The standard deviation of the variable is 19.0. The basic model includes two indicators of economic conditions: one-year lagged annual growth rate of GDP per capita and one-year lagged inflation (logged). Among 272 elections examined here, 49.4 percent of elections were held in the first half of the year. Accordingly, using the economic indicators of the previous year seems to be more reasonable to measure the economic performance of an incumbent before holding elections than those of the election year. The source of those economic variables is World Bank's World Development Indicators. The annual growth rate of GDP per capita is expected to have a positive effect, whereas inflation is expected to have a negative effect on the vote share of an incumbent (the retrospective economic voting hypothesis).

To test the asymmetric issue salience hypothesis, the level of economic development, which takes one, two, and three when the nominal values of GDP per capita are below USD $1000 (constant 1995), between $1001 and $3,000, and above $3001 respectively, is used. The source of the variable is World Development Indicators. The main reason for the lower criterion of the level of economic development is that most elections examined here were held under less developed countries. For example, 68.2 percent of all elections were held in those countries whose GDP per capita is less than USD $3000 (constant 1995). The variable of the level of economic development is used to create interaction variables with two economic indicators, the annual growth rate of GDP per capita and inflation rate. The coefficient for the interaction variable of the annual growth rate of GDP per capita is expected to have a positive sign, whereas that of inflation has a negative sign.

To test the democratic accountability hypothesis, this research employs the democracy scores from Polity IV (*Democ*), which identify regime types from –10 to 10. The variable of democracy is used to create interaction variables with two economic indicators, the annual growth rate of GDP per capita and inflation rate. Some may argue that democracy weakens economic voting because institutional dispersion of policy-making power given to incumbents makes it difficult to identify the responsible target to blame in elections. However, democracy may have a positive effect on the strength of economic voting, because democracy promotes economic voting by opening and clarifying the procedure of economic policy decision-making.

To test the political learning hypothesis, the number of elections is used as a proxy for the level of democratic consolidation. There have been two different approaches in the studies on democratic consolidation: the structural approach and the survey-based cultural approach. The structural approach defines democratic consolidation as the durability of democratic regime. Huntington (1991) insisted that the two-turnover rule is the minimum condition of democratic consolidation. In a similar vein, Gasiorowski (1998: 740) defined it as the "process by which a newly established democratic regime becomes sufficiently durable that a return to non-democratic rule is no longer likely." He (1998: 746-7) developed three indicators of consolidation: "the holding of a second election for the national executive," "alteration in executive power through constitutional means," and survival of democratic regime for an appropriate period of time." Unlike the structural approach, which identified democratic consolidation as regime durability, recent cultural studies on democratic consolidation identify democratic consolidation as a perceptual change that accepts democracy as the "only the game in town" (Diamond 1999). This research employs the number of elections to measure the level of democratic consolidation. To calculate the number of elections, previously held legislative elections or presidential elections are counted separately, and it varies from 1 to 11 in legislative elections and from 1 to 8 in presidential elections. It is notable that more than 90 percent of elections examined here are fifth or below, and only about 10 percent of elections were fifth or higher, which shows the short experience with a democratic regime. The variable of democracy is also used to create interaction variables with two economic indicators. The coefficient for the interaction variable of the annual growth rate of GDP per capita is expected to have a positive sign, whereas that of inflation to have a negative sign.

To test the diversionary hypothesis, globalization, a diversionary intervening factor, is used as an independent variable. Globalization has been defined as a procedure of economic and political integration between states over the globe. Here, the portion of trade to the GDP (%), a widely used proxy for the economic integration, is employed to measure the degree of globalization. The mean of the globalization is 67.5 percent, and its median is 63.2 percent in new democracies. As Hellwig's (2001: 1141) cross-sectional individual-level analysis shows, globalization is expected to dampen the strength of economic voting in new democracies because of its diversionary effect on the responsibility of domestic economic issues.

In addition, this research includes government economic boosting efforts measured with 1 year lagged general government consumption expenditure (annual % growth) from World Development Indicators as a control variable. The general government consumption includes "all current expenditures for purchases of goods and services by all levels of government, excluding most government enterprises" (World Development Indicators-CD Rom). As many political business cycle theorists have suggested, economic boosting efforts of incumbent governments are expected to have a positive effect on the vote share of an incumbent (Dahlbert 2002; Franzese 2002; Maloney et al. 2003). Finally, three regional dummy variables, Asia, Latin America, and Europe, are included to control regional specific factors.

5.3 Results

As noted earlier, 330 elections are identified as post-founding elections in new democracies. Those elections were held under diverse economic conditions. It is well known that an increasing number of underdeveloped countries joined the third wave of democratization. Appendix 12 reports chronological changes in the average level of economic development, measured by GDP per capita, in new democracies as well as the all countries since 1974. It shows that economic underdevelopment is not an exceptional but a pervasive state among new democracies. As of 2002, the mean GDP per capita of those new democracies is USD $2755 (1995 constant), which is much lower than that of the whole 177 countries (USD $6568, 1995 constant). Furthermore, there exists a significant internal economic variance among new democracies. For example, WDI reports that Malawi has the lowest GDP per capita of USD $158, whereas Spain has the highest value of USD $18,050 in 2002.

In the democratization process, most new democracies have experienced serious economic recession. Appendix 13 presents the averaged annual growth rates of GDP per capita in 70 new democracies before and after democratization. Note that zero refers to the first year of democratization. Polity IV's ending year (EYEAR) of the previous regime and the beginning of a regime change to the polity score of 5 or higher is used to identify this zero-year of democratization. As Appendix 13 shows, there is a deep drop in economic growth during the period of democratization. Rapid decreases in the annual growth rate of GDP per capita precede democratic regime transition. The economic collapse, however, moderates after the onset of democratization. Finally, the annual growth rate of GDP per capita turned into positive values in about four years.

It is useful to examine the ruling cost, which is defined as the expected vote loss for the government in the following election, to identify the volatility of election outcomes in new democracies. As noted earlier, the mean incumbent vote share is 37.8 percent. Incumbents gained 34.7 percent of valid votes in legislative elections, as opposed to 42.9 percent in presidential elections. The ruling cost of new democracies, measured with the mean value of differences in vote shares of incumbents between two sequential elections, is about -6.0 percent. Nannestad and Paldam (2002, 18) find that the ruling cost of 19 established democracies was -2.5. Compared with established democracies, incumbents in new democracies paid more ruling costs. The end of pro-democratic coalitions and relatively lengthy economic hardships in the initial period of democratic transition might facilitate unstable electoral support for incumbents. The ruling cost is slightly higher in presidential elections than legislative elections. The mean vote share change is about -5.4 percent in legislative elections and -7.1 percent in presidential elections.

Table 5-1 reports empirical test results. The vote share of an incumbent is the dependent variable. Only the basic independent variables, the vote share of the incumbent parties in the previous election, one-year lagged annual growth rate of GDP per capita, one-year lagged inflation, and dummy variables for Asia, Europe, and Latin America, are used. Other contextual variables are not included here. Among 330 post-founding elections, only 170 legislative elections and 102 presidential elections have the available data for this analysis. See Appendix 10 for the descriptive statistics of data employed. Furthermore, four legislative and presidential elections in Congo (2002) and Mali (2002) and a legislative election in Haiti (1995) are excluded from this analysis in order to minimize the influence of outliers and the plausible distortion of the results. See Appendix 14 for the comparison of test results using the original dataset with those outliers.

[Table 5-1 Here]

The results reported in Table 5-1 shows that the annual growth rate of GDP per capita has a positive effect on the vote share of an incumbent, controlling for past support and regional variables. Model 1 shows that the positive change in the annual growth rate of GDP per capita increases the vote share of an incumbent; each one percent growth in GDP per capita increases incumbent vote share by .87 percent. Model 2, however, shows that inflation has no significant effect on the dependent variable, even if its coefficient is in the expected direction. Model 3 also corroborates that increases in the annual growth rates of GDP per capita promote electoral support for incumbents, whereas inflation does not.

In presidential elections, the annual growth rate of GDP per capita also has a positive effect on the vote share of an incumbent. In Model 4 the coefficient of the annual growth rate of GDP per capita is 1.03. Economic performance has a consistent effect on the electoral support for an incumbent president than ruling party. The higher identifiability of the performance of an incumbent president than that of the legislature might explain the larger coefficient (Shugart and Mainwaring 1997, 33). Model 6 also confirms that increases in the annual growth rate of GDP per capita promote electoral support for incumbents. In Model 5, inflation also has a statistically significant effect on the vote share of an incumbent, but the effect of inflation is lost in the hybrid model 6 that includes the annual growth rate of GDP per capita. When both legislative elections and presidential elections are considered together, test results are not noticeably different from the prior ones. The annual growth rate of GDP per capita has a consistent and significantly positive effect on the vote share of an incumbent, whereas inflation serves as a weak proxy for the economic growth variable.

In short, the test results support the retrospective economic voting hypothesis. Economic performance of incumbents does matter for voter support of an incumbent in new democracies. The annual growth rate of GDP per capita consistently has a statistically significant positive effect on the incumbent vote share. The retrospective economic voting works regardless of the type of elections. In either legislative elections or presidential elections positive changes in the annual growth rates of the GDP per capita increases the vote share of an incumbent.

Table 5-1 shows that the electoral volatility is not much higher for presidential elections than legislative elections. The coefficients of the previous vote share of an incumbent in legislative elections are similar to those in presidential elections. Dummy variables for each region have significant, negative effects on the dependent variable, because Africa is used as the base category here. The results show that the incumbent vote share in three different regions is significantly less than that of African countries where patrimonial party politics dominates.

5.3.1 Underdevelopment, Limited Democracy, Immature Democracy, and Economic Voting

Table 5-2 reports regression results that show the influence of diverse contextual variables on the strengths of economic voting. Several outliers were identified. To minimize the influence of these unusual outliers on the analysis, the 1995 legislative election in Armenia, the 2002 legislative election in Mali, and 2000 legislative and presidential elections in Mongolia are excluded from this analysis. The dependent variable is incumbent vote share (percentage of vote for the incumbent president or party). One-year lagged variables of the annual growth rate of GDP per capita and logged inflation (+10) are used as economic variables to see the basic economic voting function. Four variables, including the level of economic development, the level of democracy, the number of elections, and globalization, and their interaction terms with the annual growth rate of GDP per capita and logged inflation are also used as independent variables. One-year lagged change in government consumption is also included to see the impact of economic boosting efforts on electoral outcomes. Finally, three dummy variables for Asia, Europe, and Latin America are included.

[Table 5-2 Here]

Table 5-2 reports regression results for legislative elections (Model 1, 2, 3), presidential elections (Model 4, 5, 6), and both legislative and presidential elections (Model 7, 8, 9) separately. In each set of models, annual growth rate of GDP per capita, inflation rate, or both annual growth rate of GDP per capita and inflation rate are used in order. For example, Model 1 includes only the annual growth rate of GDP per capita, but excludes inflation rate. Model 2 includes inflation, but excludes the annual growth rate of

GDP per capita. In Model 3 both annual growth rate of GDP per capita and inflation rate are included.

Test results for legislative elections fail to provide any strong evidence to support any of the four main hypotheses of economic voting: the asymmetric issue salience hypothesis, the democratic accountability hypothesis, the political learning hypothesis, and the diversionary hypothesis. In Model 1 the interaction term between economic development and annual growth rate of GDP per capita has no significant effect on the vote share of an incumbent. Other interaction terms between annual growth rate of GDP per capita and three contextual variables, including the level of democracy, the number of elections, and globalization, also have no significant effect on the dependent variable. In Model 2 and Model 3, test results are similar. Four interaction terms between contextual variables and logged inflation rate have no statistically significant effect on the vote share of an incumbent. Other independent variables, such as the annual growth rate of GDP per capita, the level of economic development, the level of democracy, and the number of elections also have no consistent significant effect on the dependent variable. Inflation rate, however, has a statistically significant negative effect on the vote share of an incumbent.

Test results for presidential elections reported in Model 4, Model 5, and Model 6, are somewhat different from those for legislative elections. In Model 4, globalization's interaction term with GDP per capita growth rate has no statistically significant effect on the dependent variable. Democracy's interaction term with the annual economic growth rate also has no significant impact on the vote share of an incumbent. It is, however, notable that interaction terms of two contextual variables, the level of economic development and the number of elections, have a statistically significant relationship in the expected direction. The interaction term of economic development and GDP per capita growth rate has a coefficient of 1.94. As noted earlier, a trichotomous classification of the level of economic development is adopted here. When the GDP per capita is between USD $1,000 and USD $3,000, a one point increase in the annual growth rate of GDP per capita increases the vote share of an incumbent by 0.65 (1.94*2-4.53) percent. The strength of economic voting measured with the marginal change of the vote share of an incumbent increases to 1.29 (1.94*3-4.53) percent, when GDP per capita is more than USD $3,000. The interaction term of the number of elections and GDP per capita growth rate also has a statistically significant impact on the vote share of an incumbent, which corroborates the political learning hypothesis. In Model 4 the coefficient of the interaction term is 0.99. It means that one additional election increases the impact of GDP per capita growth rate on the vote share of an incumbent by 0.99 percent. Model 5 shows, however, that any interaction term with inflation has no statistically significant impact on the vote share of an incumbent. Model 6 shows that two interaction terms with GDP per capita growth rate have a significant positive impact on the dependent variable, while others do not.

When both presidential and legislative elections are considered in Model 7, Model 8, and Model 9, test results are not notably different from those in prior models. The interaction term of the number of elections and GDP per capita growth rate continues to have a statistically significant impact on the vote share of an incumbent in Model 7. However, interaction terms of three contextual variables including the number of elections, level of democracy, and globalization have no consistently significant effect on the dependent variable.

In sum, test results for legislative elections do not support the hypotheses of economic voting. None of the interaction terms of four contextual variables, i.e., the level of economic development, the level of democracy, the number of elections, and globalization, has any consistent significant influence on the vote share of an incumbent. It fails to show that there is a linear effect of those contextual variables on the strength of economic voting in legislative elections. Two interaction variables of economic development and the number of elections, however, have a consistent significant impact on the dependent variable in presidential elections. This supports the asymmetric issue salience hypothesis and the political learning hypothesis. However, any empirical test results reported in Table 5-2 support either the democratic accountability hypothesis or the diversionary hypothesis.

5.3.2 Non-linear Impact of Contextual Variables on the Strength of Economic Voting

The previous section examined whether and how the contextual variables, such as economic development, democracy, democratic consolidation, and globalization, affect the strength of economic voting as a whole. The results of simple regression with interaction variables fails to find strong evidence that supports the asymmetric issue salience hypothesis, the democratic accountability hypothesis, the political learning hypothesis, or the diversionary hypothesis. The null or weak impact implies that such contextual variables might not be linearly associated with the strength of economic voting.

To examine the robustness of the prior test results, this research employed a different strategy, in which the interaction terms are excluded but examined cases are controlled to compare the patterns of the economic voting in diverse conditions. First, original values of three variables, including the level of economic development, the level of democracy, and democratic consolidation, are recoded to create ordinal variables. And then, each dataset of the low, middle, or high level of those categories is adopted separately to test four hypotheses of economic voting: the asymmetric issue salience hypothesis, the democratic accountability hypothesis, and the political learning hypothesis. Compared with the prior tests using interaction variables, this research strategy may not only reduce the plausible multicollinearity problems, but also help identifying non-linear influence of contextual variables on the strength of economic voting.

[Table 5-3 Here]

Table 5-3 reports test results based on different levels of economic development, measured with the GDP per capita of WDI. In each model, the same variables are employed to examine whether economic voting function is systematically different under three categorized economic conditions: less than USD $1000, between $1001 and $3,000, and more than $3,000. Note that both coefficients and standard errors of the previous vote share of an incumbent, and of dummy variables for Asia, Europe, and Latin America, are not reported for the convenience of comparison.

Model 1 shows that the annual growth rate of GDP per capita has a significant positive effect on the vote share of an incumbent in each subset of legislative elections. However, there exists variation in the strength of its impact among them. When GDP per capita is less than USD $1,000, the coefficient on the annual growth rate of GDP per capita is 0.90. It slightly decreases to 0.62, when GDP per capita is between $1,001 and $3,000. However, it increases to 1.12, when GDP per capita is larger than $3,000. Model 3 also shows that the annual growth rate of GDP per capita has the strongest impact on electoral outcomes in those countries whose GDP per capita is more than $3,000. As Model 2 shows, however, inflation rate has no significant impact on the dependent variable in any level of economic development.

The strength of economic voting also varies among different subsets of presidential elections. In Model 4, the annual growth rate of GDP per capita has a statistically significant effect on the vote share of an incumbent at the level of .05, only when the GDP per capita is more than $3,000. Furthermore, the coefficient of the variable is the highest when presidential elections meet the level of economic development. In Model 6, the annual growth rate of GDP per capita also has the highest coefficient and its impact is statistically significant. Model 5 and Model 6 show that inflation rate has no significant negative impact on the vote share of an incumbent in every level of economic development.

When both legislative and presidential elections are considered, as Model 7 and Model 9 shows, the annual growth rate of GDP per capita has a significant impact on the dependent variable in the middle or high level of economic development group. Again, the coefficient of the variable is the largest when the level of economic development is high. Similar to test results for presidential elections, inflation has no significant effect on the vote share of an incumbent in every level of economic development.

Test results in Table 5-3, first, corroborate that a certain level of economic wealth is not a prerequisite for economic voting in new democracies. Economic performance of an incumbent, measured by annual growth rate of GDP per capita and inflation rate, has a significant effect on election outcomes in underdeveloped countries as well as developed countries. Economic voting is not predicated on having a certain level of economic wealth.

Second, the level of economic development has an asymmetric effect on the strength of economic voting in two different types of elections. The results show that economic wealth promotes economic voting in presidential elections. The higher the economic wealth, the stronger the economic voting. However, the impact of GDP per capita on the strength of economic voting is not correspondent to the level of economic development in legislative elections. This finding is also compatible with the null impact of the interaction terms between economic development and the annual growth rate of GDP per capita reported in Table 5-2.

Third, test results, however, show that a consistent influence of the economic performance on electoral outcomes can be found only in relatively wealthier countries. The annual growth rate of GDP per capita has a positive effect on the vote share of an incumbent in either legislative or presidential elections in those countries where GDP per capita is more than $3,000. Furthermore, when economic wealth meets the condition, the coefficients of the variable are the highest in each model. As Table 5-2 shows, economic development is not linearly associated with the strength of economic voting in legislative elections. However, it does not mean that the level of economic development does not matter. Test results show that economic wealth provides positive circumstances for economic voting.

This finding partially supports Pacek et al.'s (1995b) argument that the higher the economic wealth, the stronger the economic voting for the high sensitivity to economic performances in highly industrialized countries. However, the stronger effect of the annual growth of GDP per capita growth rate in poor countries with a low level of economic development than that in moderately poor countries with a middle level of economic development supports the idea that economic issues may have gained much more attention from voters in poor countries, where basic satisfaction with economic conditions is unrealized, than from those in wealthy countries.

[Table 5-4 Here]

Table 5-4 reports test results in different groups of democratic regime. In each model, the same variables are employed to compare the strength of economic voting under three different groups of democratic regimes: the score of democracy is less than 7, between 7 and 8, and more than 8. Here, again, both coefficients and standard errors of the previous vote share of an incumbent and of dummy variables for Asia, Europe, and Latin America, are not reported for the convenience of comparison.

Test results show that the nexus between economic performance and electoral support for incumbents relies on the level of democracy. Model 1 shows that when a political regime stays in the low level of democracy, the annual growth rate of GDP per capita has no significant effect on the vote share of an incumbent in legislative elections. Only if the democracy score is 7 or higher, the annual growth rate of GDP per capita has a statically significant positive effect on the vote share of incumbents. The coefficient of the economic variable, .74 decreases to .61, when the level of democracy moves from low to middle. And then it rises to .94 in the high level of democracy. The fluctuation of the coefficient explains the null impact of democracy on the strength of economic voting in legislative elections, which is reported earlier in Table 5-2. Model 3 also shows that the annual growth rate of GDP per capita has a significant positive impact on the vote share of an incumbent when the democracy score is 7 or higher. As Model 2 shows, inflation rate has a significant negative effect on the dependent variable in the low level of democracy. In Model 3 however, the significant effect of inflation rate disappears. In presidential elections inflation rate has a significant negative effect when the levels of democracy is between 7 and 8.

When both legislative and presidential elections are considered together, test results are not notably different from those in prior models. In Model 7, the positive impact of the annual growth rate of GDP per capita is found when the level of democracy is middle or high. The positive effect of the variable is highest when the level of democracy is high. In Model 9, the annual growth rate has a significant positive impact on the dependent variable only when the level of democracy is high. In Model 8 inflation rate has a significant negative effect on the dependent variable when the level of democracy is middle. In model 9, however, inflation rate has no significant effect in every level of democracy.

Test results show that the annual growth rate of GDP per capita has a significant effect on the vote share of an incumbent in legislative elections only when the level of democracy is high. Furthermore, the economic effect of the annual growth rate of GDP per capita is the strongest under the same condition. It is, however, notable that the economic effect on electoral support for an incumbent is not consistent in the lower level of democracy. It shows that there exists a non-linear positive effect of democracy on the strength of economic voting.

To examine the influence of the democratic consolidation on electoral outcomes, post-founding elections are divided into three groups: the first or the second elections, third elections, fourth or additional elections for the legislatures or presidency. Test results for each group are reported in Table 5-5. In general, test results show that economic voting is relative weak in the low level of democratic consolidation measured with the number of elections. The strength of economic voting is relatively higher in the third elections.

[Table 5-5 Here]

In Model 1 the annual growth rate of GDP per capita has a statistically significant positive effect on the vote share of an incumbent in each group of legislative elections. The coefficient of the variable is 0.76 in the earlier elections, i.e., the first or second legislative elections, and it increases to 1.4 in the third elections. However, it slightly decreases to 0.79 in fourth or additional legislative elections. Model 3 of the table also shows that the annual growth rate of GDP per capita has the highest coefficient of 1.28 in the third elections, whereas it has the lowest coefficient of .57 in the earlier elections. Inflation also has the highest significant negative effect on the dependent variable in the third elections. As model 2 and Model 3 show, inflation rate has no significant impact on the dependent variable in every level of democratic consolidation.

