

# Economic voting in the 2009 and 2014 European Parliament elections

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## **ABSTRACT**

Using data from the 2009 and 2014 European Election Studies (EES), we explore the impact of the economy on vote choice in the 2009 and 2014 European Parliament (EP) elections. The paper demonstrates that the economy did influence vote choice in both contests. However, the impact of the economy was heterogeneous across the two elections. While voters in 2009 were motivated directly by economic assessments, in 2014 economic evaluations were conditioned by how much voters felt the national government were responsible for the economy, what we refer to as *clarity of economic responsibility (CER)*. Our analysis suggests that voters in 2009 were simply reacting to the economic tsunami that was the GFC but that by 2014, their economic judgments were influenced by responsibility attribution, suggesting a shift in the calculus underlying economic voting in the two elections. Our paper also reveals that economic voting was heterogeneous across countries in 2014, with the impact of attribution of responsibility and economic performance more potent in bailout countries compared to non-bailout countries. These findings have implications for our understanding of how the economy influences voters in European elections and also demonstrates that while the economy mattered in both the 2009 and 2014 EP elections, it shaped vote choice differently in both elections.

**Keywords:** GFC; Economy; clarity of economic responsibility; bailout; European elections;

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## 1. INTRODUCTION

This study focuses on economic voting in the 2009 and 2014 European Parliament (EP) elections. The period between 2008 and 2014 saw the advanced industrial world face its greatest economic challenge since the Great Depression of the late 1920s. The Global Financial Crisis (GFC), triggered by the subprime mortgage crisis in the United States in 2007, saw unemployment across the EU rise from an average of 7% in 2008 to 13% by mid-2013 (Trading Economics, n.d.), GDP fall, a series of banks come close to collapse forcing national and EU institutions to step in and preserve them, national deficits spiral, and the true indebtedness of many EU members become evident. This led to serious concerns over the ability of the Euro currency to survive (e.g.: BBC News, 2011; The Guardian, 2013) as some countries came close to economic collapse. Eight member states (Romania, Latvia, Hungary, Ireland, Greece, Portugal, Cyprus, and Spain) were forced to seek so-called 'bailouts' between 2008 and 2013, where international institutions such as the IMF and the EU provided finances to these countries to allow them to keep their ships of state afloat.

Most member state governments, willingly or not, responded to the GFC by implementing austere economic policies, which involved salary cuts and reduced public services as EU member states. Simultaneously, significant swathes of citizens took to the streets in protest against the GFC and the means by which governments and other international institutions were handling the Crisis. Demonstrations were particularly common in countries in receipt of 'bailouts'. This dissatisfaction saw many governments in power at the time the GFC hit ejected from office (LeDuc & Pammett, 2013), new political movements (such as *Syriza* in Greece, *Podemos* in Spain and the *Alternative für Deutschland* in Germany), and an increasing sentiment of malaise with the political establishment grip large segments of the European population. All of these developments were triggered by the GFC and have ensured that the economy has been the dominant preoccupation of both citizens and governments alike over the past seven years. Accordingly, we can expect economics to have been at the forefront of citizens minds when going to the ballot box during this period.

Previous studies have established the potency of economic evaluations on vote choice (e.g.: Dassonneville & Lewis-Beck, 2014; Duch & Stevenson 2008; Lewis-Beck & Stegmaier, 2000, 2013; Lewis-Beck & Paldam, 2000) with economic voting more likely to take hold during times of so-called economic crisis (Dassonneville & Lewis-Beck, 2014; Singer 2011) and the economy has been front and centre in the recent national elections of countries affected particularly adversely by the GFC (e.g.: Lewis-Beck & Nadeau, 2012; Marsh & Mikhaylov, 2012). Perhaps we should

not be surprised by its strong influence considering that valence issues are coming to the fore, and have been shown to be a crucial component in explaining vote choice cross-nationally (Clarke, Sanders, Stewart, & Whiteley, 2004, 2009; Clarke & Whitten, 2013). Couple this with declining party attachment cross-nationally over the past two decades (e.g.: Dalton, 2006; Schmitt, 2003), with some evidence suggesting the economy influences vote choice more when partisanship is low (Kayser & Wleizen, 2011), there is strong merit to expect economic assessments to condition voter behaviour.