Test results for presidential elections reported in Model 4, Model 5, and Model 6 also confirm that economic voting is relatively weak in the earlier elections. Model 4 shows that the annual growth rate of GDP per capita has no statistically significant effect on the vote share of an incumbent in the first or second presidential elections. However, it has a statistically significant positive effect on the dependent variable in the third presidential elections. The coefficient on the variable, furthermore, increases from 1.52 to 3.90 in later presidential elections. Model 5 shows that inflation rate also has a statistically significant and the strongest effect on the dependent variable in the third presidential elections. However, the negative effect is not consistent and disappears in Model 6.

When both legislative elections and presidential elections are considered, test results also show the limited influence of economic voting in the earlier elections. Only the third or later elections, the annual growth rate of GDP per capita has a significant effect on the vote share of an incumbent. Inflation also has a significant negative effect on the dependent variable in the third elections, but it disappears in the fourth or additional elections.

These test results show that, first, economic voting has very limited effect on electoral outcomes in the earlier period of democratic consolidation. As Chapter 4 of this research has shown, voters are less likely to ascribe the responsibility of economic conditions to incumbents in the period of democratization. Voters seem to be sophisticated enough to understand that incumbents have less responsibility for the devastating economic conditions. They do not strongly punish incumbents for the economic transitional costs by withdrawing electoral support for incumbents.

Second, it also finds that economic performance of an incumbent becomes a significant factor of electoral outcomes only in the third or later elections. Even if many scholars use the second election as a critical juncture of democratic consolidation, more time is needed to normalize economic voting in new democracies. Not until the third elections were held, did the economic performance of an incumbent have consistently significant effect on the vote share of an incumbent.

Third, it is notable that the timing of the normalization of economic voting is a little bit late in presidential elections. The strongest influence of GDP per capita growth rate is found in the fourth or later elections, rather than the third presidential elections. The late uprising of economic voting in presidential elections might arise from the personalization of party politics under presidential systems that suppress electoral accountability based on the performance of incumbents in new democracies.

5.4 Conclusion

This chapter has examined how economic and political conditions, such as the level of economic development, the level of democracy, democratic consolidation, and globalization, affect the strength of economic voting in new democracies. Post founding elections in 70 new democracies are included to test five hypotheses, i.e., the retrospective economic voting hypothesis, the asymmetric issue salience hypothesis, the democratic accountability hypothesis, the political learning hypothesis, and the diversionary hypothesis. It finds that the economic performance of incumbents consistently affects election outcomes, supporting the retrospective economic voting hypothesis. In either legislative or presidential elections, the annual growth rate of GDP per capita or inflation promotes or reduces electoral support for incumbents, respectively. Elections provide a chance to punish or reward their incumbents based on economic performance, and economic voting functions as an instrument of democratic accountability in new democracies.

This research, however, fails to provide strong evidence to support the other hypotheses. The strength of economic voting does not simply correspond to the changes in the level of economic development, the level of democracy, democratic consolidation, or globalization. However, at the least, this research finds that there exists an “economic voting zone” in which election outcomes are more constrained by economic conditions: a significant effect of the annual growth rate of GDP is consistently found only in high levels of economic wealth and democracy. In addition, it finds that the third election is a critical election for the normalization of economic voting, in that economic performance of incumbents has a significant effect on election outcomes only after the election. These findings show that there exist non-linear effects of economic development, the level of democracy, and democratic consolidation on the strength of economic voting.

The present research highlights the impact of economic and political constraints on the strength of economic voting. It, however, does not delve into the ways in which diverse institutions in new democracies affect the strength of economic voting. Although this chapter examines whether variance in the level of democracy and democratization account for the dynamics of economic voting, there is still a need for more specific research on the ways in which democratic institutions affect economic voting. The next chapter may provide important clues to the questions related to the variance in the strength of economic voting under diversified democratic institutions.

Chapter 6
Consensual Institutions and Economic Voting: Does Clarity of Responsibility Matter?

Prior chapters have shown that the economic performance of an incumbent is an important factor of electoral outcomes in new democracies. The strength of economic voting, however, varies across nations and over time and relies on diverse economic and political conditions. Chapter 5 shows that economic development, democracy, and democratic consolidation provide a positive circumstance for economic voting. Economic voting is moderately stronger in economically developed, highly democratic, and consolidated new democracies. This chapter, as a next step, examines how various arrangements of democratic institutions, especially majoritarian or consensual institutions described by Lijphart (1999), affect the strength of economic voting.

Recently, an increasing number of studies examined whether economic voting behavior is constrained by institutional arrangements that intensify or attenuate voters' ascription of responsibility to incumbents (Paldam 1991; Powell and Whitten 1993; Whitten and Palmer 1999). Based on the clarity of responsibility theory, some scholars have argued that voters under political and institutional contexts, in which incumbent responsibility for economic performance is not clear, are less likely to be driven by economic conditions (Duch and Palmer 2002; Palmer and Whitten 2003; Samuels 2004; Anderson 2004).

The theoretical and empirical attempts to incorporate the influence of institutions into the analysis of electoral behavior, however, have not been developed fully. Methodologically, the limited spatial scope of prior research based on advanced Western democracies makes it difficult to examine how the variance in political institutions affects economic voting. For example, Palmer and Whitten (1993) analyzed election outcomes in 19 OECD countries in which only two countries, the United States and France, have presidential systems. Samuels (2004) analyzed election outcomes in 23 democracies with presidential systems. Theoretically, the existing studies on economic voting highlight only institutional impact on the identification of incumbent responsibility. It should be, however, noted that democratic institutions shape not only the perceptual capacity to identify sanctioning targets, but also the motivational strength to punish or reward incumbents based on their economic performance by constraining political responsiveness and representation.

This chapter is an attempt to fill the gap by incorporating the analysis of the mechanism of democratic institutions that may constrain economic voting in new democracies. Democracies differ greatly from nation to nation. As Huntington (1991) argued, democracies are similar only in that they are not authoritarian. This research examines the influence of four consensual institutions, the parliamentary system, the proportional system, the bicameral system, and the federal system, on the strength of economic voting. The clarity of responsibility theory claims that majoritarian institutions, in which executive power tends to be concentrated in ruling majorities, promote economic voting, are discussed. Both legislative and presidential post-founding elections in 70 new democracies are analyzed. By specifying institutional conditions of economic voting, this research may improve our understanding of the nexus between economic conditions and voting decisions.

This research finds that majoritarian institutions have no significant positive impact on the strength of economic voting. None of the four individual consensual institutions, nor a combined index of institutional consensuality shows a statistically significant impact on the strength of economic voting. Based on the results that do not support the clarity of responsibility theory, this research argues that majoritarian institutional arrangements do not make a notable difference in the strength of economic voting in new democracies. Power concentration to incumbents might harm the efficacy of electoral sanctioning as an instrument of promoting democratic accountability and nullify the positive effect of majoritarian institutions on the strength of economic voting.

The following section reviews literature regarding the role of institutional mediations on the nexus between economic conditions and election outcomes and discusses the viability of the clarity of responsibility theory. In section 6-2, a research design to examine whether majoritarian institutions affect the strength of economic voting is explained. In section 6-3, test results are reported, and, in the conclusion, basic findings are summarized and their implications for further research are discussed.

6.1 Institutional Arrangements and Economic Voting

Recent studies on economic voting paid much attention to the impact of diverse institutional contexts on voter choice and electoral outcomes (Whitten and Palmer 1999; Duch and Palmer 2002; Palmer and Whitten 2003). Powell and Whitten (1993: 392) argue that the solution of the inconsistent economic effects on election outcomes across nations lies in more attention to the "electoral context in which citizens choose and the policymaking context within which they evaluate the performance of incumbents."

The currently accepted view is that institutions influence economic voting only under conditions of higher levels of clarity of responsibility. Powell and Whitten (1993) examine how five contextual variables, the presence of “bicameral systems in which opposition parties controls a second legislative chamber,” inclusive committee systems in the legislature, the lack of “voting cohesion of the major governing parties,” minority governments, and coalition governments, affect the changes in the percentage of the vote for an incumbent governing party. Using a dichotomous index of the clarity of responsibility based on these variables, they find that a comparative measure of GDP growth rate has a significant effect on the dependent variable only if the responsibility of a ruling party is clear. They conclude “both positive and negative effects of economic performance will be diminished in countries where responsibility is widely diffused” (Powell and Whitten 1993: 399).

Analyzing surveys in eight European countries, Nadeau, Niemi, and Yoshinaka (2002: 409) also find that a general economic situation of voters has a positive effect on the likelihood of voting for a party in government only in a cluster of countries, the UK, France, Ireland, and Germany, where the clarity of responsibility is high. They use an index of clarity of responsibility based on four contextual indicators, “the proportion of seats held by the largest party in the government among all seats held by government parties,” “the ideological cohesion of the governing coalition,” “the longevity of the government,” and “the number of political parties.”

Some scholars take issue with this view and argue that clarity of responsibility has a limited impact on the strength of economic voting. Lopez de Nava (2004a: 5), for example, argues that the shift to the institutional approach led to a wrong conclusion, that economic voting could be found only in the context of higher clarity. Criticizing literature rejecting the occurrence of economic voting under a lower clarity of responsibility context, she argues that economic voting behavior could be found regardless of the institutional clarity of responsibility. Lopez de Nava's empirical results show that interaction terms between a clarity index, measured with the presence of minority government, the number of parties in coalition government, and the adoption of a proportional electoral system, and each of two economic variables, including inflation and GDP per capita growth, do not have a statistically significant impact on the likelihood of the reelection of an incumbent. She argues that methodological problems, such as misspecification of economic variables and of dependent variables and the influence of outliers, may distort Paldam and Whitten's (1993) finding of no robust economic voting in the political context of lower clarity.

Similar to Lopez de Nava, Royed, Leyden, and Borrelli (2000: 677) insist that there is no robust association between institutional clarity and the strength of economic voting. They show that economic performance measured together with unemployment and inflation has similar effects on the change in the vote share of an incumbent in coalition governments and single-party governments. Even if economic voting is stronger in high-clarity countries (coalition governments) than in low-clarity countries (single governments), they argue, there is no notable difference between those two clusters. They suggest that political contexts other than the clarity of responsibility should be examined for the explanation of the unstable findings that support the clarity of responsibility theory.

6.1.1 Causal Chains of the Clarity of Responsibility Theory

The basic causal chains of the clarity of responsibility theory are displayed in Figure 6-1. First, the clarity of responsibility theory presumes that institutional arrangements shape the power distribution among political actors. Second, it also presumes that the clarity of responsibility depends on power dispersion between incumbents and opposition parties. The higher the level of power concentration to incumbents, the lower the difficulty of identification of the responsibility (Powell and Whitten 1993: 398; Royed et al. 2003: 150). Powell and Whitten (1993: 398) argue that voter assignment of responsibility for economic performance to incumbents reflects the "coherence and control the government can exert over that policy." Based on these two premises, the clarity of responsibility theory claims that the clearer the responsibility, the higher the strength of economic voting (Powell and Whitten 1993; Whitten and Palmer 1999).

[Figure 6-1 Here]

Empirical research to test the viability of the core claim, therefore, has focused on a set of contextual variables related to ruling governments' power resources, including the presence of coalition governments, majority or minority governments, and bicameral oppositions, and so on (Powell and Whitten 1993; Samuels 2004; Samuels and Hellwig 2004). However, such power-resource-based studies delimit institutional constraints on economic voting to electorate's capacity to identify the responsibility of incumbents. As a result, the clarity of responsibility theory often leads to an invalid conclusion that institutional arrangements encouraging power dispersion dampen economic voting (Nadeau et al. 2002: 419). As Royed et al. (2003: 150) summarized correctly, advocates of the clarity of responsibility theory have argued that "[electoral] accountability can exist only when there is a greater concentration of power," and that "a significant amount of power-sharing" causes the lack of economic voting.

Political institutions affect not only power resources of government, but also efficacy of economic voting as an instrument of democratic accountability by constraining responsiveness and representativeness of the government. Analyzing the relationship between public opinion and public policy, Hutchings (2003: 4) insists that legislators become responsive only if the latent preferences of their constituents, described as a "loose collection of 'sleeping giants,'" are activated. For the same reason, citizens become economic voters only if their punishment or reward is an effective instrument with which to make politicians responsive and accountable. As Fearon (1999: 56) argued, the extent to which voters feel economic voting is an efficient instrument to sanction non-responsive incumbents may determine the strength of economic voting. Therefore, it is necessary to examine how political institutions affect not only voters' identification of responsible targets, but also the efficacy of electoral sanctioning to improve our understanding of economic voting.

6.1.2 Majoritarian or Consensual Institutions and Economic Voting

It is well known that Lijphart (1999: 1, 2) divides democracies into two patterns: a majoritarian model and a consensus model. He contrasts two choices to solve the basic dilemma of democracy, "Who will do the governing and to whose interests should the government be responsive?" as follows: "the majority of the people" and "as many people as possible." He insists that the consensus model "accepts majority rule only as a minimum requirement" and seeks "broad participation in government" (p. 2).

Furthermore, he distinguishes the majoritarian model from the consensus model because the latter tries to "share, disperse, and limit power," rather than concentrate political power (p. 2). Political institutions are distinguished based on the principles of those models. Parliamentary systems, proportional electoral rules, bicameral systems, and federal systems constitute the consensus institutions. Presidential systems, non-proportional electoral rules, unicameral systems, and non-federal systems constitute the consensus institutions.

In a presidential system, executive power is concentrated in one person, who enjoys a strictly prescribed period without legislative confidence (Lijphart 1999: 117). Furthermore, contrary to the flexible and frequent government formation in parliamentary systems, the fixed term of the presidency characterizes the stable government formation in presidential systems. Disproportional electoral formulas, such as majority and plurality methods, systematically "advantage the larger parties and disadvantage the smaller parties" and promote two-party systems (Lijphart 1999: 167). On the contrary, federal systems and bicameral systems promote decentralization of power and representation of the constituent regions (Lijphart 1999: 187).

As noted earlier, these characteristics of majoritarian or consensual institutions are deeply related to the strength of economic voting. As the clarity of responsibility theory claims, power concentration to a president, a majority party, and central government in majoritarian systems may lower the costs of gathering information and promote economic voting. On the contrary, power dispersion in consensus institutions may affect the economic voting in the opposite direction.

Advocates of the majoritarian model insist that institutions of the consensus model are weak in providing accurate appraisal of performance. They commonly emphasize that stable government formation and power concentration help the clear identification of policy responsibility. However, it should be noted that they do not exclusively rely on the power-resource based claim. Rather, they underline the direct election of the highest executive and corresponding accountability. Shugart and Mainwaring (1997: 33) emphasize that “identifiability,” which refers to “voters’ ability to make an informed choice before elections, based on their ability to assess the likely range of postelection government,” is a prerequisite of accountability. For them, “the more straightforward the connection between the choices made by the electorate at the ballot box and the expectations to which policymakers are held, the greater the electoral accountability.” Samuels and Shugart (2003: 40, 41) also argue that “direct accountability between voters and elected officials” is one of the critical benefits of presidentialism. Therefore, the presidential system, a core component of the majoritarian systems, may provide more information about incumbent performance than the parliamentary system, thus strengthening economic voting.

There has been little doubt that the clarity of responsibility and the direct accountability in majoritarian institutions may help voters’ clear identification of responsibility. However, it is still unknown whether the majoritarian institutions strengthen economic voting. It is plausible that limited representation of minorities and lower responsiveness of ruling majorities in majoritarian institutions may discourage voters from using their ballots to discipline incumbents and weaken electoral punishing or rewarding for economic performance. As a result, these negative effects of majoritarian institutions may nullify or overwhelm the positive influence on the strength of economic voting. For example, the frequent formation of coalition government and the high level of political representation in consensual democracies make it difficult to identify the responsible targets for votes. However, the flexible responsiveness and high representativeness increases the efficacy of economic sanctioning. As many argued, consensual institutions promote two prerequisites of democratic accountability: appraisal of incumbent performance and electoral sanctioning power. The stability of democratic regime and the lack of the stalemate between an elected president and a legislature under parliamentary systems help identify the responsibility of incumbents. Furthermore, higher proportionality, decentralization of power, and responsiveness under consensual institutions make electoral sanctioning more efficient. Therefore, it may be difficult to argue that majoritarian institutions make a notable difference in the strength of economic voting.

The notion that lower democratic responsiveness and representativeness in the majoritarian system undermines the efficiency of economic sanction and the strength of voters' intention to sanction incumbents leads to a hypothesis that consensual democracy has a positive intervening effect on the strength of economic voting. A statistical test investigates the clarity of responsibility theory in a comparative, new democracy perspective.

Hypothesis $_1$: individual consensual institutions (the parliamentary system, the proportional electoral system, the bicameral system, and the federal system) promote economic voting.

Hypothesis $_2$: the higher the consensuality of government institutions, the stronger the economic voting.

6.2 Research Design

This chapter examines presidential and legislative elections in 70 countries that experienced democratic transition. Following the case selection rules of previous chapter 5, it excludes two types of elections: constitutional assembly elections and founding elections.

As the main theme of this chapter is to estimate the impact of consensual or majoritarian institutional arrangements on economic voting behavior, it uses the vote share of an incumbent party or president as a dependent variable. This research includes only one indicator of economic performance: *GDP* per capita growth rate. GDP per capita is expected to have the positive effect supported in previous chapters. Four institutional variables, parliamentary system, proportional electoral system, bicameral system, and federal system, which represent the consensus democratic institutions are included. The basic model of economic voting is as follows:

$$I_{vote\ (c)} = \beta_0 + I_{vote\ (p)}\beta_1 + GDPgrowth_{c-1}\beta_2 + Presidential_c\beta_3 + Proportional_c\ \beta_4 + Bicameral_c\ \beta_5 + Federal_c\ \beta_6 + GDPgrowth_{c-1} * Presidential_c\ \beta_7 + GDPgrowth_{c-1} * Proportional_c\ \beta_8 + GDPgrowth_{c-1} * Bicameral_c\ \beta_9 + GDPgrowth_{c-1} * Federal_c\ \beta_{10} + Asia_c\beta_{11} + LatinAmerica_c\beta_{12} + Europe_c\beta_{13} + e_c$$

I_{vote} is the vote percentage for an incumbent party or president. $_c$ denotes the year of current election. $_p$ denotes the year of previous election. β_0 is the notation of the intercept, and $\beta_{1\sim13}$ are coefficients. *e* represents the error term. *GDPgrowth* is the annual growth rate of GDP per capita. *Presidential* is a dummy variable for the presidential system (=1). *Proportional* is a dummy variable for the proportional system (=1). *Bicameral* and *Federal* are dummy variables for the bicameral system (=1) and the federal system (=1) respectively. *Asia*, *LatinAmerica*, and *Europe* are dummy variables for regions. Africa is used as the base category here. It should be also noted that the same model is used for the regression of legislative elections, presidential elections, and both legislative and presidential elections, separately.

The parliamentary system refers to a political system under which a premier has the highest executive power. The chief executive (prime minister) of the parliamentary democracy is elected by the parliament and the "terms of office are not fixed" (Shugart and Mainwaring 1997: 14). Unlike the parliamentary system, the presidential system is defined as a political system under which the "chief executive [president] is popularly elected and the terms of office of both president and assembly are fixed" (Shugart and Mainwaring 1997: 14). There are two hybrid forms of regime types including the president-parliamentarism in which a popularly elected president requires parliamentary approval and the premier-presidentialism in which presidents are elected by the parliament.

The electoral system is defined as a "method of converting votes cast by electors into seats in a legislature" (Bogdanor 1983: 1). The electoral system has been regarded as an important determinant of electoral behavior and party systems. Advocates of consensual democracy argue that the proportionality of an electoral system is positively correlated with economic voting: the more proportional an electoral system, the higher the likelihood of economic voting behavior. On the other hand, advocates for the clarity of responsibility theory argue that majoritarian electoral systems, which encourage two-party systems, promote economic voting for its positive impact on the one-party government formation.

Scholars have developed a diverse classification of electoral systems (Beck, Klarke, Keefer and Walsh 2001; Golder 2005; Lundell et al. 2003; Endersby and Krieckhaus 2004). The Database of Political Institutions classifies them into two: (1) plurality and (2) proportional representation (Beck et al. 2001). Golder (2005) classified electoral systems into four different types: majoritarian, proportional, multi-tier, and mixed electoral systems. Lundell et al. (2003) created an electoral formula with eight different categories: plurality, alternative vote, second ballot, single–non-transferable vote, single transferable vote, proportional, mixed member majoritarian, mixed-member proportional, and mixed system with single-tier districting. Contrary to such a categorical approach, Birch (2005: 287) measured electoral systems with the “proportion of single-member seats in the system.”

However, it is common that proportionality is the main criterion of classifying electoral systems. Following Endersby and Krieckhaus (2004), this research divides electoral systems for legislative elections into four categories. The plurality system includes first past the post and party bloc vote systems. The majority system includes two-round systems and alternative vote systems. The semi-proportional system includes single non-transferable vote, parallel, mixed-member proportional systems, and, finally, the proportional system includes list systems and single transferable vote systems. Plural system is used as the base category.

The bicameral system, coded as 1, should weaken economic voting because of the dispersion of policy decision-making power between lower and upper chambers. A bicameral system promotes shared responsibility of economic outcomes between two chambers (Lopez de Nava 2004b). However, it is also plausible that a bicameral system may promote economic voting by promoting empowerment of voters and governmental responsiveness. A unicameral system is coded as zero. Here, tricameral systems in Croatia (1990) and Slovenia (1990) are also coded as 1 because of power dispersion.

The federal system should reduce economic voting because of dispersion of policy responsibilities to regional governments. As Anderson (2004: 2) pointed out, the presence of multi-level authority held by sub-national institutions may undermine voters' attribution to the governing party. By focusing on the "vertical clarity" of responsibility, he found that decentralization undermines the strength of economic voting (p. 10). Federalism is defined as a system in which "neither the federal nor the constituent units of government are constitutionally subordinate to the other, each is empowered to deal directly with its citizens in the exercise of its legislative, executive, and taxing powers and each is directly elected by its citizens" (Watts 1999: 7, quoted in Anderson 2004: 5). Scholars have developed diverse measures of decentralization. For example, Anderson (2004: 5) created a combined index using four indicators including the presence of a federal constitution, the presence of elections to regional levels of government, the extent of territorial autonomy, and fiscal decentralization. In a similar vein, Jacobson (1991: 33) argued that decentralized electoral politics reduces the effect of economic conditions on election outcomes. However, it is also plausible that the higher consensuality of federal systems reduces the impact of non-economic issues on electoral choice and promotes economic voting. A federal system is coded as 1, whereas a non-federal system is coded as 0.

To examine the impact of political contexts on the strength of economic voting, scholars have developed diverse indices to measure the level of clarity of responsibility. The existing measurement of the clarity of responsibility, in general, focuses on the nature of government formation. Despite the presence of diversely developed indices using institutional and circumstantial variables, whether a president or premier's party shares the political power of economic policy decision-making with other parties has been a criterion of measuring the clarity of responsibility. The original form of the clarity of responsibility theory suggests that different types of power distributions for economic policy decision-making may affect the identification of those "who are responsible for the economic conditions," which, in turn, may affect the strength of economic voting.

Such an index, however, has hindered full development of the clarity measures, because existing indices of clarity do not incorporate diverse non-governmental factors, such as electoral systems and presidential systems. Furthermore, using such a clarity index may not show the impact of the individual effects of consensual institutions and contextual variables on economic voting beyond the stories that the clarity of responsibility theory tells us.

To examine the impact of consensual institutions on the strength of economic voting, this research uses a combined index of consensuality based on four essential institutions, parliamentary systems, proportional electoral systems, bicameral systems, and federal systems. To generate the index of consensuality, first, each individual institutional variable is recoded as a dichotomous variable. Parliamentary systems (=1) include those political systems with an indirectly elected president, whereas presidential systems incorporate any type of presidential system under which a president is directly elected. For the binary coding of electoral systems, proportional, (semi) proportional and majority systems are coded as 1, whereas the plurality system is coded as 0. Second, four institutional variables are summed to generate an *index of consensuality*. As a result, the most consensual cases have the highest value of 4, whereas the most majoritarian cases have the lowest value of 0. As the clarity of responsibility theory expects, the index of consensuality may have negative impact on the economic voting due to the dispersion of the political power.

Diverse institutional arrangements have been identified among 70 new democracies examined here. Unlike old democracies, new democracies more often adopt majoritarian systems. Table 6-1 presents political institutions in each nation as of 2002. As it shows, presidential systems are more popular than parliamentary systems. About 70 percent of them have presidential systems or presidential-parliamentarism. Among the rest, only three countries (Niger, Papua New Guinea, and Spain) have institutionalized a relatively pure parliamentary system, whereas the others have a presidency that functions in a nominal role.

[Table 6-1 Here]

Consensual electoral systems are more pervasive in new democracies. As Table 6-1 reports, more than half of the 70 countries employed proportional systems (41 %) or semi-proportional systems (29 %), whereas only 30 percent of them use majoritarian electoral systems, including plurality systems (22 %) or majority systems (8 %).

Unicameral systems have been adopted by about 60 percent of third-wave democracies. A majority of new democracies in Africa, Asia, Eastern Europe, and Southern Europe have unicameral systems, whereas bicameral systems are more popular in Latin America. Finally, only eight countries of the third wave democracies, Argentina, Brazil, Mexico, Nigeria, Pakistan, Russia, South Africa, and Spain, have installed federal systems (Griffiths et al. 2005). The new federal democracies comprise about 30 percent of the total number of federal countries (25 countries) over the globe (Griffiths et al. 2005).

6.3 Results

Tables 6-2, 6-3, and 6-4 report empirical test results that show the impact of individual institutions on the strength of economic voting. OLS regression is employed to obtain coefficients and standard errors. Note that coefficients for each dummy variable represent the estimated differences in the mean of the dependent variable (i.e., the vote share of incumbents) among types of institutions. In general, test results do not fully support either the clarity theory or the consensuality hypothesis. Only electoral systems seem to have statistically significant effects on the strength of economic voting in favor of the consensuality hypothesis.

Table 6-2 shows the influence of parliamentary systems on the strength of economic voting. Model 1 and Model 2 report test results for legislative elections. Test results for presidential elections in Model 3 and for both legislative and presidential elections in Model 4 and Model 5 follow. Model 1 and Model 4 include three institutional variables and their interaction terms with GDP per capita growth rate, whereas Model 2 and Model 5 include only one institutional variable, the parliamentary system, and its interaction term with GDP per capita growth rate. Model 3 includes president-parliamentarism and its interaction term with GDP per capita growth rate.

[Table 6-2 Here]

In Model 1, the presidential system is used as the base category. In the model, the annual growth rate of GDP per capita has a positive effect on the vote share of an incumbent. However, the three types of political systems, including the president-parliamentarism, the premier-presidentialism, and the parliamentary system, do not have any significant effect on the vote share of incumbents. Furthermore, interaction terms between those institutional variables and the annual growth rate of GDP per capita do not have any significant effect on the electoral outcomes in legislative elections. Model 2 of the table includes only the parliamentary system and its interaction term with the annual growth rate of GDP per capita. However, test results are not different from those reported in Model 1. The interaction term between the parliamentary system and the annual growth rate of GDP per capita has no significant effect on the dependent variable.

Model 3, which presents test results for presidential elections, also fails to show that voters in president-parliamentarism have any distinguished economic voting behavior compared with those in the presidential system. When both legislative and presidential elections are considered in Model 4 and Model 5, test results are similar to prior ones. In short, test results have failed to show that the variation on the dimension of parliamentary systems and presidential systems does not make any statistically significantly difference in legislative or presidential election outcomes. Test results do not corroborate the clarity of responsibility theory. See Appendix 16 for the comparison of test results using models without interaction terms.

Table 6-3 shows the influence of electoral systems on the strength of economic voting. Compared with test results reported in Table 6-2, it provides a slightly different view on the impact of consensual democratic institutions on economic voting behavior. Model 1 and Model 2 presents test results for legislative elections. Model 3 and Model 4 reports test results for presidential elections and both legislative and presidential elections respectively. The plurality system is used as the base category in Model 1, Model 3, and Model 4. Among four different types of electoral systems, the majority system, the semi-proportional system, and the proportional system and their interaction terms with the annual growth rate of GDP per capita are used as independent variables in Model 1 and Model 4. Note that two different types of electoral systems, the plurality system and the majority system, are adopted for presidential elections. Therefore, Model 3 includes only the majority system and its interaction term with GDP per capita growth rate. However, three kinds of non-proportional systems - plurality, majority, and semi-proportional systems - are used as the base category in Model 2. Therefore, the proportional system and its interaction term is included in the model.

[Table 6-3 Here]

Model 1 shows that the majority system does not have a significant effect on the vote share of incumbents in legislative elections. Its interaction term with the annual growth rate of GDP per capita is –1.65, but it has no statistically significant effect on the strength of economic voting. Test results for the semi-proportional system and the proportional system also show that electoral systems do not have any significant effect on the strength of economic voting in legislative elections. The null impact of electoral systems continues, when only the proportional system and its interaction terms are included in Model 2.

In presidential elections, however, the majoritarian electoral system strengthens economic voting, which reinforces the consensuality hypothesis. Compared to the plurality system, the majority system, which may encourage voters to cast their votes strategically based on insincere preferences in the first round of presidential elections, provide favorable electoral circumstances to economic voters. When both legislative and presidential elections are considered, the positive effect of the majority rule on the economic voting is robust. See Chapter 5 (p. 98) for the discussion on the selection of the first round election outcomes in this research.

The results here support the notion that economic voting occurs in presidential election systems with majority systems in which a runoff election can or does occur. As the results of Model 3 in Table 6-4 reveal, evidence of economic voting occurs only for presidential incumbents in majority systems. The vote share for an incumbent under a plurality electoral system is not significantly influenced by the economy. Indeed, the vote share declines insignificantly as the economy improves. However, the vote share of majority system incumbents increases significantly, by two and a quarter percent for each unit in the lagged GDP growth rate. Majority system presidential incumbents, nevertheless, are disadvantaged at the onset. They inherit a deficit of over seven percent in vote share before the influence of economic performance is factored into the equation. Lagged GDP per capita growth must improve by 3.3% (7.85/2.37) before a majority system incumbent executive receives larger vote shares than his comparable plurality system counterpart.

Analyzing economic voting in Latin America, Benton (2005: 433) shows that runoff electoral systems have a positive effect on the changes in electoral support for an incumbent party, but reduce the strength of economic voting. The results here do not contradict his finding, because Benton analyzes the election outcomes of the second round, rather than the first round. The institutional constraints of the runoff system may be different in each round.

Empirical test results fail to show that a bicameral system strengthens or dampens the strength of economic voting in new democracies. In Model 1 of the Table 6-4, the sign of the coefficient on the interaction variable, *GDP per capita growth rate * bicameral system*, is negative. However, the interaction has no significant effect on the dependent variable. In presidential elections, the sign of the coefficient on the interaction term is turns to the opposite direction, and it also has no significant effect on the dependent variable. When both types of elections are considered together, test results also fail to show any significant reduction or escalation effect of the bicameralism on the strength of economic voting.

[Table 6-4 Here]

Table 6-5 also shows that federal systems have no significant impact on the strength of economic voting in either legislative elections or presidential elections. In legislative elections the interaction term of the federal system and the annual growth rate of GDP per capita is -.86, which is on the expected direction. However, it has no statistically significant impact on the dependent variable. Contrary to prior empirical studies that show the reduction impact of federalism on the strength of economic voting, the results do not support the clarity of responsibility theory (Jacobson 1991; Anderson 2004).

[Table 6-5 Here]

So far, the present research has examined how two different sets of democratic institutions interact with the nexus between economic conditions and electoral decisions. Empirical tests to examine the impact of individual institutions on the strength of economic voting, however, failed to show robust evidence to support the consensuality hypothesis. In that case, then, does overall institutional consensuality affect voter choice based on the economic performance of incumbents?

Table 6-6 presents test results using interaction terms of the consensuality index and GDP per capita growth rate. The interaction term of the consensuality index has a significant negative effect on the vote share of an incumbent at the level of .1, which supports the clarity of responsibility theory. However, test results for presidential elections are not different from those of prior tests using individual institutional variables. The interaction term of the consensuality index has no significant effect in presidential elections. When both elections are examined, the null impact of the consensuality does not change. The results of the previous tests illustrated in Table 6-6 assume a linear relationship between the index of consensuality and incumbent vote share.

[Table 6-6 Here]

The influence of economic voting, however, may vary by the categorical level of consensuality, suggesting a non-linear relationship. Table 6-7 shows how the impact of GDP per capita growth rate on the dependent variable changes as the level of institutional consensuality increases. In legislative elections, test results do not corroborate either the clarity of responsibility hypothesis or the consensuality hypothesis. For legislative elections, the coefficient on the growth rate of GDP per capita is higher in low consensuality than moderate consensuality. The coefficient on the economic variable is

1.05 when elections were held under low consensual institutions, but it decreases to .63 in moderate consensuality. It increases to 1.05 when the consensuality is high, but this estimate is not significantly different from zero. Economic voting in parliamentary elections occurs stronger under conditions of low consensuality or, perhaps, at the extreme points of low and high consensuality. See Appendix 18 for the distribution of consensuality.

[Table 6-7 Here]

In presidential elections, test results consistently corroborate the consensuality hypothesis. The coefficient on the annual growth rate of GDP per capita is -.78 when elections were held under low consensual institutions, but it increases to .02 in moderate consensuality. The estimate increases to 1.59, and reaches significance when the consensuality is high. When both legislative and presidential elections are considered, test results also corroborate the consensuality hypothesis. The coefficient on the annual growth rate of GDP per capita increases, as the level of consensuality increases. This finding is surprising in that the positive effect of consensual institutions on the economic voting behavior is contrary to what the clarity of responsibility theory has suggested. Consensual institutions rather than the majoritarian institutions promote economic voting behavior in new democracies, even though the test results are not strong.

6.4 Conclusion

This research examines whether and how institutional arrangements affect the strength of economic voting. Developing the notion that diverse political contexts affect the public perception of the responsibility of incumbents' past economic performance and the efficacy of electoral sanctioning, this research has explored whether consensual institutions promote the strength of economic voting.

Empirical test results show that the strength of economic voting behavior does not simply rely on the concentration of the executive power awarded to incumbents. No individual component of consensual institutions, including parliamentary, proportional electoral, bicameral, and federal systems, increases economic voting. The results do not corroborate the consensuality hypothesis. The present study, however, shows that such consensual institutional arrangements believed to disperse economic policy decision making power to non-executive actors do not systematically discourage economic voting in new democracies. Rather, the higher the level of consensuality, the higher the strength of economic voting in general. Contrary to the expectation of the clarity of responsibility claim, economic voting is slightly stronger under consensual institutions than majoritarian institutions in new democracies.

Studies on electoral behavior have examined how diverse political and institutional contexts affect the strength of economic voting. However, only those that affect the evaluation of the responsibility of incumbents have gained attention from scholars, but diverse aspects of institutional constraints on electoral behavior has yet to be uncovered. Test results of this research imply that clear identification of responsibility of incumbents does not in and of itself determine the strength of economic voting. Majoritarian institutional arrangements that are believed to facilitate power concentration to ruling majorities simply do not promote economic voting. More research on the mechanism that institutions constrain voter perception and voting decision other than the clarity of responsibility theory suggests is needed for the development of studies on economic voting. This research is only a first step to examine the institutional constraints on economic voting.

Chapter 7
Conclusion

This research has examined how electorates in 70 new democracies react at the ballot box to changes in economic conditions. It analyzes an original dataset that encompasses both legislative and presidential elections over the period of 1974-2002. Chapter 4 examines economic performance under authoritarian regimes and electoral support for their successors in founding elections. Contrary to some scholars' expectations, voters are sophisticated enough to consider the past economic conditions as a criterion for voting decisions in founding elections. Economic performance under the preceding authoritarian regime promoted electoral support for the successors to authoritarian rulers in founding elections. However, economic deterioration under interim governments that initiated democratic transition did not harm electoral support for these interim governments. Economic voting is not the dominant factor in electoral outcomes, but an important one. The nature of the past authoritarian regime and the type of the interim government have a significant impact on electoral outcomes in founding elections. Economic performance of an authoritarian regime and economic conditions under an interim government have a significant negative impact on the likelihood of government alteration to democratic oppositions, but the magnitude of the effect is relatively smaller than that of political factors.

Chapter 5 examines post-founding elections in new democracies. It finds that electoral outcomes are commonly constrained by the economic performance of an incumbent. In legislative elections and presidential elections, economic growth measured with the annual growth rate of GDP per capita facilitates electoral support for incumbents.

Economic development, democracy, and democratization are related to the strength of economic voting. Economic performance has no consistent effect on the vote share of an incumbent in those new democracies where the level of economic development is less than $3,000 GDP per capita. However, voters in relative wealthier new democracies are consistently driven by the changes in the annual growth rate of GDP per capita. A higher level of democracy also provides a positive circumstance for economic voting.

Another interesting finding is that the strength of economic voting is deeply related to the consolidation of a democratic regime. Economic conditions have no consistent effect on electoral support for interim governments in founding elections. In the earlier period of post-founding elections, voters do not seem to charge the inbents with responsibility for economic conditions. Only after the second post-founding election, does the economic performance of an incumbent have a consistently significant effect on the incumbent's vote share. The timing of the normalization of economic voting, i.e., voters' sanctioning or rewarding of incumbents based on their economic performance, also reflects the non-myopic nature of voters in transitional societies. Voters do not simply ascribe the responsibility of transition costs to new democratic governments.

Chapter 6 examines how economic voting is constrained by different sets of institutional arrangements. It examines whether consensual or majoritarian institutions promote economic voting. The clarity of responsibility theory claims that power concentration to ruling majorities increases the strength of economic voting. Test results, however, show that majoritarian clarity of responsibility does not matter. No majoritarian institution has a significant, independent effect on the strength of economic voting. Rather, consensual institutions provide more positive circumstances for economic voting.

The contributions of this research are mainly in three areas. First, unlike prior research that exclusively focused on electoral behavior in Western parliamentary democracies, the present research investigates whether economic voting works in new democracies. Exploring both legislative and presidential elections in seventy new democracies, this research provides a grand view over the nexus between economics and electoral politics in the relatively unknown world for the students of economic voting. Evidence supports the presence of economic voting in founding and post-founding elections.

Second, the incorporation of legislative and presidential elections in new democracies into the analysis of economic voting improves our understanding of the dynamics of economic voting under diverse economic and political conditions. The analysis of economic voting in founding elections accounts for the feature of economic voting in the period of democratic transition. It shows that voters do not assign the responsibility of transition costs primarily to interim governments, but to authoritarian successors. The subsequent analysis of economic voting in post-founding elections also shows how voters react to the economic deterioration of the earlier period of democratic transition. It provides empirical evidence that economic voting is consistent and stronger in certain levels of economic development, democracy, and democratic experience.

Third, this research develops a model of economic voting by exploring the influence of institutional arrangements. Existing literature has focused on the institutional influence on the informational clarity of blaming targets. The institutional influence on the identification of responsible targets has an explanatory power for the analysis of economic voting. Institutional effects on voting decision are, however, much more complex than the clarity of responsibility theory suggests. Political institutions affect not only informational clarity of responsibility, but also motivational strength of electoral sanctioning for voters. Contrary to the clarity of responsibility theory, this research shows that consensual institutions, in which the higher representation and responsiveness facilitates the efficacy of electoral sanctioning, provide a better terrain for economic voting in transitional or new democracies.

Nonetheless, this research is not free from various problems of economic voting literature that arise mainly from the lack of reliable data. First, this research cannot include twenty percent of post-founding elections for the lack of reliable economic and political variables. As noted earlier, economic variables including unemployment, inflation, and GDP per capita growth are not available for a significant portion of new democracies, especially in the initial period of democratization. Likewise, frequent party formation and dissolution and personalized party politics make it difficult to identify consecutive changes in vote shares of an incumbent for both voters and researchers.

Second, the economic voting models employed here do not include various contextual variables related to attributes of incumbents, such as the ideological orientation of ruling parties, the presence of divided governments, and the number of ruling parties, for the lack of available data. The fundamental limitation of available data not only narrows research scopes but also hinders from the development of advanced models of economic voting. Some cross-national studies of economic voting that focused on Western old democracies have developed models of voting behavior based on articulated data. It is, however, difficult to find corresponding data for new democracies, which are essential for further research on the dynamics of economic voting.

Third, the present aggregated-election-data-based research has critical limitations for understanding how the actual voter perception of economic conditions affects electoral choice. As a result, various articulated hypotheses of economic voting, including the prospective voting hypothesis, the pocketbook hypothesis, the sociotropic voting hypothesis, the issue salience hypothesis, and the issue priority hypothesis, discussed earlier, cannot be tested. Despite the extensive research scope of this research, the fundamental limitation of the aggregated level analysis is clear. It cannot provide a precise explanation of the nexus between economic conditions and electoral choice based on the data of actual perception of voters. However, increasing survey-based studies encompassing multi-nations may fill the gap.

As noted earlier, young democracies are the ideal laboratory for understanding the development of economic voting on the macro-level. This research investigated economic voting in new democracies and made several findings. Economic performance under an authoritarian regime is an important factor of transitional electoral politics. Economic voting occurs in post-founding elections in new democracies. Economic development, democracy, and democratization provide positive circumstances for economic voting. Institutional influence on economic voting is not as simple as the clarity of responsibility theory suggests. Majoritarian institutions do not simply promote economic voting. As an extensive aggregate-level analysis of economic voting in new democracies, this research shows the occurrence of economic voting in new democracies and improves our understanding of the parameters and constraints of economic voting.

Table 2-1 Advanced Theories of Economic Voting

Research Questions	Theoretical Issues	Hypotheses
What kind of economic performance?	Naïve vs. Sophisticated voters	Retrospective vs. Prospective
	Selfish vs. Altruistic voters	Pocketbook vs. Sociotropic
Who is more competent/ responsible?	Asymmetric party competence determined by Left or Right parties	Issue Priority
	Asymmetric responsibility for economic conditions of incumbents	Institutional clarity
Do economic issues matter?	The presence of different sensitivity to economic conditions	Issue Salience
Is economic voting a strategic behavior?	The presence of alternative opposition party	The clarity of opposition

Table 2-2 Selected Cross-National Empirical Studies on Economic Voting

Researcher(s)	Year of Publication	Method	Countries examined	Number of elections	Temporal Domain
Paldam	1991	OLS[a]	17 OECD countries	197	1948-85
Remmer	1991	OLS	12 Latin America	21	1982-90
Powell & Whitten	1993	OLS	19 industrialized democracies	102	1969-88
Pacek	1994	OLS	3 Eastern Europe (district)	4 (49)*	1990-92
Pacek & Radcliff	1995a	LSDV[b]	17 industrialized democracies	127	1960-87
Pacek & Radcliff	1995b	LSDV	8 Less Developed Countries	51	1951-90
Wilkin et al.	1997	OLS	38 worldwide	38	1989-94
Whitten & Palmer	1999	PCSEs[c]	19 industrialized democracies	142	1969-88
Fidrmuc	2000	PCSEs	4 Eastern Europe (181 counties)	9 (442)	1992-98
Royed et al.	2000	OLS	19 industrialized democracies	104	1967-93
Chappell et al.	2000	OLS	13 European democracies	116	1960-97
Stevenson	2002	OLS	12 Western Europe	60	since 1950
Samuels	2004	OLS	23 Worldwide	178	1958-2001
Benton	2005	PCSEs	13 Latin America	39	1948-2003

[a] Ordinary Least Square.
[b] Least Squared Dependent Variable estimation method.
[c] Panel Corrected Standard Errors estimation method.