While economic motivations have been shown to influence attitudes towards European integration (e.g.: (C. J. Anderson & Reichert, 1995; Gabel, 1998; Tucker, Pacek, & Berinsky, 2002), their influence on vote choice in European Parliament (EP) elections have been explored to a lesser extent. Traditionally, EP elections have been considered 'second-order', with voter behaviour being conditioned by their attitudes to the incumbent government (Hix & Marsh, 2011; Marsh, 1998; Reif & Schmitt, 1980; Schmitt, 2005). More recently, there has been an appreciation that other concerns motivate voters in EP contests including attitudes to European integration and citizens' levels of political knowledge (e.g.: DeVries, van der Brug, van Egmond, & van der Eijk, 2011; Hobolt & Spoon, 2012; Hobolt, Spoon, & Tilley, 2009). We suggest that economic assessments also have an influential effect. That is not to say that economics has been entirely ignored until now – rather they have mostly been considered within the 'second-order' conception of these elections. Our starting point however is that the economy has a direct impact on vote choice in EP elections, especially in the two most recent contests. We base our assumption on the fact the GFC illustrated the extent to which member state economics were intractably interlinked. Couple this with the aspects of economic policy that have already been delegated to the European level, particularly among the 19 Eurozone members, along with the fact that the 2009 and 2014 EP elections took place during a period of profound economic turbulence, there is strong cause to suspect a direct link between economic evaluations and vote choice.

In line with previous scholarship that has highlighted the importance of context in terms of understanding the impact of the economy on vote choice (e.g.: Anderson 2000; Tilley, Garry, & Bold 2008; Singer 2011), we suggest that the impact of economy on voter behaviour in EP elections is conditional both on time and space. Specifically, we argue that the impact of economy is heterogeneous across both the 2009 and 2014 elections and across countries, the latter heterogeneity depending on individuals' assessments of national governments responsibility for the performance of the national economy, what we refer to as *clarity of economic responsibility*. Unlike previous studies which have noted that economic evaluations vary depending on institutional configurations, the *clarity of political responsibility* hypothesis (e.g.: Anderson, 2000;

Hellwig & Samuels, 2007; Powell Jnr. & Whitten, 1993), we focus on individual perceptions (as opposed to aggregate level measures) and on where citizens perceive economic responsibility to lie. In the vein of Sanders (2000), our supposition is that voters' perception of who is responsible for the economy, rather than the reality of who might be responsible, is what will condition voter choice.

Our analysis goes beyond analysis of one election and instead explores the effect of the economy in the 2009 and 2014 EP elections simultaneously. This strategy allows us to investigate whether the impact of the economy on vote choices varies across both time and context. Our contention is that voters in the 2009 EP elections were strongly motivated by the economy directly, considering that at the time of the elections, the GFC was just taking root and the 2009 elections offered the first opportunity for many citizens to have their say at the ballot box. However, we posit that the economy influenced voters differently in 2014 and that assessments of the economy at this point were conditioned by how much citizens held their government responsible for the economic performance – in other words: the economic voter calculus altered between 2009 and 2014 from one of voting purely on the basis of the economy in 2009 to factoring in government handling of it by 2014. We also expect that the impact of the economy and assessments of government responsibility for it will differ across countries on the basis of whether a state had received an external bailout or not in the preceding six years. The reasoning is simple – these two sets of countries had very different experiences of the GFC, with bailout countries subject to particularly stringent austerity policies being overseen by external institutions, while non-bailout countries were less constrained and faced less austere policies. Consequently, we posit that in countries in receipt of a bailout, citizens' economic calculus will be more focused on assessing the government's performance on the economy and thus we expect the conditional effect of economic responsibility and assessments of the economy to be more potent in these countries. Our focus on countries that have received external assistance from the EU over the past six years is relatively novel as most existing research has tended to focus on the so-called PIGS of Southern Europe (e.g.: Lewis-Beck & Nadeau, 2012). Instead our case selection is broader and includes countries like Hungary, Ireland, Latvia, and Romania as these countries too were beset by substantial economic woes arising out of the GFC.

Using a series of multivariate models based on data from the 2009 and 2014 European Election Study (EES), our expectations are largely borne out. The results demonstrate that the 2009 and 2014 elections had important differences between them. It adds to the large literature demonstrating that the economy matters in elections, even so-called 'second-order' ones. However, we have shown that its influence in the same type of election varies across both time

and context, illustrating that it's important to account for this heterogeneity in understanding the influence of the economy on voting. Perhaps more interesting, our results demonstrate that attribution of economic responsibility to the government is an important element that needs to be factored into economic voting analyses. Our analysis also suggests that while EP policymakers worked hard to ensure that the 2014 EP elections took on a distinctly more European feel, our results indicate that a substantial swathe of voters were motivated by a national level variable, namely the state of the country's economy and the government's handling of that, illustrating that EP elections retain a large degree of a second-order flavour.