* Number of cases in parentheses

Table 3-1 Methodological Issues within the Economic Voting Literature

Issues	Approach	Strengths	Weaknesses
Data	Survey	direct measurement of voter intention	less available data
	Aggregate	more available data	indirect measurement of voter intention
	Both	incorporation of micro-, macro-level indicators	less available data
Case Selection	Stable democracies	less outliers	less cases
	Including unstable democracies	more cases	more outliers
Measurement			
Dependent Variables I	Comparative approach (changes in vote share)		less cases varying length in terms of offices
	Straight approach (vote share)	more cases	static, not dynamic
Dependent Variables II	Whole govn't parties*	complete measurement of ruling coalition	complexity for instable coalition
	Single govn't party	simplicity for stable ruling group	incomplete measurement of ruling coalition
Economic Variables	Comparative approach	controlling international influence	complexity for measurement of neighbors to compare
	Straight approach	simplicity	lack of controlling international influence
	Both	complete measurement of ruling coalition	complexity for measurement of neighbors to compare
Clarity of Responsibility	Modification of clarity indices	inclusion of core political contexts	exclusion of individual institutional effect
	New indicators of clarity	inclusion of peripheral influence	.
Model Specification	Big 3s (GDP per capita, unemployment, inflation)	individual effect of each indicators	less cases
	Minimum number of variables	more cases	no comparison of economic indicators
	Additional indicators	inclusion of peripheral influence	less cases
	Political contexts		.
Estimation Methods	OLS	Simplicity	autocorrelation problem
	PCSEs	autocorrelation problem	no simplicity non-standard lags

* (changes in) vote share of a whole ruling coalition

Table 4-1 Founding Elections and Economic Conditions in New Democracies

Nation	Year	Election Type	GDP per capita	Inflation	Vote Share of Successors	Ruler Change
Africa						
Benin	1991	presidential.	351.8	.	27.2	Yes
Burkina Faso	1978	presidential.	212.8	8.3	42.2	No
Central African Rep.	1993	presidential.	316.6	-2.9	12.1	Yes
Congo	1992	presidential.	808.9	-3.7	16.9	Yes
Ghana	1979	presidential.	391.9	54.4	0	Yes
Ghana	1992	presidential.	356.5	10.1	58.4	No
Guinea-Bissau	1994	presidential.	210.6	15.2	46.2	No
Kenya	1992	presidential.	340.9	27.3	36.6	No
Lesotho	1993	legislative.	531.2	13.1	0	Yes
Madagascar	1992	presidential.	249.8	14.6	28.6	Yes
Malawi	1994	presidential.	135.0	34.6	33.5	Yes
Mali	1992	presidential.	263.2	-6.2	0	Yes
Mozambique	1994	presidential.	143.7	63.2	53.3	No
Namibia	1989	legislative.	1997.2	15.1	0.0	Yes
Niger	1993	presidential.	209.1	-1.2	34.3	Yes
Nigeria	1979	presidential.	311.0	11.7	0	Yes
Senegal	1993	presidential.	521.6	-0.6	58.4	No
Sierra Leone	1996	presidential.	213.7	23.1	0	Yes
South Africa	1994	legislative.	3828.0	8.9	20.5	Yes
Sudan	1986	legislative.	207.5	24.5	0	Yes
Zambia	1991	presidential.	465.5	93.2	24.2	Yes
Zimbabwe	1980	legislative.	610.4	5.4	8.3	Yes
Asia						
Bangladesh	1991	legislative.	282.4	6.4	0	Yes
Indonesia	1999	legislative.	979.9	20.3	19.9	Yes
Mongolia	1993	presidential.	371.3	268.2	38.7	No
Nepal	1991	legislative.	195.6	15.6	0	Yes
Pakistan	1988	legislative.	430.1	8.8	0	Yes
Papua New Guinea	1977	legislative.	869.5	4.5	0	Yes
Philippines	1987	legislative.	1002.0	3.0	0	Yes
South Korea	1987	presidential.	6433.3	3.0	35.9	No
Taiwan	1992	legislative.	.	.	52.1	No
Thailand	1992	legislative.	2277.9	4.1	0	Yes
Europe						
Albania	1992	legislative.	563.0	226.0	25.7	Yes
Armenia	1991	presidential.	695.5	.	0	Yes
Belarus	1994	presidential.	1524.8	2221.0	4.6	Yes
Bulgaria	1992	presidential.	1487.3	91.3	30.4	Yes
Croatia	1992	presidential.	3783.0	625.0	0	Yes
Czech Rep.	1992	legislative.	4653.3	.	14.0	Yes
Estonia	1992	presidential.	2837.2	.	0	Yes
Georgia	1991	presidential.	1378.6	.	0	Yes
Greece	1974	legislative.	8825.5	26.9	0	Yes
Hungary	1990	legislative.	4857.4	29.0	10.9	Yes

Latvia	1993	legislative.	1852.8	108.8	5.8	Yes
Lithuania	1993	presidential.	2135.3	410.2	61.1	No
Macedonia	1994	presidential.	2311.0	126.6	78.4	No
Moldova	1994	legislative.	408.9	.	22.0	Yes
Poland	1990	presidential.	2604.3	555.4	9.2	Yes
Portugal	1976	presidential.	6376.9	18.2	0	Yes
Romania	1990	presidential.	1702.4	.	0	Yes
Russia	1991	presidential.	4068.0	.	0	Yes
Slovakia	1992	legislative.	3345.6	.	14.7	Yes
Slovenia	1992	presidential.	.	.	63.9	No
Spain	1977	legislative.	10759.6	24.5	0	Yes
Turkey	1983	legislative.	2071.5	31.4	0	Yes
Ukraine	1991	presidential.	1768.1	.	0	Yes
Latin America						
Argentina	1983	presidential.	6923.9	343.8	0	Yes
Bolivia	1985	presidential.	835.3	11749.6	0	Yes
Brazil	1986	legislative.	4280.5	147.1	7.8	Yes
Chile	1989	presidential.	3220.6	17.0	29.4	Yes
Dominican Rep	1978	presidential.	1324.7	3.5	41.6	Yes
Ecuador	1979	presidential.	1787.8	10.3	0.0	Yes
El Salvador	1984	presidential.	1335.5	11.5	43.4	No
Guatemala	1985	presidential.	1330.4	18.7	0	Yes
Haiti	1990	presidential.	501.7	21.3	0	Yes
Honduras	1981	presidential.	728.6	9.4	0	Yes
Mexico	1994	presidential.	3405.8	7.0	48.7	No
Nicaragua	1990	presidential.	446.3	7485.5	40.0	Yes
Panama	1989	presidential.	2381.9	0.1	0	Yes
Paraguay	1989	presidential.	1846.5	26.4	75.9	No
Peru	1980	presidential.	2569.0	59.1	0	Yes
Uruguay	1984	presidential.	4338.2	55.3	0	Yes
Average			1924.4	427.2	18.0	
Median			1324.7	18.7	7.8	
Standard Deviation			2156.3	1807.3	22.1	

Sources: Political Handbook, the Database of Political Institutions (2000), and World Development Indicators (2003).

Table 4-2 Authoritarian Regimes and Interim Governments

Authoritarian Regime Type	**Interim Governments** Authoritarian Incumbent	Reformers of Authoritarian Ruler	Independent Personnel	Opposition Party Leader	Leader of Coups
Military Regime	Ecuador, El Salvador, Peru, Turkey, Uruguay	Argentina, Nigeria	Haiti, Pakistan, Thailand	Bolivia, Greece, Spain	Ghana (1979), Guatemala, Honduras, Lesotho*, Sierra-Leone, Sudan
mean vote share***	8.7 %	0.0 %	0.0 %	0.0 %	0.0 %
Military Party Dominant	Brazil, Burkina Faso, Central African Republic, Chile, Dominican Republic, Ghana (1992), Kenya, Mozambique, Panama, South Korea	Guinea Bissau, Indonesia	Bangladesh		Mali, Paraguay, Portugal
mean vote share***	31.7 %	33.1 %	0.0 %		25.3 %
One Party Dominant (Nationalist)	Malawi, Mexico, Taiwan, Zambia			Philippines	
mean vote share***	39.6 %			0.0 %	
One Party Dominant (Socialist)	Benin, Congo, Madagascar, Nicaragua, Niger, Senegal				
mean vote share***	34.2 %				
Communist-Totalitarian	Albania, Mongolia, Russia, Poland	Hungary, Bulgaria	Romania		
mean vote share***	18.4 %	20.7 %	0.0 %		
Communist & Seceded Regime		Lithuania, Macedonia, Slovenia		Armenia, Belarus, Croatia, Czech Republic, Estonia, Georgia, Latvia, Moldova, Slovakia, Ukraine.	
mean vote share***		67.8 %		6.1%	
Others	Namibia, Papua New Guinea, South Africa**, Zimbabwe			Nepal*	
mean vote share***	7.2 %			0.0 %	

The year of transition for those countries experienced multiple democratization in parentheses.
* Monarchy, ** South Africa was a “racial discrimination regime” (Huntington 1991), *** Mean vote share of authoritarian successors.
Sources: various including Political Handbook, CIA World Factbook, and World Almanac.

Table 4-3 Electoral Support for Authoritarian Rulers in Founding Elections I

Variables	Model 1	Model 2	Model 3	Model 4
GDP per capita growth rate	**1.99**	**1.56**		
under authoritarian rule	(0.64)***	(0.58)***		
Logged inflation (+10)	1.06			
under authoritarian rule	(2.12)			
GDP per capita growth rate			**1.92**	**2.05**
in the year of founding election			(0.94)**	(0.81)**
Logged inflation (+10)			0.77	
in the year of founding election			(1.79)	
Military authoritarian regime	**-17.06**	**-17.78**	**-17.66**	**-16.40**
	(5.27)***	(4.85)***	(5.73)***	(5.39)***
Opposition initiation of	-7.76	**-10.05**	**-11.53**	**-12.93**
interim governments	(5.17)	(4.54)**	(5.51)**	(4.90)**
Democracy (Polity2)	**-1.80**	**-1.54**	**-1.55**	**-1.50**
	(0.64)***	(0.63)**	(0.74)**	(0.71)**
Polity2* GDP per capita growth	**-0.19**	**-0.18**		
under authoritarian rule	(0.09)**	(0.09)**		
Polity2* GDP per capita growth			**-0.29**	**-0.33**
in the year of founding election			(0.13)**	(0.11)***
Legislative election	-9.35	-2.89	**-11.77**	-5.79
	(6.08)	(5.09)	(6.35)*	(5.43)
Asia	-8.65	-8.43	-2.83	-5.68
	(7.69)	(6.73)	(7.91)	(7.45)
Latin America	0.45	2.32	-1.73	0.00
	(5.35)	(5.25)	(6.41)	(5.83)
Europe	-10.22	**-10.56**	2.14	-3.84
	(8.14)	(5.69)*	(7.72)	(6.53)
Constant	**39.25**	**39.76**	**39.51**	**40.32**
	(8.21)***	(4.66)***	(7.52)***	(5.25)***
R-squared	0.63	0.54	0.53	0.49
Observations	50	61	57	67

Standard errors in parentheses
* significant at 10%; ** significant at 5%; *** significant at 1%

Source: World Development Indicators, 2003.

Table 4-4 Electoral Support for Authoritarian Rulers in Founding Elections II

Variables	Model 1	Model 2	Model 3	Model 4
GDP per capita growth rate	**1.49**	**1.44**		
under authoritarian rule	(0.53)***	(0.53)***		
Logged inflation (+10)	0.50			
under authoritarian rule	(2.11)			
GDP per capita growth rate			1.75	**2.10**
in the year of founding election			(1.13)	(1.12)*
Logged inflation (+10)			-0.10	
in the year of founding election			(1.78)	
Military authoritarian regime	**-17.31**	**-17.63**	**-17.43**	**-16.29**
	(5.49)***	(5.21)***	(6.10)***	(6.00)***
Opposition initiation of	-7.11	**-9.13**	**-9.85**	**-14.56**
interim governments	(5.48)	(5.09)*	(5.67)*	(5.30)***
Democracy (Polity2)	**-1.94**	**-1.88**	**-1.79**	**-1.61**
	(0.68)***	(0.68)***	(0.75)**	(0.76)**
Polity2* GDP per capita growth	**-0.17**	-0.15		
under authoritarian rule	(0.09)*	(0.09)		
Polity2* GDP per capita growth			-0.30	**-0.33**
in the year of founding election			(0.18)	(0.18)*
Legislative election	-6.53	-3.02	-8.68	-7.40
	(6.56)	(6.15)	(6.90)	(6.48)
Asia	-7.82	-5.91	-5.10	-0.68
	(8.12)	(7.81)	(8.91)	(8.55)
Latin America	1.87	2.85	0.46	0.61
	(5.62)	(5.46)	(6.54)	(6.24)
Europe	-11.74	**-12.98**	-0.44	1.58
	(8.06)	(6.99)*	(7.94)	(7.22)
Constant	**39.30**	**40.50**	**41.28**	**40.30**
	(8.37)***	(4.89)***	(7.53)***	(5.49)***
R-squared	0.60	0.57	0.51	0.47
Observations	49	54	54	61

Standard errors in parentheses
* significant at 10%; ** significant at 5%; *** significant at 1%

Source: Penn World Table 6.1.

Table 4-5 Electoral Support for Interim Governments in Founding Elections

Variables	Model 1	Model 2
GDP per capita growth rate	1.20	0.72
in the year of founding election	(0.93)	(0.95)
Logged inflation (+10)	2.17	
in the year of founding election	(1.76)	
Military authoritarian regime	**-25.24**	**-26.98**
	(5.65)***	(6.30)***
Opposition initiation of	1.23	7.10
interim governments	(5.43)	(5.73)
Democracy (Polity2)	**-1.34**	-0.86
	(0.73)*	(0.83)
Polity2* GDP per capita growth	-0.09	-0.10
in the year of founding election	(0.12)	(0.13)
Legislative election	**-15.91**	**-17.33**
	(6.27)**	(6.35)***
Asia	0.74	0.39
	(7.81)	(8.71)
Latin America	-0.60	2.43
	(6.32)	(6.81)
Europe	**19.49**	**18.9**
	(7.62)**	(7.63)**
Constant	**33.10**	**36.44**
	(7.42)***	(6.14)***
R-squared	0.55	0.49
Observations	57	67

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 4-6 Ousting Authoritarian Rulers in Founding Elections

Variables	Model 1	Model 2	Model 3	Model 4
GDP per capita growth rate	-2.75	**-2.79**		
under authoritarian rule	(1.83)	(1.55)*		
Logged inflation (+10)	-0.45			
under authoritarian rule	(0.66)			
GDP per capita growth rate			**-0.56**	**-0.63**
in the year of founding election			(0.29)*	(0.28)**
Logged inflation (+10)			-0.06	
in the year of founding election			(0.32)	
Military authoritarian regime	-5.37	-5.05	2.26	2.12
	(4.43)	(3.52)	(1.85)	(1.87)
Opposition initiation of	16.73	17.12	2.26	**2.56**
interim governments	(13.50)	(11.84)	(1.43)	(1.39)*
Level of democracy (Polity2)	4.19	**4.21**	**0.49**	**0.50**
	(2.85)	(2.31)*	(0.18)***	(0.18)***
Polity2* GDP per capita growth	0.41	**0.42**		
under authoritarian rule	(0.27)	(0.23)*		
Polity2* GDP per capita growth			**0.08**	**0.10**
in the year of founding election			(0.04)**	(0.04)**
Asia	10.27	-6.30	-0.40	-0.59
	0.00	(4.21)	(1.45)	(1.41)
Latin America	-0.34	-0.73	0.15	-0.03
	(2.13)	(2.04)	(1.20)	(1.11)
Europe			0.03	0.26
			(1.49)	(1.36)
Constant	-20.56	**-22.18**	-1.98	**-2.15**
	(14.05)	(12.34)*	(1.47)	(1.13)*
Pseudo- R-squared	0.71	0.70	0.40	0.41
Observations	44	46	57	67

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 5-1 Economic Voting in Post-founding Elections I

	Legislative Elections			Presidential Elections			All Elections		
Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 10
Lagged incumbent vote share	**0.62**	**0.60**	**0.61**	**0.66**	**0.59**	**0.63**	**0.65**	**0.62**	**0.64**
	(0.07)***	(0.07)***	(0.07)***	(0.11)***	(0.11)***	(0.11)***	(0.05)***	(0.06)***	(0.06)***
Lagged GDP per capita growth rate	**0.87**		**0.86**	**1.03**		**0.80**	**0.92**		**0.88**
	(0.20)***		(0.21)***	(0.38)***		(0.46)*	(0.18)***		(0.20)***
Logged inflation (+10)		-0.89	0.21		**-3.97**	-2.30		**-2.12**	-0.72
		(1.02)	(1.01)		(1.51)**	(1.78)		(0.85)**	(0.88)
Asia	**-11.27**	**-9.60**	**-12.58**	-9.12	-7.37	-8.97	**-10.62**	**-9.10**	**-11.58**
	(3.67)***	(4.03)**	(3.90)***	(7.58)	(7.59)	(7.57)	(3.33)***	(3.58)**	(3.50)***
Latin America	**-9.07**	**-7.07**	**-9.52**	**-10.56**	**-8.88**	**-9.90**	**-9.59**	**-7.57**	**-9.56**
	(2.97)***	(3.19)**	(3.09)***	(4.34)**	(4.41)**	(4.40)**	(2.44)***	(2.58)***	(2.52)***
Europe	**-13.23**	**-10.85**	**-13.45**	**-11.57**	**-8.07**	**-10.45**	**-12.51**	**-10.06**	**-12.47**
	(2.94)***	(3.15)***	(3.07)***	(4.73)**	(4.85)*	(4.99)**	(2.45)***	(2.61)***	(2.58)***
Constant	**17.51**	**21.02**	**17.40**	**15.78**	**32.42**	**24.62**	**16.14**	**24.54**	**19.15**
	(4.20)***	(5.25)***	(5.07)***	(6.81)**	(7.94)***	(9.06)***	(3.42)***	(4.25)***	(4.27)***
R-squared	0.52	0.45	0.51	0.37	0.35	0.37	0.47	0.42	0.46
Observations	168	163	163	99	98	98	267	261	261

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 5-2 Determinants of the Strength of Economic Voting

	Legislative Elections			Presidential Elections			All Elections		
Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
Lagged incumbent vote share (%)	**0.63**	**0.65**	**0.63**	**0.41**	**0.40**	**0.43**	**0.60**	**0.58**	**0.61**
	(0.07)***	(0.07)***	(0.08)***	(0.11)***	(0.12)***	(0.12)***	(0.06)***	(0.06)***	(0.06)***
Lagged GDP per capita growth rate	1.33		0.75	**-4.71**		**-6.01**	-0.14		-1.01
(1995 USD)	(1.06)		(1.15)	(2.33)**		(2.39)**	(0.92)		(1.00)
Logged inflation (+10)		**-15.20**	**-12.77**		-15.36	**-22.67**		**-14.06**	**-15.36**
		(6.93)**	(7.34)*		(12.11)	(12.11)*		(5.57)**	(5.95)**
Economic development	**4.45**	1.68	6.37	**-6.16**	-1.64	-13.43	0.31	-3.03	-4.58
(1=low, 2=moderate, 3=high)	(2.06)**	(6.79)	(7.51)	(3.18)*	(11.05)	(11.47)	(1.77)	(5.49)	(6.04)
Level of democracy	0.09	-1.35	-0.64	**-3.10**	**-5.33**	-3.46	**-1.07**	-1.7	-1.25
	(0.65)	(2.10)	(2.13)	(0.90)***	(3.08)*	(3.24)	(0.53)**	(1.58)	(1.61)
Number of elections	-0.26	**-6.03**	**-8.56**	-2.57	0.29	-13.37	-0.12	-3.83	**-6.58**
	(0.69)	(3.21)*	(3.48)**	(1.73)	(7.38)	(8.83)	(0.66)	(2.33)	(2.61)**
Globalization	0.01	-0.08	-0.05	0.02	-0.34	-0.3	0.02	-0.13	-0.14
(trade/GDP, %)	(0.04)	(0.10)	(0.11)	(0.08)	(0.23)	(0.24)	(0.04)	(0.09)	(0.10)
Lagged GDP per capita growth *	-0.18		-0.41	**1.94**		**1.86**	**0.64**		0.47
Economic development	(0.39)		(0.42)	(0.60)***		(0.66)***	(0.34)*		(0.36)
Logged inflation (+10)*		0.94	-0.16		0.74	2.69		2.02	2.00
Economic development		(2.17)	(2.24)		(3.48)	(3.54)		(1.74)	(1.81)
Lagged GDP per capita growth *	-0.15		-0.10	0.04		0.02	-0.12		-0.11
Level of democracy	(0.12)		(0.12)	(0.15)		(0.16)	(0.09)		(0.09)
Logged inflation (+10)*		0.19	0.09		0.67	0.08		-0.01	-0.03
Level of democracy		(0.61)	(0.61)		(0.87)	(0.89)		(0.45)	(0.45)
Lagged GDP per capita growth *	0.23		**0.37**	**0.99**		**1.23**	0.22		**0.38**
Number of elections	(0.16)		(0.17)**	(0.42)**		(0.47)**	(0.15)		(0.16)**
Logged inflation (+10)*		**2.09**	**2.67**		-0.31	3.13		**1.28**	**1.97**
Number of elections		(1.05)**	(1.10)**		(2.27)	(2.57)		(0.75)*	(0.80)**
Lagged GDP per capita growth *	0.00		0.00	-0.01		-0.01	-0.01		0.00
Globalization	(0.01)		(0.01)	(0.02)		(0.02)	(0.01)		(0.01)
Lagged inflation (logged)*		0.03	0.02		0.09	0.09		0.04	0.04
Globalization		(0.03)	(0.03)		(0.06)	(0.06)		(0.03)	(0.03)

Lagged government finance	-0.08	-0.05	0.01	0.32	0.14	0.30	0.01	-0.05	0.03
	(0.22)	(0.23)	(0.23)	(0.40)	(0.42)	(0.42)	(0.20)	(0.21)	(0.21)
Asia	**-11.02**	-6.83	**-8.72**	-1.74	1.87	2.33	**-7.61**	-4.45	-5.31
	(4.32)**	(4.36)	(4.38)**	(9.09)	(9.48)	(9.21)	(4.02)*	(4.04)	(4.05)
Latin America	**-12.96**	**-8.62**	**-10.12**	-2.38	-1.57	-0.22	**-8.24**	**-5.70**	**-6.09**
	(3.74)***	(3.84)**	(3.87)***	(5.37)	(5.56)	(5.41)	(3.11)***	(3.14)*	(3.16)*
Europe	**-18.74**	**-13.29**	**-16.23**	-3.61	-0.15	1.17	**-11.44**	**-8.27**	**-8.92**
	(3.99)***	(4.13)***	(4.27)***	(6.14)	(6.81)	(6.69)	(3.34)***	(3.53)**	(3.61)**
Constant	**12.16**	**60.34**	**50.68**	**54.73**	**96.14**	**129.38**	**23.57**	**68.10**	**71.76**
	(6.70)*	(20.71)***	(23.06)**	(12.83)***	(37.52)**	(39.04)***	(6.08)***	(16.83)***	(19.02)***
R-squared	0.57	0.57	0.60	0.50	0.45	0.54	0.49	0.49	0.51
Observations	155	154	154	98	97	97	253	251	251

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 5-3 Economic Development and Economic Voting

	Variables	Legislative Elections			Presidential Elections			All Elections		
		Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
Between $1 and and $1000 (Low)	Lagged GDP per capita	**0.90**		**0.91**	-0.48		-1.00	0.42		0.45
	growth rate	(0.35)**		(0.36)**	(0.72)		(0.83)	(0.33)		(0.36)
	Logged inflation (+10)		-1.66	-1.13		-7.92	**-10.21**		-3.20	-2.67
			(2.77)	(2.62)		(5.40)	(5.69)*		(2.52)	(2.55)
	R-squared	0.56	0.49	0.55	0.33	0.34	0.37	0.44	0.43	0.44
	Observations	52	51	51	41	40	40	93	91	91
Between $ 1001 and $3000 (Middle)	Lagged GDP per capita	**0.62**		0.51	0.92		1.15	**0.81**		**0.86**
	growth rate	(0.29)**		(0.35)	(0.58)		(0.91)	(0.29)***		(0.37)**
	Logged inflation (+10)		-2.55	-1.08		-2.16	1.16		-2.05	0.37
			(1.59)	(1.87)		(2.30)	(3.47)		(1.38)	(1.70)
	R-squared	0.68	0.66	0.68	0.27	0.23	0.27	0.46	0.42	0.46
	Observations	46	46	46	34	34	34	80	80	80
More than $ 3000 (High)	Lagged GDP per capita	**1.12**		**1.1**	**2.58**		**2.25**	**1.32**		**1.21**
	growth rate	(0.36)***		(0.39)***	(1.09)**		(1.16)*	(0.38)***		(0.41)***
	Logged inflation (+10)		0.63	1.76		-4.53	-2.59		-0.93	0.21
			(1.23)	(1.22)		(3.06)	(3.04)		(1.23)	(1.24)
	R-squared	0.62	0.58	0.63	0.39	0.29	0.41	0.51	0.45	0.50
	Observations	68	64	64	25	25	25	93	89	89

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Estimates for previous vote share of an incumbent, and of dummy variables for Asia, Europe, and Latin America, are omitted.

Table 5-4 Democracy and Economic Voting

	Variables	Legislative Elections			Presidential Elections			All Elections		
		Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
Less than 7 (Low)	Lagged GDP per capita growth rate	0.74		0.40	0.45		0.47	0.59		0.52
		(0.44)		(0.48)	(0.62)		(0.83)	(0.36)		(0.44)
	Logged inflation (+10)		**-6.66**	-5.43		-2.32	-0.93		-3.20	-1.66
			(3.00)**	(3.34)		(3.06)	(3.93)		(2.06)	(2.43)
	R-squared	0.47	0.49	0.50	0.16	0.15	0.16	0.30	0.29	0.30
	Observations	44	44	44	39	38	38	83	82	82
Between 7 and 8 (Middle)	Lagged GDP per capita growth rate	**0.61**		**0.67**	0.49		-0.1	**0.58**		0.35
		(0.31)*		(0.37)*	(0.57)		(0.64)	(0.28)**		(0.33)
	Logged inflation (+10)		-0.42	0.84		**-4.22**	**-4.4**		**-2.08**	-1.43
			(1.20)	(1.37)		(2.05)**	(2.40)*		(1.04)**	(1.21)
	R-squared	0.57	0.53	0.55	0.37	0.43	0.43	0.48	0.47	0.48
	Observations	63	60	60	35	35	35	98	95	95
More than 8 (High)	Lagged GDP per capita growth rate	**0.94**		**1.15**	0.79		0.55	**0.86**		**0.89**
		(0.30)***		(0.35)***	(1.73)		(1.78)	(0.33)**		(0.36)**
	Logged inflation (+10)		-2.16	-1.50		-5.79	-5.41		-3.15	-3.06
			(3.10)	(2.84)		(6.79)	(7.06)		(2.76)	(2.68)
	R-squared	0.52	0.37	0.49	0.31	0.33	0.33	0.41	0.35	0.40
	Observations	59	57	57	26	26	26	85	83	83

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Estimates for previous vote share of an incumbent, and of dummy variables for Asia, Europe, and Latin America, are omitted.

Table 5-5 Democratic Consolidation and Economic Voting

	Variables	Legislative Elections			Presidential Elections			All Elections		
		Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
1st or 2nd elections (Low)	Lagged GDP per capita growth rate	**0.76**		**0.77**	-0.20		-0.63	0.46		0.38
		(0.28)**		(0.30)**	(0.60)		(0.69)	(0.31)		(0.33)
	Logged inflation (+10)		-3.8	-2.60		-3.23	-4.51		**-3.11**	-2.41
			(2.67)	(2.53)		(2.44)	(2.82)		(1.76)*	(1.86)
	R-squared	0.64	0.58	0.65	0.21	0.22	0.24	0.35	0.34	0.35
	Observations	42	40	40	43	42	42	85	82	82
3rd elections (Middle)	Lagged GDP per capita growth rate	**1.40**		**1.28**	**1.52**		0.49	**1.39**		**0.90**
		(0.63)**		(0.70)*	(0.58)**		(0.75)	(0.41)***		(0.44)**
	Logged inflation (+10)		-2.99	-3.04		**-7.64**	**-6.27**		**-5.68**	**-4.45**
			(2.40)	(2.33)		(2.24)***	(3.10)*		(1.58)***	(1.66)***
	R-squared	0.60	0.56	0.60	0.59	0.64	0.65	0.59	0.60	0.62
	Observations	45	43	43	31	31	31	76	74	74
4th or above elections (High)	Lagged GDP per capita growth rate	**0.79**		**0.99**	**3.90**		**3.89**	**0.98**		**1.18**
		(0.28)***		(0.33)***	(1.26)***		(1.30)***	(0.30)***		(0.34)***
	Logged inflation (+10)		-0.44	1.93		-3.15	-0.16		-0.51	2.19
			(1.39)	(1.53)		(8.91)	(7.61)		(1.50)	(1.62)
	R-squared	0.49	0.44	0.50	0.58	0.38	0.58	0.47	0.42	0.48
	Observations	79	78	78	26	26	26	105	104	104

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Estimates for previous vote share of an incumbent, and of dummy variables for Asia, Europe, and Latin America, are omitted.

Table 6-1 Institutional Arrangements in New Democracies

Nations	Political Systems	Electoral Systems: (Legislative)	Electoral Systems: (Presidential)	Bicameral Systems**	Federal Systems
Africa					
Benin	presidential	proportional	TRS	-	-
Burkina Faso	presidential-parliamentarism	proportional	TRS	yes	-
Central African Rep.	presidential-parliamentarism	majority	TRS	-	-
Congo Brazzaville	presidential	majority	TRS	-	-
Ghana	presidential	plurality	TRS	-	-
Guinea-Bissau	presidential	proportional	TRS	-	-
Kenya	presidential	plurality	TRS	-	-
Lesotho	parliamentary*	semi-proportional	-	yes	-
Madagascar	presidential-parliamentarism	semi-proportional	TRS	-	-
Malawi	presidential	plurality	FPTP	-	-
Mali	presidential-parliamentarism	majority	TRS	-	-
Mozambique	presidential	proportional	TRS	-	-
Namibia	presidential	proportional	TRS	-	-
Niger	parliamentary	semi-proportional	TRS	-	-
Nigeria	presidential	plurality	TRS	yes	yes
Senegal	presidential	semi-proportional	TRS	-	-
Sierra Leone	presidential	plurality	TRS	-	-
South Africa	presidential-parliamentarism	proportional	-	yes	yes
Sudan	presidential	plurality	TRS	-	-
Zambia	presidential	plurality	FPTP	-	-
Zimbabwe	presidential	plurality	TRS	-	-
Asia					
Bangladesh	premier-parliamentarism	plurality	-	-	-
Indonesia	premier-parliamentarism	proportional	TRS	-	-
Mongolia	presidential-parliamentarism	plurality	TRS	yes	-
Nepal	monarchy	plurality	-	yes	-
Pakistan	premier-parliamentarism	plurality	-	yes	yes
Papua New Guinea	parliamentary	plurality	-	-	-
Philippines	presidential	plurality	FPTP	yes	-
South Korea	presidential	semi-proportional	FPTP	-	-
Taiwan	presidential	semi-proportional	FPTP	-	-
Thailand	parliamentary*	plurality	-	yes	-
Turkey	premier-parliamentarism	proportional	-	-	-
Eastern Europe					
Albania	premier-parliamentarism	majority	-	-	-
Armenia	presidential	semi-proportional	TRS	-	-
Belarus	presidential	majority	TRS	yes	-
Bulgaria	presidential-parliamentarism	proportional	TRS	-	-
Croatia	presidential-parliamentarism	semi-proportional	TRS	yes	-
Czech Rep.	premier-parliamentarism	proportional	-	yes	-
Estonia	premier-parliamentarism	proportional	-	-	-
Georgia	presidential	semi-proportional	TRS	-	-
Hungary	premier-parliamentarism	semi-proportional	-	-	-

Latvia	premier-parliamentarism	proportional	-	-	-
Lithuania	presidential-parliamentarism	semi-proportional	TRS	-	-
Macedonia	presidential-parliamentarism	semi-proportional	TRS	-	-
Moldova	premier-parliamentarism	proportional	-	-	-
Poland	presidential-parliamentarism	proportional	TRS	yes	-
Romania	presidential	proportional	TRS	yes	-
Russia	presidential	semi-proportional	TRS	yes	yes
Slovakia	presidential-parliamentarism	proportional	TRS	-	-
Slovenia	presidential-parliamentarism	proportional	TRS	-	-
Ukraine	presidential	plurality	TRS	-	-
Latin America					
Argentina	presidential	proportional	TRS	yes	yes
Bolivia	presidential	semi-proportional	TRS	yes	-
Brazil	presidential	proportional	TRS	yes	yes
Chile	presidential	proportional	TRS	yes	-
Dominican Rep	presidential	proportional	TRS	yes	-
Ecuador	presidential	proportional	TRS	-	-
El Salvador	presidential	proportional	TRS	-	-
Guatemala	presidential	semi-proportional	TRS	-	-
Haiti	presidential	majority	TRS	yes	-
Honduras	presidential	semi-proportional	FPTP	-	-
Mexico	presidential	semi-proportional	FPTP	yes	yes
Nicaragua	presidential	proportional	TRS	-	-
Panama	presidential	plurality	FPTP	-	-
Paraguay	presidential	proportional	FPTP	yes	-
Peru	presidential	proportional	TRS	-	-
Uruguay	presidential	proportional	TRS	yes	-
Southern Europe					
Greece	premier-parliamentarism	proportional	-	-	-
Portugal	presidential-parliamentarism	proportional	TRS	-	-
Spain	parliamentary	proportional	-	yes	yes

Political institutions in 2002

* monarchy

** tricameral systems in Croatia (1990) and Slovenia (1990).

Table 6-2 Parliamentary Systems and Economic Voting

Variables	Legislative Elections		Presidential Elections	All Elections	
	Model 1	Model 2	Model 3	Model 4	Model 5
Lagged incumbent vote share	**0.66**	**0.64**	**0.62**	**0.64**	**0.65**
	(0.07)***	(0.07)***	(0.11)***	(0.06)***	(0.05)***
Lagged GDP per capita growth	**0.95**	**0.82**	0.58	**0.81**	**0.79**
	(0.24)***	(0.19)***	(0.42)	(0.22)***	(0.19)***
president-parliamentarism	0.10		-11.62	-3.78	
	(3.79)		(7.53)	(3.37)	
premier-presidentialism	0.54			-1.79	
	(3.70)			(3.70)	
parliamentary system	1.27	1.30		-0.98	0.56
	(4.53)	(3.93)		(4.98)	(4.66)
Lagged GDP per capita growth * president-parliamentarism	0.44		2.75	0.92	
	(0.68)		(1.85)	(0.69)	
Lagged GDP per capita growth * premier-presidentialism	-0.64			-0.49	
	(0.47)			(0.53)	
Lagged GDP per capita growth * parliamentary system	0.08	0.22		0.22	0.25
	(1.03)	(1.02)		(1.22)	(1.22)
Asia	**-8.64**	**-8.93**	-7.63	**-8.56**	**-9.28**
	(3.98)**	(3.78)**	(8.25)	(3.70)**	(3.62)**
Latin America	**-8.45**	**-8.28**	**-11.98**	**-9.78**	**-9.17**
	(2.91)***	(2.81)***	(4.73)**	(2.55)***	(2.48)***
Europe	**-12.38**	**-12.7**	**-13.52**	**-11.64**	**-12.76**
	(3.52)***	(2.78)***	(5.83)**	(2.96)***	(2.51)***
Constant	**15.1**	**15.68**	**20.88**	**17.38**	**16.53**
	(4.08)***	(4.01)***	(7.08)***	(3.59)***	(3.47)***
R-squared	0.56	0.55	0.32	0.47	0.46
Observations	163	163	100	263	263

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

_ a binary coding scheme is used : parliamentary systems include both parliamentary and premier-presidential systems.

Table 6-3 Electoral Systems and Economic Voting

Variables	Legislative Elections		Presidential Elections	All Elections
	Model 1	Model 2	Model 3	Model 4
lagged incumbent vote share	**0.69**	**0.67**	**0.52**	**0.64**
	(0.07)***	(0.07)***	(0.11)***	(0.06)***
lagged GDP per capita growth	0.49	0.54	-1.19	-0.27
	(0.59)	(0.37)	(0.87)	(0.49)
majority system	9.58		**-7.85**	-4.24
	(8.60)		(4.27)*	(2.85)
semi-proportional system	-2.70			-5.93
	(4.32)			(3.93)
proportional system	-0.22	1.20		-3.47
	(3.80)	(2.47)		(2.89)
lagged GDP per capita growth *	-1.65		**2.37**	**1.49**
majority system	(4.74)		(0.96)**	(0.59)**
lagged GDP per capita growth *	0.20			1.04
semi-proportional system	(0.76)			(0.74)
lagged GDP per capita growth *	0.46	0.41		**1.19**
proportional system	(0.64)	(0.44)		(0.55)**
Asia	-6.08	**-7.02**	-8.62	**-8.46**
	(4.29)	(3.94)*	(8.87)	(3.94)**
Latin America	**-7.10**	**-8.95**	**-10.73**	**-8.48**
	(3.43)**	(3.02)***	(4.51)**	(2.49)***
Europe	**-11.08**	**-12.98**	**-10.43**	**-11.74**
	(3.43)***	(3.03)***	(5.08)**	(2.64)***
Constant	**13.36**	**14.41**	**28.83**	**19.52**
	(4.87)***	(4.11)***	(8.04)***	(4.07)***
R-squared	0.56	0.55	0.36	0.48
Observations	163	163	100	263

Robust standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 6-4 Bicameralism and Economic Voting

Variables	Legislative Elections Model 1	Presidential Elections Model 2	All Elections Model 3
lagged incumbent vote share	**0.64**	**0.60**	**0.64**
	(0.06)***	(0.11)***	(0.05)***
lagged GDP per capita growth	**0.97**	0.51	**0.85**
	(0.22)***	(0.55)	(0.23)***
bicameral system	2.48	-2.98	0.44
	(2.09)	(3.97)	(1.96)
lagged GDP per capita growth *	-0.43	0.26	-0.18
bicameral system	(0.40)	(0.79)	(0.38)
Asia	**-9.13**	-8.95	**-9.31**
	(3.73)**	(8.32)	(3.61)**
Latin America	**-9.00**	**-9.84**	**-9.30**
	(2.87)***	(4.83)**	(2.55)***
Europe	**-12.62**	**-11.70**	**-12.76**
	(2.76)***	(5.19)**	(2.50)***
Constant	**15.15**	**21.34**	**16.48**
	(4.00)***	(7.30)***	(3.48)***
R-squared	0.55	0.31	0.46
Observations	163	100	263

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 6-5 Federalism and Economic Voting

Variables	Legislative Elections Model 1	Presidential Elections Model 2	All Elections Model 3
lagged incumbent vote share	**0.65**	**0.61**	**0.65**
	(0.06)***	(0.11)***	(0.05)***
lagged GDP per capita growth	**0.88**	0.67	**0.83**
	(0.19)***	(0.42)	(0.19)***
federal system	4.11	-2.96	1.54
	(2.89)	(6.12)	(2.81)
lagged GDP per capita growth * federal system	-0.86	-0.03	-0.56
	(0.74)	(1.90)	(0.76)
Asia	**-8.44**	-10.08	**-9.11**
	(3.71)**	(8.25)	(3.58)**
Latin America	**-8.54**	**-10.55**	**-9.15**
	(2.82)***	(4.72)**	(2.49)***
Europe	**-12.44**	**-12.19**	**-12.67**
	(2.76)***	(5.20)**	(2.50)***
Constant	**15.08**	**20.27**	**16.26**
	(3.97)***	(7.24)***	(3.45)***
R-squared	0.56	0.30	0.46
Observations	163	100	263

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 6-6 Institutional Consensuality and Economic Voting I

Variables	Legislative Elections	Presidential Elections	All Elections
lagged incumbent vote share	**0.65**	**0.56**	**0.64**
	(0.06)***	(0.11)***	(0.05)***
lagged GDP per capita growth	**1.62**	-0.51	**0.76**
	(0.45)***	(0.81)	(0.41)*
Consensuality	1.64	**-4.11**	-0.73
	(1.17)	(2.32)*	(1.10)
Consensuality *	**-0.51**	0.87	0.02
lagged GDP per capita growth	(0.26)*	(0.53)	(0.25)
Asia	**-9.49**	-9.12	**-9.22**
	(3.71)**	(8.29)	(3.59)**
Latin America	**-9.47**	**-9.62**	**-8.84**
	(2.90)***	(4.61)**	(2.53)***
Europe	**-13.38**	**-10.62**	**-12.28**
	(2.87)***	(5.11)**	(2.57)***
Constant	**13.72**	**27.08**	**17.68**
	(4.18)***	(7.78)***	(3.82)***
R-squared	0.56	0.34	0.46
Observations	163	100	263

Robust standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 6-7 Institutional Consensuality and Economic Voting II

Variables	Legislative Elections			Presidential Elections			All Elections		
	Low Consensuality (0-1)	Moderate Consensuality (2)	High Consensuality (3-4)	Low Consensuality (0)	Moderate Consensuality (1)	High Consensuality (2-4)	Low Consensuality (0-1)	Moderate Consensuality (2)	High Consensuality (3-4)
Lagged incumbent vote share	**0.58**	**0.75**	**0.45**	0.24	**0.44**	**0.72**	**0.58**	**0.74**	**0.54**
	(0.09)***	(0.10)***	(0.20)**	(0.32)	(0.16)***	(0.18)***	(0.07)***	(0.09)***	(0.15)***
Lagged GDP per capita growth	**1.05**	**0.63**	1.05	-0.78	0.02	**1.59**	**0.69**	**0.86**	**1.18**
	(0.27)***	(0.28)**	(0.64)	(1.12)	(0.63)	(0.52)***	(0.27)**	(0.27)***	(0.53)**
Asia	-4.31	**-19.67**	**-31.67**	6.41	**-21.66**	0.00	-6.46	-14.01	**-31.33**
	(4.35)	(7.91)**	(10.13)***	(9.86)	(12.37)*	0.00	(4.22)	(8.64)	(9.49)***
Latin America	-3.90	**-19.40**	**-17.06**	1.88	-11.20	-12.53	-4.30	**-16.46**	**-16.49**
	(3.99)	(5.23)***	(7.51)**	(7.23)	(7.04)	(7.60)	(3.38)	(4.75)***	(6.34)**
Europe	**-10.38**	**-22.63**	**-15.11**	22.07	**-19.80**	-5.40	**-11.92**	**-15.79**	**-14.93**
	(3.88)***	(5.05)***	(7.73)*	(12.59)	(7.51)**	(8.13)	(3.48)***	(4.67)***	(6.90)**
Constant	**15.64**	**21.48**	**29.67**	31.51	**35.27**	8.16	**18.89**	**15.28**	**25.45**
	(5.30)***	(6.40)***	(13.25)**	(18.18)	(10.21)***	(11.58)	(4.58)***	(5.96)**	(11.28)**
R-squared	0.53	0.65	0.68	0.61	0.26	0.54	0.37	0.51	0.72
Observations	76	61	28	17	50	33	143	87	35

Standard errors in parentheses
* significant at 10%; ** significant at 5%; *** significant at 1%