Our article proceeds as follows: we begin by exploring economic voting more generally before making our case that economic voting influences vote choice in European elections but that it varies across space and time. To do this, we devise three hypotheses. In section 3, we describe our research strategy and data. Section 4 details our empirical results and the key finding: the economy directly motivated vote choice in 2009 but that its impact in 2014 was conditional upon responsibility attributed to the national government. Finally, section 5 provides a summary of our results.

## **2. UNDERSTANDING ECONOMIC VOTING IN THE 2009 AND 2014 EUROPEAN ELECTIONS**

### 2.1. Defining the mechanisms of economic voting in EP elections

*"It's the economy, stupid!"* – the phrase coined by Bill Clinton's campaign team during his run for the American Presidency in 1992 emphasizes the importance to which political campaigns attribute to the economy. And they do not appear to be wrong for the economy has been shown to have a determining impact on vote choice time and again cross-nationally (e.g.: Duch & Stevenson 2008; Lewis-Beck & Stegmaier, 2000; 2013; Lewis-Beck & Paldam, 2000; Singer 2011; Whitten & Palmer, 1999). The basic premise of the argument is that when voters consider the economy to be doing well, they are more likely to vote for the incumbent government. When the economy is considered to be performing poorly, they are more likely to vote against them. This reward-punishment axiom has led Anderson (2007, p. 277) to observe that "given citizens limited willingness and capacity to process complex information about politics, rewards and punishment should most easily be detectable with regard to the performance of the economy – after all, the economy is perhaps the most perennially talked-about issue during election campaigns". Furthermore, we might expect the economy to take on even greater significance considering that ideologically motivated voting has been declining in importance as valence

politics becomes more prevalent (Clarke et al., 2004, 2009), and fewer citizens now have a predisposition to vote for a particular party (Dalton, 2006).

While the presence of economic voting is near indisputable, there is considerable debate as to the mechanisms underlying it. Accordingly, it is necessary for us to define our unit of analysis. Existing research recognizes two potentially different facets underlying economic voting. First is whether voters are motivated by sociotropic or egocentric concerns, and second whether voters base their perceptions on retrospective or prospective judgments. We deal with each in turn below.

Sociotropic motivations assume that voters act according to the perception of the overall macroeconomic situation in the country while egocentric motivations are predicated on the 'personal' utility of the voter – i.e.: that voters base their decision on personal economic gain or loss (Nannestad & Paldam, 1994, p. 224). While we do not discount the possibility that some voters in EP elections might be egocentric, we suspect that most citizens voting in EP elections will base their economic assessments on sociotropic motivation. We base this view not only on the idea that most research suggests sociotropic utility drives economic voting to a greater extent (e.g.: Anderson, 2000; Lewis-Beck & Stegmaier, 2013) but also because of the nature of EP contests. As elections are taking place simultaneously across the EU, we argue benchmarking is more likely to take hold (Kayser & Peress, 2012), whereby citizens compare the economic performance versus others, and thus in doing so, are more likely to be making sociotropic rather than pocketbook comparisons. In any event, our measure of economic assessment is sociotropic, the indicator *par excellence* in terms of the literature standard (Costa-Lobo & Lewis-Beck, 2012).

The second debate surrounding economic voting is whether voters base their economic judgments on retrospective or prospective evaluations. Retrospective assessments assume that voters' decisions are based on the past performance of the incumbent government and is in accordance with the premise that politicians are held accountable for their decisions (Woon, 2012). On the other hand, such an assumption is incompatible with the idea that voters are forward-looking (Ashworth & Bueno de Mesquita, 2008; Gordon & Huber, 2007). Consequently, many argue that when casting a vote, the electorate are thinking prospectively and how they think politicians will handle the economy in the future (Woon, 2012). In addition to the stronger evidence of retrospective voting (e.g.: Duch & Stevenson, 2008; Lewis-Beck & Stegmaier, 2013; Nannestad & Paldam, 1994) we suspect that the context of EP elections, particularly those of 2009 and 2014, makes retrospective voting much more likely. Voters in EP elections are not voting for governments and consequently they are unlikely to judge the prospect of future economic dividends accruing from the election of individuals to the European Parliament,

especially as the the economic power that the EU wields is distributed across a range of EU institutions from the Commission and the European Central Bank. Thus, we expect economic voting in EP elections for the most part to be sociotropic and retrospective.