Figure 2-1 Traditional Retrospective Voting Model

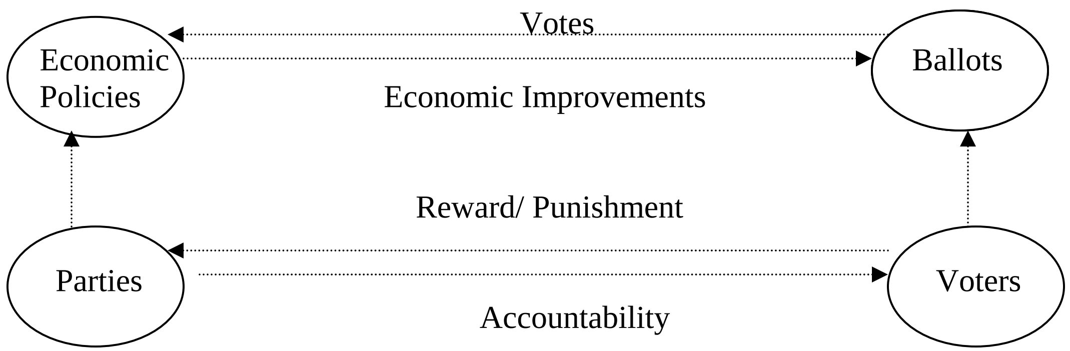
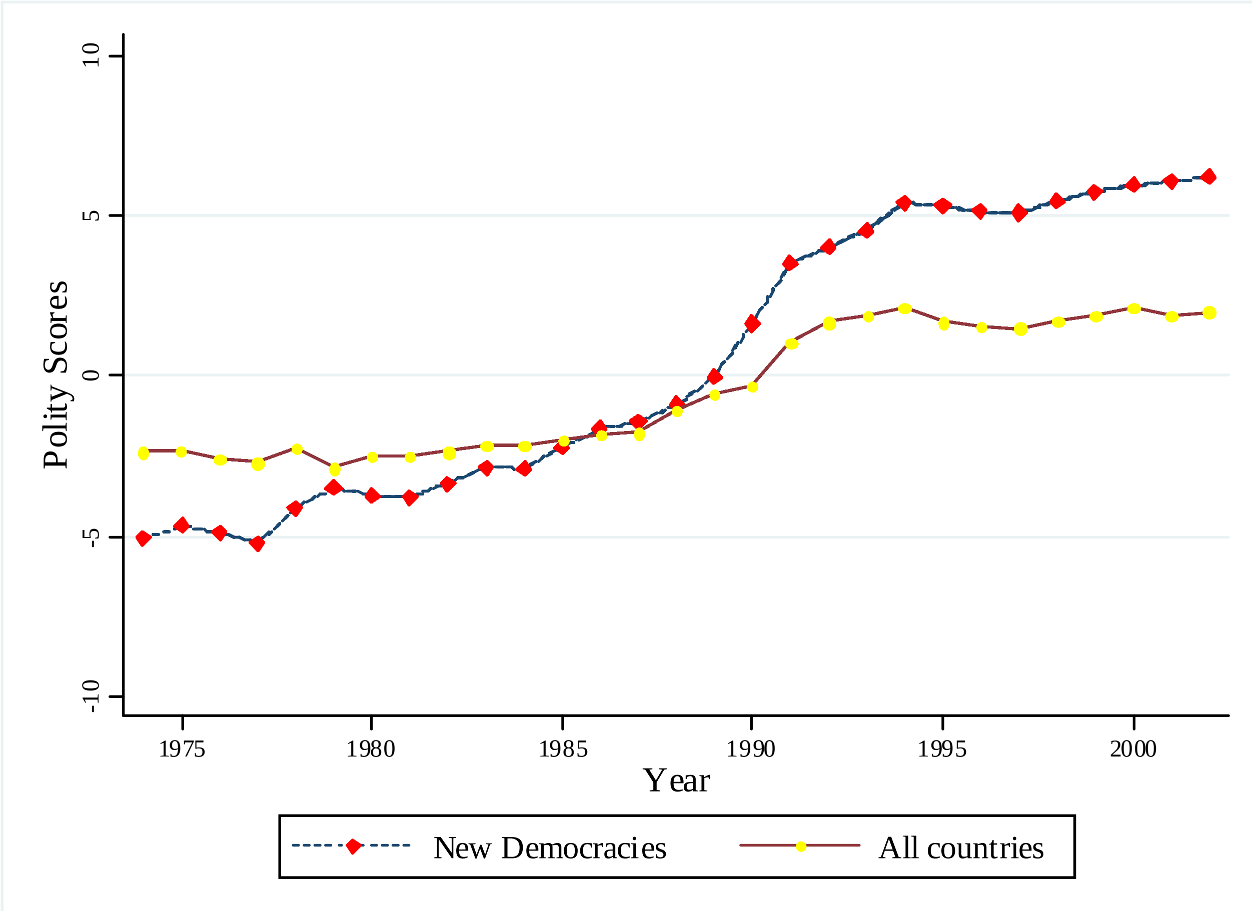


Figure 3-1 Average Level of Democracy Across Time



Source: Polity IV (Marshall and Jaggers, 2004; http://www.cidcm.umd.edu/inscr/polity/)

Figure 6-1 Causal Chains of the Clarity of Responsibility Theory

Institutional Arrangements →

Power Resources of Government →

Clarity of Responsibility →

Economic Voting (Ascription of Responsibility)

Appendix 1 Elections in 70 New Democracies (1974-2002)

Country	Legislative Elections	Presidential Elections
Albania	1991, 1992, 1996, 1997, 2001	no
Argentina	1983, 1985, 1987, 1989, 1991, 1993, 1995, 1997, 1999, 2001	1983, 1989, 1995, 1999
Armenia	1995, 1999	1991, 1996, 1998
Bangladesh	1991, 1996, 2001	no
Belarus	1995, 2000	1994, 1995, 2001
Benin	1991, 1995, 1999	1991, 1996, 2001,
Bolivia	1985, 1989, 1993, 1997, 2002	1985, 1989, 1993, 1997, 2002
Brazil	1982, 1986, 1990, 1994, 1998, 2002	1989, 1994, 1998, 2002
Bulgaria	1990, 1991, 1994, 1997, 2001	1992, 1996, 2001
Burkina Faso	1992, 1997, 2002	1991, 1998
Central African Republic	1993, 1998	1993, 1999
Chile	1989, 1993, 1997, 2001	1989, 1993, 1999
Congo Brazzaville	1992, 1993, 2002	1992, 2002
Croatia	1990, 1992, 1995, 2000	1992, 1997, 2000
Czech Republic	1990, 1992, 1996, 1998, 2002	no
Dominican Republic	1986, 1990, 1994, 1996, 1998, 2000, 2002	1978, 1982, 1986, 1990, 1994, 1996, 2000
Ecuador	1979, 1984, 1986, 1988, 1992, 1994, 1996, 1998, 2002	1979, 1984, 1988, 1992, 1996, 1998, 2002
El Salvador	1985, 1988, 1991, 1994, 1997, 2000	1984, 1989, 1994, 1999
Estonia	1990, 1992, 1995, 1999	1992
Georgia	1990, 1992, 1995, 1999	1991, 1995, 2000
Ghana	1979, 1992, 1996, 2000	1979, 1992, 1996, 2000
Greece	1974, 1977, 1981, 1985, 1989, 1990, 1993, 1996, 2000	no
Guatemala	1985, 1990, 1995, 1999	1985, 1990, 1995, 1999
Guinea-Bissau	1994, 1999	1994, 2000
Haiti	1990, 1995, 2000	1988, 1990, 1995, 2000
Honduras	1980, 1981, 1985, 1989, 1993, 1997, 2001	1981, 1985, 1989, 1993, 1997, 2001
Hungary	1990, 1994, 1998, 2002	no
Indonesia	1999	1999
Kenya	1992, 1997, 2002	1992, 1997, 2002
Korea South	1988, 1992, 1996, 2000	1987, 1992, 1997, 2002
Latvia	1990, 1993, 1995, 1998, 2002	no
Lesotho	1993, 1998, 2002	no
Lithuania	1990, 1992, 1996, 2000	1993, 1997
Macedonia	1990, 1994, 1998, 2002	1994, 1999

Madagascar	1993, 1998, 2002	1992, 1996, 2001
Malawi	1994, 1999	1994, 1999
Mali	1992, 1997, 2002	1992, 1997, 2002
Mexico	1994, 1997, 2000	1994, 2000
Moldova	1990, 1994, 1998, 2001	1991, 1996
Mongolia	1990, 1992, 1996, 2000	1993, 1997, 2001
Mozambique	1994, 1999	1994, 1999
Namibia	1989, 1994, 1999	1994, 1999
Nepal	1991, 1994, 1997, 1999	no
Nicaragua	1990, 1996, 2001	1990, 1996, 2001
Niger	1993, 1995, 1996	1993, 1996, 1999
Nigeria	1999	1999
Pakistan	1988, 1990, 1993, 1997,2002	no
Panama	1994, 1999	1994, 1999
Papua New Guinea	1977, 1982, 1987, 1992, 1997, 2002	no
Paraguay	1989, 1993, 1998	1989, 1993, 1998
Peru	1978, 1980, 1985, 1990, 1992, 1995, 2000, 2001	1980, 1985, 1990, 1995, 2000, 2001
Philippines	1987, 1992, 1995, 1998, 2001	1992, 1998
Poland	1989, 1991, 1993, 1997, 2001	1990, 1995, 2000
Portugal	1975, 1976, 1979, 1980, 1983, 1985, 1987, 1991, 1995, 1999, 2002	1976, 1980, 1986, 1991, 1996, 2001
Romania	1990, 1992, 1996, 2000	1990, 1992, 1996, 2000
Russia	1993, 1995, 1999	1991, 1996, 2000
Senegal	1978, 1983, 1988, 1993, 1996, 1998, 2001	1978, 1983, 1988, 1993, 1996, 2000
Sierra Leone	1996, 2002	1996, 2002
Slovak Republic	1990, 1992, 1994, 1998, 2002	1999
Slovenia	1990, 1992, 1996, 2000	1990, 1992, 1997, 2002
South Africa	1994, 1999	no
Spain	1977, 1979, 1982, 1986, 1989, 1993, 1996, 2000	no
Sudan	1986, 1996, 2000	1996, 2000
Taiwan	1992, 1995, 1996, 1998, 2001	1996, 2000
Thailand	1992, 1995, 1996, 2001	no
Turkey	1983, 1987, 1991, 1995, 1999, 2002	no
Ukraine	1991, 1994, 1995, 1998, 2002	1991, 1994, 1999
Uruguay	1989, 1994, 1999	1984, 1989, 1994, 1999
Zambia	1979, 1980, 1985, 1990, 1995, 2000	1991, 1996, 2001
Zimbabwe	1990, 1995, 2000	1990, 1996, 2002

Appendix 2 Variables and Data Sources

Variables	Definition and Measurement	Data Sources
Elections		
Vote Share of Incumbents	Vote share of incumbent parties in a parliamentary election/ Vote share of incumbents in the first round of presidential elections	Various
Election Types	Legislative elections=1, Presidential systems=0	Various
Number of Elections	Number of elections	Various
Economic Performance		
Inflation	Logged inflation, consumer prices (annual %)	WDI, 2003
GDP Growth Rate	GDP per capita growth (annual %)	WDI, 2003
Economic Growth	GDP per capita (constant 1995 US$)	WDI, 2003
Economic Boosting Efforts		
Government Expenditure	General government final consumption expenditure (annual % growth)	WDI, 2003
Globalization		
Globalization	Trade (% of GDP)	WDI, 2003
Regime Change		
Democracy	Democracy score (Democ)	Polity IV
	Democracy score (Polity2)	Polity IV
Regime Transition		
Authoritarian Regime Types	Military regimes=1, others=0	Various
Transition Types	Opposition initiation=1, others=0	Various
Institutional Clarity		
Parliamentary Systems	Parliamentary =4, presidents are elected by the parliament=3, Parliamentary but presidents are elected by popular votes=2, presidential=1	Various
Proportional Systems	Proportional=4, semi-proportional system=3, plurality=2, absolute majority=1.	Endersby et al. (2004), SNS, IDEA etc.
Bicameral Systems	Bicameral=1, unicameral=0	Various
Federal Systems	Federal system=1, non-federal system=0	Griffiths et al. (2005)

Appendix 3 Descriptive Statistics of Founding Elections (Chapter 4)

	Variable	Obs	Mean	Std. Dev.	Min	Max
All Elections	country code	71	404.8	219.5	41.0	910.0
	year of election	71	1988.7	5.7	1974.0	1999.0
	types of elections	71	0.3	0.5	0.0	1.0
	vote for (ex) authoritarian rulers (%)	71	18.0	22.1	0.0	78.4
	vote for incumbent rulers	71	27.9	25.3	0.0	87.0
	ousting authoritarian regime in founding elections (ousting=1)	71	0.8	0.4	0.0	1.0
	military government (military government=1)	71	0.3	0.4	0.0	1.0
	interim government (opposition initiation=1)	71	0.4	0.5	0.0	1.0
	Polity2 scores, Polity IV	70	5.7	3.5	-7.0	10.0
	GDP per capita, WDI	69	1924.4	2156.3	135.0	10759.6
	1year (authoritarian) lagged GDP per capita growth rate (%), WDI	62	-1.2	6.9	-27.9	11.2
	1year lagged GDP per capita growth rate (%), WDI	67	-3.8	8.4	-34.1	9.9
	GDP per capita growth (annual %), WDI	68	-2.1	7.2	-30.9	10.6
	polity2*1year (authoritarian) lagged GDP per capita growth rate (%), WDI	62	-3.9	45.9	-139.6	100.6
	polity2*GDP per capita growth (annual %), WDI	68	-10.2	48.8	-216.3	69.6
	1year (authoritarian) lagged, logged Inflation, WDI	53	3.5	1.2	1.7	8.5
	1year (election year) lagged, logged Inflation (+10) (%), WDI	55	3.7	1.3	1.7	8.5
	logged Inflation (+10), WDI	59	3.8	1.6	1.3	9.4
	1year (authoritarian) lagged GDP per capita growth rate (%), PWT6.1	55	-0.1	7.6	-12.9	37.2
	1year lagged GDP per capita growth rate (%), PWT6.1	55	-0.1	7.6	-12.9	37.2
	GDP per capita growth (annual %), PWT6.1	62	0.0	5.9	-18.1	11.8
	polity2*1year lagged GDP per capita growth rate (%), PWT6.1	54	1.9	45.8	-103.4	185.8
	polity2*GDP per capita growth (annual %), PWT6.1	61	-0.7	38.5	-126.7	82.6
	combined-1year lagged (authoritarian) GDP per capita growth rate (%)	64	-1.1	6.9	-27.9	11.2
	combined-1year (election year) lagged GDP per capita growth rate (%)	70	-3.7	8.3	-34.1	9.9
	combined (election year) GDP per capita growth rate	71	-2.1	7.2	-30.9	10.6
	polity2*combined-1year lagged (authoritarian) GDP per capita growth rate (%)	63	-3.9	45.6	-139.6	100.6
	polity2*combined (election year) GDP per capita growth rate	70	-11.2	48.4	-216.3	69.6
	Africa	71	0.3	0.5	0.0	1.0
	Asia	71	0.1	0.4	0.0	1.0
	Latin America	71	0.2	0.4	0.0	1.0
	Europe	71	0.3	0.5	0.0	1.0
Presidential Elections	country code	48	334.5	177.8	41.0	732.0
	year of election	48	1988.8	5.4	1976.0	1996.0
	types of elections	48	0.0	0.0	0.0	0.0
	vote for (ex) authoritarian rulers (%)	48	22.4	24.3	0.0	78.4
	vote for incumbent rulers	48	32.9	27.4	0.0	87.0
	ousting authoritarian regime in founding elections (ousting=1)	48	0.7	0.5	0.0	1.0
	military government (military government=1)	48	0.3	0.4	0.0	1.0
	interim government (opposition initiation=1)	48	0.3	0.5	0.0	1.0
	Polity2 scores, Polity IV	48	5.1	3.8	-7.0	10.0
	GDP per capita, WDI	47	1658.6	1733.5	135.0	6923.9
	1year (authoritarian) lagged GDP per capita growth rate (%), WDI	41	-1.9	6.4	-15.1	11.2
	1year lagged GDP per capita growth rate (%), WDI	45	-3.8	7.0	-21.3	9.9
	GDP per capita growth (annual %), WDI	46	-2.5	6.6	-21.0	9.9
	polity2*1year (authoritarian) lagged GDP per capita growth rate (%), WDI	41	-8.0	46.2	-121.2	100.6
	polity2*GDP per capita growth (annual %), WDI	46	-12.4	42.6	-158.4	69.6

	1year (authoritarian) lagged, logged Inflation, WDI	36	3.6	1.4	1.7	8.5
	1year (election year) lagged, logged Inflation (+10) (%), WDI	37	3.8	1.5	1.7	8.5
	logged Inflation (+10), WDI	40	4.0	1.8	1.3	9.4
	1year (authoritarian) lagged GDP per capita growth rate (%), PWT6.1	37	-0.7	8.8	-12.9	37.2
	1year lagged GDP per capita growth rate (%), PWT6.1	37	-0.7	8.8	-12.9	37.2
	GDP per capita growth (annual %), PWT6.1	41	-0.5	6.3	-18.1	11.8
	polity2*1year lagged GDP per capita growth rate (%), PWT6.1	37	-0.5	51.6	-103.4	185.8
	polity2*GDP per capita growth (annual %), PWT6.1	41	-3.8	40.4	-126.7	82.6
	combined-1year lagged (authoritarian) GDP per capita growth rate (%)	42	-1.9	6.4	-15.1	11.2
	combined-1year (election year) lagged GDP per capita growth rate (%)	47	-3.8	6.9	-21.3	9.9
	combined (election year) GDP per capita growth rate	48	-2.7	6.5	-21.0	9.9
	polity2*combined-1year lagged (authoritarian) GDP per capita growth rate (%)	42	-7.8	45.7	-121.2	100.6
	polity2*combined (election year) GDP per capita growth rate	48	-13.8	42.3	-158.4	69.6
	Africa	48	0.4	0.5	0.0	1.0
	Asia	48	0.0	0.2	0.0	1.0
	Latin America	48	0.3	0.5	0.0	1.0
	Europe	48	0.3	0.5	0.0	1.0
Legislative	country code	23	551.5	229.0	140.0	910.0
Elections	year of election	23	1988.3	6.3	1974.0	1999.0
	types of elections	23	1.0	0.0	1.0	1.0
	vote for (ex) authoritarian rulers (%)	23	8.8	12.8	0.0	52.1
	vote for incumbent rulers	23	17.5	16.5	0.0	52.1
	ousting authoritarian regime in founding elections (ousting=1)	23	1.0	0.2	0.0	1.0
	military government (military government=1)	23	0.3	0.5	0.0	1.0
	interim government (opposition initiation=1)	23	0.6	0.5	0.0	1.0
	Polity2 scores, Polity IV	22	7.0	2.0	1.0	10.0
	GDP per capita, WDI	22	2492.3	2824.5	195.6	10759.6
	1year (authoritarian) lagged GDP per capita growth rate (%), WDI	21	0.1	7.8	-27.9	9.4
	1year lagged GDP per capita growth rate (%), WDI	22	-3.8	10.9	-34.1	7.6
	GDP per capita growth (annual %), WDI	22	-1.3	8.5	-30.9	10.6
	polity2*1year (authoritarian) lagged GDP per capita growth rate (%), WDI	21	4.1	45.4	-139.6	62.2
	polity2*GDP per capita growth (annual %), WDI	22	-5.6	60.5	-216.3	60.2
	1year (authoritarian) lagged, logged Inflation, WDI	17	3.3	0.6	2.7	5.3
	1year (election year) lagged, logged Inflation (+10) (%), WDI	18	3.4	0.9	2.3	5.5
	logged Inflation (+10), WDI	19	3.5	0.8	2.6	5.5
	1year (authoritarian) lagged GDP per capita growth rate (%), PWT6.1	18	1.2	4.5	-7.8	9.9
	1year lagged GDP per capita growth rate (%), PWT6.1	18	1.2	4.5	-7.8	9.9
	GDP per capita growth (annual %), PWT6.1	21	0.8	4.9	-8.6	10.8
	polity2*1year lagged GDP per capita growth rate (%), PWT6.1	17	7.0	30.2	-62.1	62.0
	polity2*GDP per capita growth (annual %), PWT6.1	20	5.8	34.3	-68.9	54.2
	combined-1year lagged (authoritarian) GDP per capita growth rate (%)	22	0.4	7.7	-27.9	9.4
	combined-1year (election year) lagged GDP per capita growth rate (%)	23	-3.4	10.8	-34.1	7.6
	combined (election year) GDP per capita growth rate	23	-0.9	8.5	-30.9	10.6
	polity2*combined-1year lagged (authoritarian) GDP per capita growth rate (%)	21	4.1	45.4	-139.6	62.2
	polity2*combined (election year) GDP per capita growth rate	22	-5.6	60.5	-216.3	60.2
	Africa	23	0.2	0.4	0.0	1.0
	Asia	23	0.3	0.5	0.0	1.0
	Latin America	23	0.0	0.2	0.0	1.0
	Europe	23	0.4	0.5	0.0	1.0

Appendix 4 Missing Cases

Nation	Year of founding elections	Under Authoritarian Rule: GDP per capita growth rate	Under Authoritarian Rule: Inflation	Under Authoritarian Rule: GDP per capita growth rate	In the [year-1] of founding elections: GDP per capita growth rate	In the [year-1] of founding elections: Inflation	In the [year-1] of founding elections: GDP per capita growth rate	In the year of founding elections: GDP per capita growth rate	In the year of founding elections: Inflation	In the year of founding elections: GDP per capita growth rate
		WDI	WDI	PWT	WDI	WDI	PWT	WDI	WDI	PWT
Albania	1992	-27.92	.	.	-27.92	.	.	-7.23	5.46	1.78
Armenia	1991	.	.	.	.	.	.	-11.32	.	.
Belarus	1994	.	.	.	-7.81	7.09	-14.95	-11.60	7.71	-9.80
Bulgaria	1992	10.82	2.52	.	-7.53	5.85	.	-6.27	4.62	-10.45
Croatia	1992	.	7.25	.	-21.25	4.88	.	-11.66	6.45	.
Czech Republic	1992	.	.	.	-11.15	.	-10.63	-0.60	.	0.24
Estonia	1992	2.20	.	.	-7.53	.	.	-19.73	.	.
Georgia	1991	-7.71	.	.	-14.96	.	.	-21.04	.	.
Latvia	1993	5.06	.	.	-34.12	5.53	-32.05	-13.35	4.78	-6.75
Lithuania	1993	.	.	.	-21.17	.	.	-15.84	6.04	.
Macedonia	1994	.	.	.	-7.85	.	9.01	-2.46	4.92	-10.91
Moldova	1994	4.91	.	.	-1.13	.	.	-30.90	.	.
Poland	1990	.	5.54	**0.16**	.	5.54	**0.16**	.	6.34	**-6.93**
Romania	1990	-0.99	.	1.32	-6.20	.	-5.48	-5.82	.	-10.17
Russia	1991	-3.37	.	.	-3.37	.	.	-5.26	.	.
Slovakia	1992	1.46	.	1.96	-14.57	.	-17.76	-7.14	.	-8.62
Slovenia	1992	.	.	.	.	.	**-9.19**	.	.	**-5.64**
Ukraine	1991	-6.59	.	-6.49	-6.59	.	-6.49	-8.58	.	-8.32
Benin	1991	-0.01	.	-1.94	-0.01	.	-1.94	1.51	.	2.36
Mongolia	1993	-10.95	.	.	-10.95	.	.	-4.50	5.63	.
Sudan	1986	-7.81	3.79	.	-9.03	4.01	.	2.98	3.54	.
Taiwan	1992	.	.	**6.52**	.	.	**6.52**	.	.	**6.29**
N. of Missing (I)		9	18	16	4	16	11	3	12	9
N. of Missing (II)**		20		.	17		.	13		.

Note: Bolded values are those that only PWT 6.1 has available data.
** Number of missing values in either GDP per capita growth or inflation.

Appendix 5 Standardized Regression Coefficients on Electoral Support for Authoritarian Rulers in Founding Elections

Variables	Legislative Elections		Presidential Elections	All Elections
	Model 1	Model 2	Model 3	Model 4
GDP per capita growth rate under authoritarian rule	0.58	0.53		
Logged inflation (+10) under authoritarian rule	0.07			
GDP per capita growth rate in the year of founding election			0.45	0.68
Logged inflation (+10) in the year of founding election			0.05	
Military authoritarian regime	-0.39	-0.41	-0.36	-0.34
Opposition initiation of interim governments	-0.19	-0.26	-0.26	-0.31
Democracy (Polity2)	-0.31	-0.27	-0.25	-0.24
Polity2* GDP per capita growth under authoritarian rule	-0.39	-0.42		
Polity2* GDP per capita growth in the year of founding election			-0.49	-0.74
Legislative election	-0.25	-0.10	-0.26	-0.14
Asia	-0.07	-0.08	0.00	-0.04
Latin America	0.01	0.06	-0.03	0.01
Europe	-0.13	-0.20	0.06	-0.06

Appendix 6 Electoral Support for Authoritarian Rulers in Founding Elections III

Variables	Model 1	Model 2	Model 3	Model 4
GDP per capita growth rate	**2.04**	**2.05**		
under authoritarian rule	(0.66)***	(0.61)***		
Logged inflation (+10)	1.08			
under authoritarian rule	(2.17)			
GDP per capita growth rate			0.95	1.29
in the year of founding election			(1.27)	(1.22)
Logged inflation (+10)			0.91	
in the year of founding election			(1.88)	
Military authoritarian regime	**-17.13**	**-17.23**	**-20.18**	**-18.65**
	(5.40)***	(4.87)***	(6.04)***	(5.66)***
Opposition initiation of	-7.96	**-8.27**	**-10.16**	**-11.79**
interim governments	(5.34)	(4.84)*	(5.77)*	(5.30)**
Level of democracy (Polity2)	**-1.87**	**-1.84**	**-1.58**	**-1.61**
	(0.66)***	(0.63)***	(0.76)**	(0.73)**
Polity2* GDP per capita growth	**-0.19**	**-0.19**		
under authoritarian rule	(0.09)**	(0.09)**		
Polity2* GDP per capita growth			-0.09	-0.16
in the year of founding election			(0.20)	(0.18)
Legislative election	-9.41	-6.27	**-12.63**	-8.32
	(6.72)	(5.96)	(7.05)*	(6.36)
Asia	-7.98	-10.43	-2.76	-5.29
	(8.17)	(7.61)	(9.23)	(8.73)
Latin America	1.03	2.15	-1.05	0.45
	(5.50)	(5.11)	(6.62)	(5.98)
Europe	-11.10	**-13.08**	3.59	0.72
	(9.14)	(7.10)*	(8.24)	(7.37)
Constant	**39.12**	**41.96**	**38.63**	**40.81**
	(8.39)***	(4.56)***	(7.78)***	(5.38)***
R-squared	0.63	0.62	0.51	0.49
Observations	48	52	53	58

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Source: World Development Indicators, 2003.

Appendix 7 Electoral Support for Authoritarian Rulers in Founding Elections IV

Variables	**Model 1**	**Model 2**	**Model 3**	**Model 4**
GDP per capita growth rate	**1.46**	**1.47**		
under authoritarian rule	(0.54)***	(0.51)***		
Logged inflation (+10)	1.14			
under authoritarian rule	(2.22)			
GDP per capita growth rate			1.56	**1.93**
in the year of founding election			(1.13)	(1.07)*
Logged inflation (+10)			0.32	
in the year of founding election			(1.79)	
Military authoritarian regime	**-17.78**	**-17.37**	**-17.79**	**-16.40**
	(5.52)***	(5.00)***	(6.05)***	(5.63)***
Opposition initiation of	-7.46	-8.16	**-10.71**	**-12.32**
interim governments	(5.50)	(5.05)	(5.65)*	(5.14)**
Level of democracy (Polity2)	**-1.95**	**-1.91**	**-1.79**	**-1.83**
	(0.68)***	(0.65)***	(0.74)**	(0.71)**
Polity2* GDP per capita growth	**-0.17**	**-0.16**		
under authoritarian rule	(0.09)*	(0.09)*		
Polity2* GDP per capita growth			-0.27	**-0.32**
in the year of founding election			(0.18)	(0.17)*
Legislative election	-8.58	-4.61	-10.55	-6.83
	(6.91)	(6.06)	(6.98)	(6.25)
Asia	-5.90	-8.92	-3.20	-5.47
	(8.38)	(7.83)	(8.94)	(8.40)
Latin America	1.44	2.50	-0.10	0.53
	(5.64)	(5.24)	(6.50)	(5.84)
Europe	-7.51	-11.45	2.14	-0.45
	(9.22)	(7.31)	(8.10)	(7.21)
Constant	**37.75**	**40.67**	**40.51**	**40.98**
	(8.54)***	(4.71)***	(7.48)***	(5.15)***
R-squared	0.61	0.6	0.53	0.51
Observations	48	52	53	58

Standard errors in parentheses
* significant at 10%; ** significant at 5%; *** significant at 1%

Source: Penn World Table 6.1.

Appendix 8 Electoral Support for Authoritarian Rulers in Founding Elections V

Variables	Model 1	Model 2	Model 3	Model 4
GDP per capita growth rate	**2.04**	**1.51**		
under authoritarian rule	(0.64)***	(0.60)**		
Logged inflation (+10)	0.37			
under authoritarian rule	(2.00)			
GDP per capita growth rate			**1.93**	**2.12**
in the year of founding election			(0.95)**	(0.85)**
Logged inflation (+10)			0.42	
in the year of founding election			(1.79)	
Military authoritarian regime	**-16.66**	**-18.24**	**-17.71**	**-16.56**
	(5.25)***	(4.97)***	(5.79)***	(5.65)***
Opposition Initiation of	-7.71	**-10.77**	**-10.61**	**-14.60**
interim governments	(5.16)	(4.55)**	(5.53)*	(5.02)***
Level of democracy (Polity2)	**-1.77**	**-1.52**	**-1.55**	**-1.31**
	(0.63)***	(0.65)**	(0.75)**	(0.74)*
Polity2* GDP per capita growth	**-0.18**	**-0.17**		
under authoritarian rule	(0.09)**	(0.09)*		
Polity2* GDP per capita growth			**-0.30**	**-0.33**
in the year of founding election			(0.13)**	(0.12)***
Legislative election	-7.93	-1.49	-10.62	-5.92
	(5.90)	(5.15)	(6.38)	(5.60)
Asia	-10.17	-5.99	-3.71	-2.15
	(7.52)	(6.72)	(7.98)	(7.60)
Latin America	0.86	2.53	-1.17	0.12
	(5.33)	(5.39)	(6.47)	(6.12)
Europe	**-13.66**	**-11.80**	-0.04	-2.00
	(7.32)*	(5.63)**	(7.66)	(6.58)
Constant	**41.12**	**39.83**	**40.13**	**39.80**
	(7.97)***	(4.78)***	(7.60)***	(5.52)***
R-squared	0.62	0.52	0.51	0.46
Observations	51	63	58	70

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Added cases: Poland (Model 1, Model 3), Poland and Taiwan (Model 2), Poland, Taiwan, and Slovenia (Model 4).

Sources: combined economic indicators using World Development Indicators (2003) and Penn World Table 6.1.

Appendix 9 Probability Change of Government Alternation

	min->max	0->1	-+sd/2	-+1/2	Marginal Effect
GDP per capita growth rate	-0.99	-0.12	-0.39	-0.04	-0.04
Military authoritarian regime	0.10	0.10	0.06	0.14	0.13
Opposition initiation of interim governments	0.16	0.16	0.08	0.18	0.15
Polity2	0.97	0.13	0.11	0.03	0.03
Polity2* GDP per capita growth	1.00	0.00	0.40	0.01	0.01
Asia	-0.04	-0.04	-0.01	-0.04	-0.04
Latin America	0.00	0.00	0.00	0.00	0.00
Europe	0.02	0.02	0.01	0.02	0.02

Appendix 10 Descriptive Statistics (Chapter 5)

	Variables	Obs	Mean	Std. Dev.	Min	Max
All	incumbent vote share	272	37.79	18.98	0.00	92.70
Elections	lagged incumbent vote share	272	43.80	17.12	0.00	95.00
	lagged GDP per capita growth rate	272	2.01	4.84	-30.04	16.22
	lagged, logged [inflation+10]	266	3.28	1.06	-0.96	8.51
	lagged government finance	264	14.02	5.40	2.98	31.92
	GDP per capita	272	1.98	0.84	1.00	3.00
	Democracy	268	7.09	2.55	0.00	10.00
	number of election	272	3.49	1.74	1.00	11.00
	Globalization	267	67.47	31.32	13.75	162.99
	lagged GDP per capita growth * GDP per capita	272	4.65	9.72	-30.04	32.43
	lagged, logged [inflation+10]*GDP per capita	266	6.50	3.56	-0.96	23.25
	lagged GDP per capita growth * democracy	265	15.18	31.45	-107.39	97.30
	l lagged, logged [inflation+10]*democracy	263	23.04	10.82	-7.66	65.07
	lagged GDP per capita growth * number of election	269	7.36	16.56	-60.09	81.08
	l lagged, logged [inflation+10]*number of election	266	11.20	5.69	-2.87	38.76
	lagged GDP per capita growth * globalization	267	148.28	339.76	-2032.84	1182.39
	lagged, logged [inflation+10]*globalization	264	214.40	115.60	-151.21	732.98
	Africa	272	0.21	0.41	0.00	1.00
	Asia	272	0.11	0.31	0.00	1.00
	Latin America	272	0.35	0.48	0.00	1.00
	Europe	272	0.34	0.47	0.00	1.00
Presidential	incumbent vote share	102	42.86	20.75	0.60	92.70
Elections	lagged incumbent vote share	102	49.97	17.48	16.90	95.00
	lagged GDP per capita growth rate	102	1.76	4.66	-14.27	10.61
	lagged, logged [inflation+10]	101	3.36	1.11	2.08	8.46
	lagged government finance	101	13.44	5.04	4.43	29.57
	GDP per capita	102	1.82	0.80	1.00	3.00
	Democracy	101	6.65	2.66	0.00	10.00
	number of election	102	2.99	1.20	1.00	7.00
	globalization	102	66.88	28.98	17.25	162.99
	lagged GDP per capita growth * GDP per capita	102	3.95	9.17	-28.54	31.24
	lagged, logged [inflation+10]*GDP per capita	101	6.20	3.62	2.08	22.71
	lagged GDP per capita growth * democracy	101	12.89	30.98	-107.39	83.30
	l lagged, logged [inflation+10]*democracy	100	22.19	11.55	0.00	65.07
	lagged GDP per capita growth * number of election	102	5.62	13.53	-49.22	42.44
	l lagged, logged [inflation+10]*number of election	101	9.85	4.35	2.49	25.93
	lagged GDP per capita growth * globalization	102	137.53	309.47	-1055.34	838.34
	lagged, logged [inflation+10]*globalization	101	220.76	115.90	48.80	710.61
	Africa	102	0.24	0.43	0.00	1.00
	Asia	102	0.06	0.24	0.00	1.00
	Latin America	102	0.45	0.50	0.00	1.00
	Europe	102	0.25	0.44	0.00	1.00
Legislative	incumbent vote share	170	34.74	17.19	0.00	81.40
Elections	lagged incumbent vote share	170	40.10	15.83	0.00	81.40

lagged GDP per capita growth rate	170	2.15	4.95	-30.04	16.22
lagged, logged [inflation+10]	165	3.23	1.02	-0.96	8.51
lagged government finance	163	14.37	5.60	2.98	31.92
GDP per capita	170	2.07	0.85	1.00	3.00
Democracy	167	7.35	2.44	0.00	10.00
number of election	170	3.79	1.94	1.00	11.00
globalization	165	67.83	32.76	13.75	159.38
lagged GDP per capita growth * GDP per capita	170	5.07	10.04	-30.04	32.43
lagged, logged [inflation+10]*GDP per capita	165	6.69	3.52	-0.96	23.25
lagged GDP per capita growth * democracy	164	16.58	31.74	-107.39	97.30
l lagged, logged [inflation+10]*democracy	163	23.57	10.35	-7.66	65.07
lagged GDP per capita growth * number of election	167	8.42	18.11	-60.09	81.08
l lagged, logged [inflation+10]*number of election	165	12.02	6.24	-2.87	38.76
lagged GDP per capita growth * globalization	165	154.92	357.97	-2032.84	1182.39
lagged, logged [inflation+10]*globalization	163	210.46	115.60	-151.21	732.98
Africa	170	0.19	0.40	0.00	1.00
Asia	170	0.14	0.34	0.00	1.00
Latin America	170	0.28	0.45	0.00	1.00
Europe	170	0.39	0.49	0.00	1.00

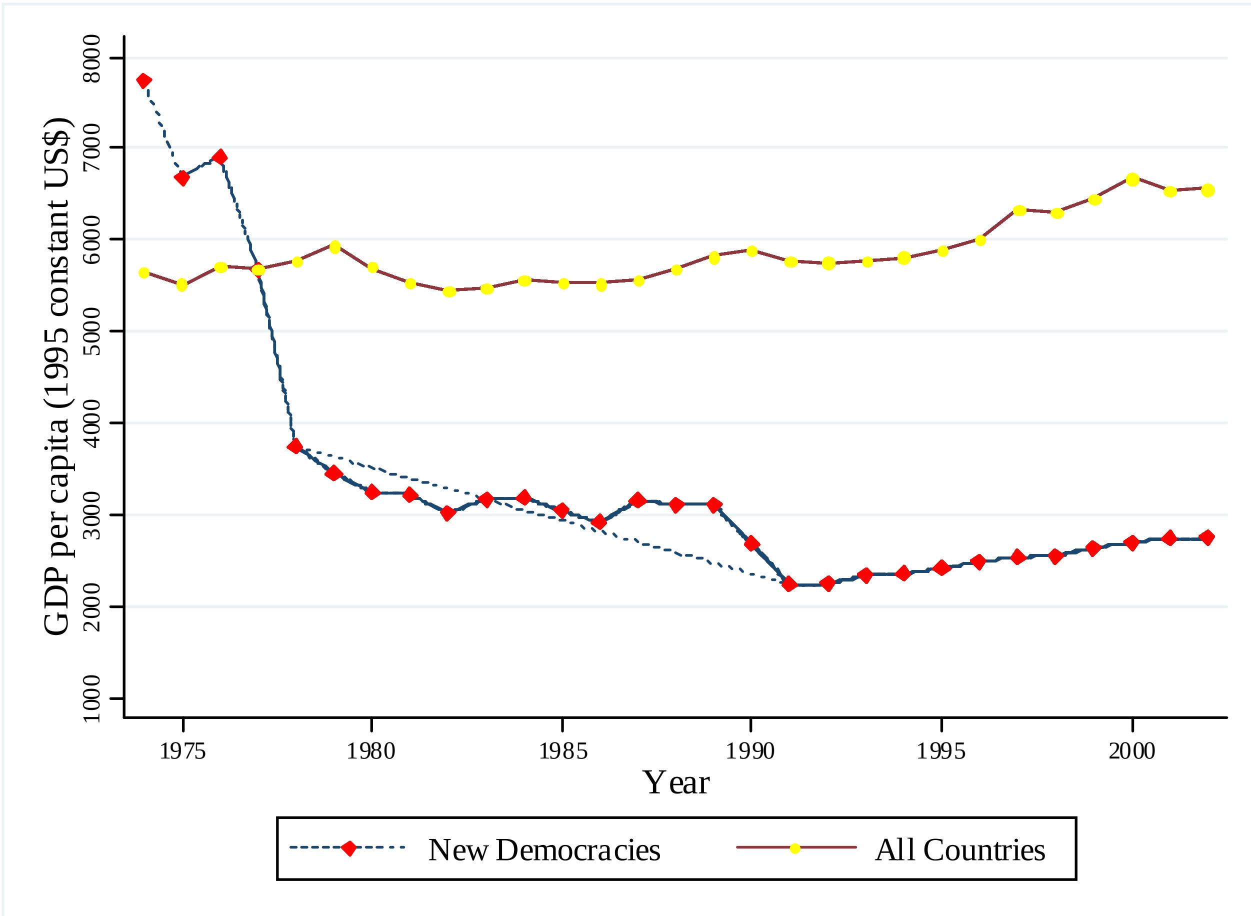
Appendix 11 Missing Values

Nation	Year	T	VS	LVS	LG	LLI	LGF	GDP	Democ	NE	Tr
Argentina	1985	L	42.0	46.0	0.68	6.44	.	2	8	2	18.01
Argentina	1987	L	37.0	42.0	6.34	4.50	.	2	8	3	15.45
Argentina	1989	P	32.5	52.0	-3.81	5.84	.	2	7	2	19.64
Argentina	1989	L	29.0	37.0	-3.81	5.84	.	2	7	4	19.64
Argentina	2001	L	23.1	43.6	-1.67	.	13.78	2	8	10	21.74
Armenia	1999	L	.	.	8.83	2.16	11.05	0	6	2	70.56
Belarus	1995	L	.	.	-11.60	7.71	20.51	0	3	1	103.72
Belarus	2000	L	.	.	3.75	5.68	19.50	0	0	2	141.61
Brazil	1989	P	.	.	-1.89	6.44	12.59	1	8	1	13.24
Brazil	1990	L	8.3	.	1.50	7.27	14.26	1	8	2	15.16
Brazil	1994	L	.	8.3	3.34	7.56	17.66	1	8	3	18.67
Burkina Faso	1992	L	48.5	.	6.18	0.92	12.25	0	0	2	30.40
Central African Rep.	1999	P	58.5	37.3	2.58	.	11.60	0	5	2	25.71
Congo	1992	L	14.4	.	-0.90	.	21.00	0	6	1	82.95
Congo	1993	L	37.6	31.2	-0.71	.	21.15	0	6	2	94.36
Ecuador	1984	P	.	.	-5.10	3.88	12.50	0	8	2	49.06
Ecuador	1996	P	.	.	-0.25	3.13	12.50	0	9	6	50.48
Ecuador	2002	P	.	34.9	3.49	3.63	10.15	0	6	8	55.42
Georgia	1992	L	.	.	-21.04	.	9.50	0	5	2	101.93
Georgia	1995	P	74.3	95.0	-9.90	.	9.83	0	6	2	67.83
Georgia	1995	L	23.7	.	-9.90	.	9.83	0	6	3	67.83
Ghana	1992	L	77.5	.	2.76	2.89	9.48	0	1	1	45.99
Guatemala	1995	L	.	.	1.32	2.38	5.57	0	4	3	44.69
Guatemala	1995	P	.	.	1.32	2.38	5.57	0	4	3	44.69
Guinea-Bissau	1999	L	24.0	62.0	-30.04	1.87	9.32	0	.	2	67.66
Guinea-Bissau	2000	P	23.4	46.2	4.96	.	10.79	0	5	2	90.01
Haiti	1995	L	.	.	-10.22	3.67	4.70	0	7	2	40.78
Haiti	2000	L	.	.	0.67	2.16	6.81	0	1	3	46.11
Honduras	1985	L	49.2	.	1.10	1.55	13.20	0	5	2	54.16
Lesotho	1998	L	60.6	74.8	7.06	.	27.88	0	.	2	126.15
Lesotho	2002	L	54.9	60.6	2.27	.	31.92	0	8	3	157.92
Macedonia	2002	L	24.4	38.8	-4.95	.	24.80	0	9	4	95.19
Madagascar	1993	L	1.4	.	-1.36	2.68	8.22	0	9	1	39.93
Madagascar	1998	L	42.0	.	0.54	1.50	7.82	0	7	2	50.80
Madagascar	2002	L	34.0	.	2.99	1.94	8.34	0	7	3	38.56
Moldova	1996	P	38.7	.	-1.20	2.49	27.08	0	7	2	129.18
Namibia	1994	P	76.3	.	-5.00	2.14	31.58	0	6	1	99.79
Nicaragua	1996	L	46.0	.	1.37	2.39	15.67	0	8	2	98.64
Niger	1996	L	56.7	.	-0.89	2.36	14.11	0	0	1	40.41
Niger	1996	P	52.2	.	-0.89	2.36	14.11	0	0	1	40.41
Niger	1999	L	.	.	6.59	1.51	13.08	0	4	2	38.28
Niger	1999	P	.	.	6.59	1.51	13.08	0	4	2	38.28
Nigeria	1992	L	.	.	1.81	2.57	12.17	0	0	1	82.74
Nigeria	1993	P	.	.	-0.01	3.80	18.39	0	0	1	97.32

Nigeria	1999 L	.	.	-0.77	2.33	9.67	0	4	2	74.32
Nigeria	1999 P	.	.	-0.77	2.33	9.67	0	4	2	74.32
Pakistan	1990 L	.	.	2.32	2.06	16.78	0	8	2	38.91
Pakistan	1993 L	39.6	.	5.04	2.25	12.91	0	8	3	38.75
Pakistan	2002 L	.	.	0.11	1.15	10.24	0	0	1	37.73
Panama	1994 L	.	.	3.50	-0.79	15.14	1	9	1	76.75
PNG	1987 L	.	.	2.02	1.70	22.98	0	10	3	92.84
PNG	2002 L	11.9	8.3	-5.66	2.23	.	0	10	6	.
Peru	2000 L	42.1	52.1	-0.67	1.24	10.84	0	.	5	34.14
Peru	2000 P	49.8	64.4	-0.67	1.24	10.84	0	.	5	34.14
Peru	2001 P	.	.	1.33	1.32	10.64	0	9	6	33.63
Philippines	1992 P	23.6	.	-2.80	2.92	9.93	0	8	1	63.16
Philippines	2001 L	.	49.0	3.55	1.47	13.08	0	8	5	100.30
Poland	1991 L	12.0	.	.	6.32	19.29	0	8	1	48.97
Portugal	1986 P	.	.	2.58	2.98	14.38	2	10	3	60.17
Portugal	2002 L	37.9	44.1	1.37	1.48	20.66	2	10	11	.
Russia	1993 L	.	.	-14.57	.	13.86	1	5	1	68.70
Russia	1995 L	.	.	-12.46	5.73	19.10	0	5	2	55.18
Russia	1999 L	.	.	-5.04	3.32	18.73	0	5	3	69.39
Russia	2000 P	53.4	.	6.83	4.45	14.58	0	7	3	68.09
Senegal	1993 L	56.6	75.9	-0.37	.	15.04	0	2	1	50.34
Slovakia	1994 L	8.6	37.3	-4.03	.	25.07	1	7	3	113.60
Slovakia	1999 P	37.7	.	3.81	1.90	22.49	1	9	1	126.38
Taiwan	1995 L	46.1	52.1	6.24	.	.	2	7	3	.
Taiwan	1996 L	53.3	46.1	5.34	.	.	2	8	4	.
Taiwan	1996 P	53.3	.	5.34	.	.	2	8	1	.
Taiwan	1998 L	46.4	53.3	5.42	.	.	2	9	1	.
Taiwan	2000 P	23.1	53.3	.	.	.	2	9	2	.
Taiwan	2001 L	36.6	29.6	.	.	.	2	9	2	.
Thailand	1995 L	.	.	8.10	1.62	9.76	0	9	3	90.43
Ukraine	1994 L	12.7	.	-14.27	8.46	15.98	0	6	1	73.94
Ukraine	1998 L	.	.	-2.19	2.77	27.40	0	7	2	86.05
Ukraine	2002 L	11.8	.	10.14	2.48	19.62	0	7	3	108.12
Uruguay	1989 P	30.0	.	0.88	4.13	12.18	2	10	2	41.19
Uruguay	1989 L	.	.	0.88	4.13	12.18	2	10	2	41.19
Zimbabwe	1990 P	83.0	.	1.78	2.56	18.69	0	0	3	45.66
Missing		32	53	3	20	11	0	4	0	8
Total		80	80	80	80	80	80	80	80	80

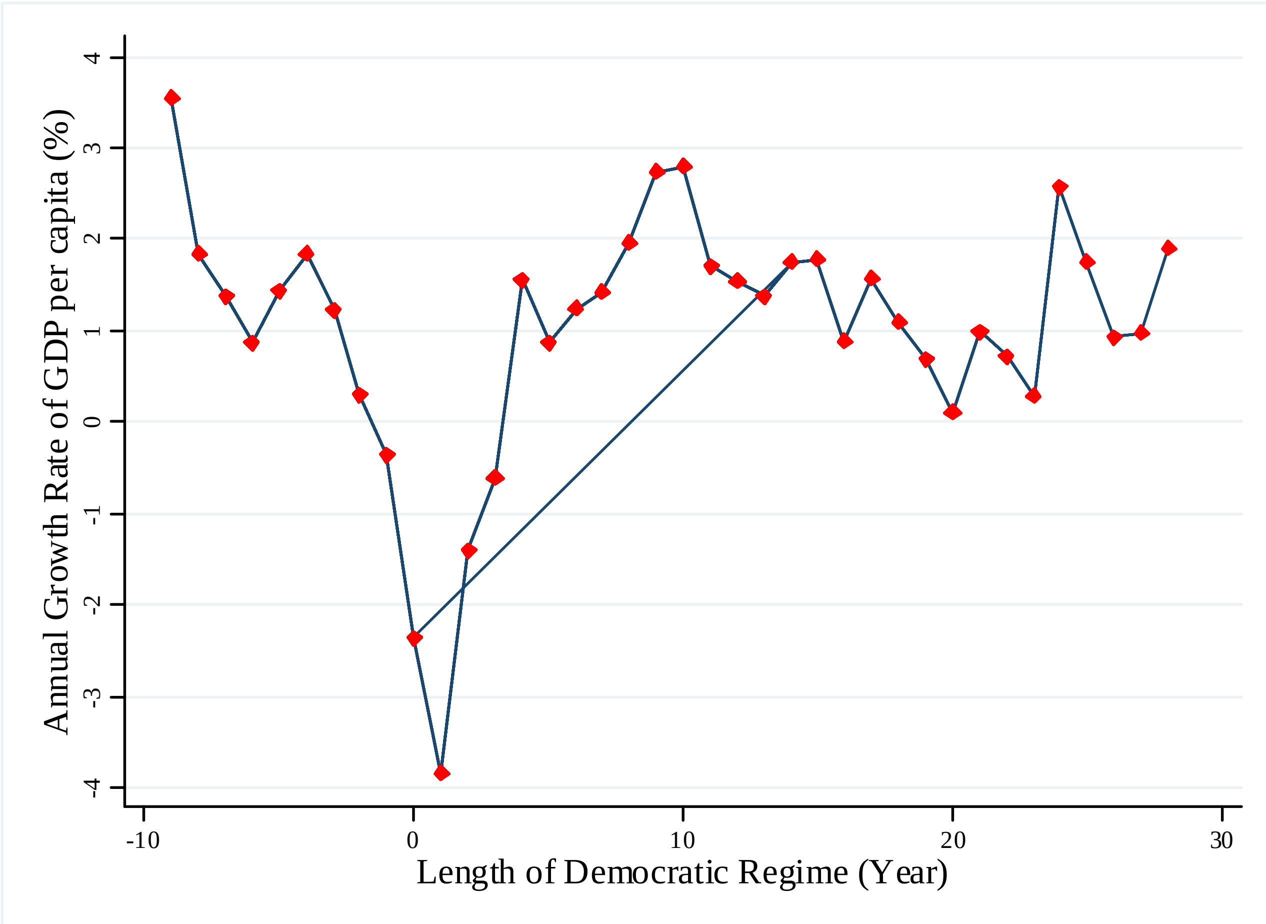
Notes:
T: type of elections (L=legislative election, P=presidential elections)
VS: vote share of an incumbent, LVS: vote share of an incumbent in the previous election.
LG: 1 year Lagged annual growth rate of GDP per capita
LLI: 1 year lagged, logged inflation
GDP: level of GDP per capita (0: low, 1=middle, 2=high)
Democ: democracy score of Polity IV
Tr: percentage of trade to GDP

Appendix 12 Economic Development and Democratization



Source: World Development Indicators, 2003.

Appendix 13 Annual Growth Rate of GDP per capita in New Democracies



Source: World Development Indicators, 2003.

Appendix 14 Economic Voting in Post-founding Elections II

	Legislative Elections			**Presidential Elections**			All Elections		
Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
Lagged incumbent vote share	**0.57**	**0.56**	**0.57**	**0.51**	**0.49**	**0.49**	**0.58**	**0.56**	**0.57**
	(0.07)***	(0.07)***	(0.07)***	(0.11)***	(0.11)***	(0.11)***	(0.06)***	(0.06)***	(0.06)***
Lagged GDP per capita	**0.77**		**0.75**	0.36		-0.08	**0.64**		**0.57**
growth rate	(0.20)***		(0.21)***	(0.41)		(0.48)	(0.19)***		(0.21)***
Lagged inflation (logged)		-0.88	0.09		**-3.87**	**-4.04**		**-2.07**	-1.15
		(1.03)	(1.03)		(1.67)**	(1.98)**		(0.91)**	(0.96)
Asia	**-11.12**	**-10.00**	**-12.48**	-9.36	-8.74	-8.60	**-10.70**	**-10.13**	**-11.61**
	(3.69)***	(4.01)**	(3.93)***	(8.55)	(8.36)	(8.45)	(3.57)***	(3.75)***	(3.75)***
Latin America	**-8.8**	**-7.13**	**-9.09**	**-10.71**	**-9.29**	**-9.22**	**-9.21**	**-7.74**	**-8.81**
	(2.97)***	(3.16)**	(3.10)***	(4.77)**	(4.74)*	(4.78)*	(2.58)***	(2.67)***	(2.67)***
Europe	**-13.15**	**-11.09**	**-13.22**	**-10.69**	-8.25	-8.04	**-12.58**	**-10.70**	**-12.12**
	(2.93)***	(3.11)***	(3.06)***	(5.27)**	(5.30)	(5.49)	(2.61)***	(2.72)***	(2.74)***
Constant	**19.27**	**22.65**	**19.55**	**24.87**	**37.97**	**38.75**	**19.79**	**27.46**	**23.95**
	(4.15)***	(5.14)***	(5.04)***	(7.35)***	(8.41)***	(9.67)***	(3.59)***	(4.36)***	(4.50)***
R-squared	0.48	0.43	0.47	0.24	0.27	0.27	0.39	0.37	0.39
Observations	170	165	165	102	101	101	272	266	266

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Appendix 15 Descriptive Statistics of Post-founding Elections (Chapter 6)

	Variables	Obs	Mean	Std. Dev.	Min	Max
All Elections	incumbent vote share	263	37.53	18.75	0.00	92.70
	lagged incumbent vote share	263	43.40	17.02	0.00	95.00
	lagged GDP per capita growth	263	1.89	4.83	-30.04	16.22
	presidential system	263	0.62	0.49	0.00	1.00
	president-parliamentarism	263	0.19	0.39	0.00	1.00
	premier-presidentialism	263	0.15	0.36	0.00	1.00
	parliamentary system	263	0.05	0.21	0.00	1.00
	plurality system	263	0.23	0.42	0.00	1.00
	majority system	263	0.27	0.44	0.00	1.00
	semi-proportional system	263	0.13	0.34	0.00	1.00
	proportional system	263	0.37	0.48	0.00	1.00
	bicameral system	263	0.43	0.50	0.00	1.00
	federal system	263	0.13	0.34	0.00	1.00
	consensuality	263	1.52	0.92	0.00	4.00
	lagged GDP per capita growth * presidential system	263	0.48	1.67	-8.92	8.35
	lagged GDP per capita growth * president-parliamentarism	263	0.85	4.20	-30.04	10.73
	lagged GDP per capita growth * premier-presidentialism	263	0.50	2.16	-8.99	16.22
	lagged GDP per capita growth * parliamentary system	263	0.06	0.78	-5.66	6.91
	lagged GDP per capita growth * plurality system	263	0.26	1.89	-10.22	8.61
	lagged GDP per capita growth * majority system	263	0.54	2.65	-14.27	10.57
	lagged GDP per capita growth * semi-proportional system	263	0.47	1.96	-4.95	16.22
	lagged GDP per capita growth * proportional system	263	0.61	3.39	-30.04	10.73
	lagged GDP per capita growth * bicameral system	263	0.56	2.93	-13.42	10.73
	lagged GDP per capita growth * federal system	263	0.20	1.29	-4.02	10.73
	lagged GDP per capita growth * consensuality	263	2.95	8.00	-30.04	32.43
	Africa	263	0.20	0.40	0.00	1.00
	Asia	263	0.10	0.29	0.00	1.00
	Latin America	263	0.36	0.48	0.00	1.00
	Europe	263	0.35	0.48	0.00	1.00
Presidential Elections	incumbent vote share	100	42.64	20.44	0.60	92.70
	lagged incumbent vote share	100	49.68	17.31	16.90	95.00
	lagged GDP per capita growth	100	1.68	4.62	-14.27	10.57
	presidential system	100	0.79	0.41	0.00	1.00
	president-parliamentarism	100	0.21	0.41	0.00	1.00
	premier-presidentialism	100	0.00	0.00	0.00	0.00
	parliamentary system	100	0.00	0.00	0.00	0.00
	plurality system	100	0.32	0.47	0.00	1.00
	majority system	100	0.68	0.47	0.00	1.00
	semi-proportional system	100	0.00	0.00	0.00	0.00
	proportional system	100	0.00	0.00	0.00	0.00
	bicameral system	100	0.45	0.50	0.00	1.00
	federal system	100	0.10	0.30	0.00	1.00
	consensuality	100	1.23	0.81	0.00	3.00
	lagged GDP per capita growth * presidential system	100	0.72	1.76	-1.25	8.35

	lagged GDP per capita growth * president-parliamentarism	100	0.97	4.43	-14.27	10.57
	lagged GDP per capita growth * premier-presidentialism	100	0.00	0.00	0.00	0.00
	lagged GDP per capita growth * parliamentary system	100	0.00	0.00	0.00	0.00
	lagged GDP per capita growth * plurality system	100	0.28	2.19	-10.22	8.22
	lagged GDP per capita growth * majority system	100	1.40	4.16	-14.27	10.57
	lagged GDP per capita growth * semi-proportional system	100	0.00	0.00	0.00	0.00
	lagged GDP per capita growth * proportional system	100	0.00	0.00	0.00	0.00
	lagged GDP per capita growth * bicameral system	100	0.42	3.11	-13.42	10.41
	lagged GDP per capita growth * federal system	100	0.07	1.00	-4.02	4.66
	lagged GDP per capita growth * consensuality	100	1.89	6.82	-26.85	20.83
	Africa	100	0.22	0.42	0.00	1.00
	Asia	100	0.06	0.24	0.00	1.00
	Latin America	100	0.46	0.50	0.00	1.00
	Europe	100	0.26	0.44	0.00	1.00
Legislative	incumbent vote share	163	34.40	16.94	0.00	81.40
Elections	lagged incumbent vote share	163	39.55	15.69	0.00	81.40
	lagged GDP per capita growth	163	2.01	4.97	-30.04	16.22
	presidential system	163	0.52	0.50	0.00	1.00
	president-parliamentarism	163	0.17	0.38	0.00	1.00
	premier-presidentialism	163	0.24	0.43	0.00	1.00
	parliamentary system	163	0.07	0.26	0.00	1.00
	plurality system	163	0.18	0.38	0.00	1.00
	majority system	163	0.02	0.13	0.00	1.00
	semi-proportional system	163	0.21	0.41	0.00	1.00
	proportional system	163	0.60	0.49	0.00	1.00
	bicameral system	163	0.41	0.49	0.00	1.00
	federal system	163	0.15	0.36	0.00	1.00
	consensuality	163	1.70	0.94	0.00	4.00
	lagged GDP per capita growth * presidential system	163	0.33	1.59	-8.92	5.92
	lagged GDP per capita growth * president-parliamentarism	163	0.77	4.07	-30.04	10.73
	lagged GDP per capita growth * premier-presidentialism	163	0.81	2.70	-8.99	16.22
	lagged GDP per capita growth * parliamentary system	163	0.10	0.99	-5.66	6.91
	lagged GDP per capita growth * plurality system	163	0.25	1.68	-5.66	8.61
	lagged GDP per capita growth * majority system	163	0.02	0.23	-0.71	2.74
	lagged GDP per capita growth * semi-proportional system	163	0.76	2.45	-4.95	16.22
	lagged GDP per capita growth * proportional system	163	0.98	4.27	-30.04	10.73
	lagged GDP per capita growth * bicameral system	163	0.65	2.82	-13.42	10.73
	lagged GDP per capita growth * federal system	163	0.28	1.44	-3.81	10.73
	lagged GDP per capita growth * consensuality	163	3.60	8.60	-30.04	32.43
	Africa	163	0.19	0.39	0.00	1.00
	Asia	163	0.12	0.32	0.00	1.00
	Latin America	163	0.29	0.46	0.00	1.00
	Europe	163	0.40	0.49	0.00	1.00

Appendix 16 Parliamentary Systems and Economic Voting

Variables	Legislative Elections		Presidential Elections	All Elections	
	Model 1	Model 2	Model 3	Model 4	Model 5
lagged incumbent vote share	**0.64**	**0.65**	**0.61**	**0.64**	**0.65**
	(0.07)***	(0.06)***	(0.11)***	(0.06)***	(0.05)***
lagged GDP per capita growth	**0.84**	**0.83**	**0.74**	**0.82**	**0.79**
	(0.19)***	(0.19)***	(0.41)*	(0.19)***	(0.18)***
president-parliamentarism	1.02		-3.85	-1.63	
	(3.55)		(5.43)	(3.01)	
premier-presidentialism	-1.47			-3.68	
	(3.41)			(3.29)	
parliamentary system	1.24	1.63		-0.86	0.92
	(4.29)	(3.63)		(4.67)	(4.30)
Asia	**-8.44**	**-8.95**	-9.41	**-8.46**	**-9.31**
	(3.96)**	(3.76)**	(8.21)	(3.70)**	(3.61)**
Latin America	**-8.29**	**-8.27**	**-11.50**	**-9.71**	**-9.17**
	(2.90)***	(2.80)***	(4.75)**	(2.55)***	(2.47)***
Europe	**-12.35**	**-12.68**	**-10.59**	**-11.28**	**-12.75**
	(3.51)***	(2.77)***	(5.52)*	(2.95)***	(2.50)***
Constant	**15.66**	**15.61**	**20.64**	**17.35**	**16.48**
	(4.03)***	(3.98)***	(7.13)***	(3.55)***	(3.46)***
R-squared	0.55	0.55	0.31	0.46	0.46
Observations	163	163	100	263	263

Robust standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

_ a binary coding scheme is used : parliamentary systems include both parliamentary and parl-presidential systems

Appendix 17 Electoral Systems and Economic Voting

Variables	Legislative Elections		Presidential Elections	All Elections
lagged incumbent vote share	**0.67**	**0.65**	**0.57**	**0.64**
	(0.07)***	(0.06)***	(0.11)***	(0.06)***
lagged GDP per capita growth	**0.86**	**0.84**	**0.74**	**0.83**
	(0.19)***	(0.19)***	(0.40)*	(0.19)***
majority system	7.62		-6.28	-2.81
	(7.46)		(4.33)	(2.77)
semi-proportional system	-3.02			-5.23
	(3.57)			(3.21)
proportional system	0.05	2.04		-2.66
	(3.64)	(2.31)		(2.86)
Asia	**-7.15**	**-8.06**	**-14.63**	**-10.38**
	(4.01)*	(3.79)**	(8.76)*	(3.82)***
Latin America	**-7.25**	**-9.30**	**-11.43**	**-8.79**
	(3.37)**	(2.99)***	(4.62)**	(2.51)***
Europe	**-11.34**	**-13.55**	**-10.44**	**-11.76**
	(3.39)***	(2.96)***	(5.21)**	(2.66)***
Constant	**14.07**	**14.91**	**26.25**	**18.98**
	(4.65)***	(4.07)***	(8.19)***	(4.02)***
R-squared	0.56	0.55	0.32	0.46
Observations	163	163	100	263

Robust standard errors in parentheses
* significant at 10%; ** significant at 5%; *** significant at 1%

Appendix 18 Index of Consensuality

Score of Consensuality	Legislative Elections		Presidential Elections		All elections	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
0	12	7.36	17	17	29	11.03
1	61	37.42	50	50	111	42.21
2	61	37.42	26	26	87	33.08
3	22	13.50	7	7	29	11.03
4	7	4.29			7	2.66
Total	163	100	100	100	263	100

Appendix 19 Institutional Consensuality and Economic Voting III

Variables	Legislative Elections			Presidential Elections			All Elections		
	Low Consensuality (0-1)	Moderate Consensuality (2)	High Consensuality (3-4)	Low Consensuality (0)	Moderate Consensuality (1)	High Consensuality (2-4)	Low Consensuality (0-1)	Moderate Consensuality (2)	High Consensuality (3-4)
Lagged incumbent vote share	**0.58**	**0.75**	**0.53**	0.24	**0.44**	**0.72**	**0.58**	**0.74**	**0.56**
	(0.09)***	(0.10)***	(0.21)**	(0.32)	(0.16)***	(0.18)***	(0.07)***	(0.09)***	(0.16)***
Lagged GDP per capita growth	**1.05**	**0.63**	0.58	-0.78	0.02	**1.59**	**0.69**	**0.86**	**0.87**
	(0.27)***	(0.28)**	(0.62)	(1.12)	(0.63)	(0.52)***	(0.27)**	(0.27)***	(0.53)
Asia	-4.31	**-19.67**	**-29.24**	6.41	**-21.66**	0.00	-6.46	-14.01	**-30.82**
	(4.35)	(7.91)**	(10.61)**	(9.86)	(12.37)*	0.00	(4.22)	(8.64)	(9.95)***
Latin America	-3.90	**-19.40**	**-13.73**	1.88	-11.20	-12.53	-4.30	**-16.46**	**-15.29**
	(3.99)	(5.23)***	(7.71)*	(7.23)	(7.04)	(7.60)	(3.38)	(4.75)***	(6.62)**
Europe	**-10.38**	**-22.63**	-13.27	22.07	**-19.80**	-5.40	**-11.92**	**-15.79**	**-14.93**
	(3.88)***	(5.05)***	(8.10)	(12.59)	(7.51)**	(8.13)	(3.48)***	(4.67)***	(7.24)**
Constant	**15.64**	**21.48**	**25.69**	31.51	**35.27**	8.16	**18.89**	**15.28**	**25.39**
	(5.30)***	(6.40)***	(13.82)*	(18.18)	(10.21)***	(11.58)	(4.58)***	(5.96)**	(11.84)**
R-squared	0.53	0.65	0.64	0.61	0.26	0.54	0.37	0.51	0.69
Observations	76	61	29	17	50	33	143	87	36

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

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