## 2.2. Economic voting in the European Parliament elections of 2009 and 2014

European elections have been noted for a long time as different to national elections. They have been characterised by lower voter turnout, declining support for the incumbent government, and elections were smaller and fringe parties perform better than average (e.g.: Hix & Marsh, 2011; Reif & Schmitt, 1980; Schmitt, 2005). This has resulted in them being characterised as 'second-order', with voters liable to behave differently than they otherwise might in a national poll and where they are primarily preoccupied with domestic concerns.

Although there is potential for some voters to behave differently in these types of elections, the fact that domestic concerns are usually at the forefront of voters minds (Hobolt, 2014; Reif & Schmitt, 1980) leads us to believe that attitudes towards the national economy will matter, particularly in the context of an economic crisis (Dassonneville & Lewis-Beck, 2014; Singer 2011a, 2011b). Our expectation is enhanced if one considers that citizens generally have little knowledge about policies at European level or the implications of EU institutions (Hix, Noury, & Roland, 2006; Hobolt, 2014). Taken together with the lack of saliency of the EU and its functions in the national media (Norris, 2000; Peter & de Vreese, 2004) bolsters our view that voters in EP elections will be motivated by domestic concerns and when thinking of the economy, will be thinking nationally too.

Our interest lies in deciphering the effects of the economy on vote choice in light of the GFC. Economic crises are very relevant to the magnitude of the economic voting, with information more widely accessible to voters (Singer, 2011a, 2011b) and voters found to be particularly responsive to negative economic information (Dassonneville & Lewis-Beck, 2014). Nannestad and Paldam (1994, p. 215) have shown that economic voting tends to be asymmetric in nature with incumbents likely to be held particularly accountable for poor economic performances.

Our expectation is that the effect of economic voting on EP voting behaviour will be heterogeneous across both the election cycles (2009 and 2014) and cross-nationally (in 2014). Ours is not the first study to assume heterogeneity with respect to economic voting (e.g.: Powell Jnr. & Whitten, 1993; Hellwig & Coffey 2011). For example, Tilley *et al.* (2008), while exploring the link between economy and vote choice in the 2004 EP elections concluded that economic assessments had a small direct effect on vote choice but that it was confined to sophisticated voters and in circumstances where voters could clearly attribute responsibility for economic

performances (i.e.: when the government was made up of a single party). For us, the heterogeneity across both space and time are influenced by two things: first the attribution of responsibility for the economy to national governments and second, whether a country is in receipt of a bailout or not. To take the difference between the two elections first, we suspect that voters will have been directly motivated by their assessments of the economy in the 2009 elections as the GFC and its implications were just becoming evident. The 2009 EP elections also marked the first opportunity voters had to vent their feelings at the ballot box. Thus, we suspect that a pure assessment of the economic situation was motivating vote choice in 2009.

We hypothesize that the economy will still matter in 2014 but that its impact will be conditioned by how much voters feel the national government was responsible for the economic performance. We refer to this conditional variable as *clarity of economic responsibility* (CER). Exploring the clarity of responsibility is nothing new. First introduced by Powell and Whitten in 1993, clarity of political responsibility suggests that institutional factors condition the impact of the economy on vote choice with the idea being 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*” (Powell Jnr. & Whitten, 1993, p.398). In sum, the less ambiguous the clarity of responsibility with respect to economic performance, the stronger the impact of economic voting, with the relationship having been consistently confirmed in various scholarly works since (e.g.: Anderson 2000; de Vries, Edwards, & Tilman, 2010; Nadeau, Niemi, & Yoshinaka, 2002; Powell Jnr. & Whitten, 1993; Whitten & Palmer, 1999).

However, most of existing studies have explored responsibility attribution from an aggregate perspective using an index based on institutional criteria including the type of electoral and party system, majority status of government, opposition influence. Aggregate level measures of clarity of political responsibility assumes that voters understand complex political institutional arrangements and act accordingly. However, this assumption requires us to believe that voters have detailed information as to how the political system operates and where the responsibility for power really lies. In the vein of Sanders (2000) and Costa Lobos and Lewis-Beck (2012), we argue that the perception of voters also matters. Accordingly, we employ a different measure of responsibility attribution at the individual level, which has the advantage of avoiding issues associated with ecological fallacy (Robinson 1950; Kramer 1983). We measure the respondent's perception about how much responsibility the national government has for the state of the national economy (clarity of economic responsibility – CER).

We posit that economic voting in the 2014 EP elections will be mediated by how much responsibility a voter attributes to the national government for the country's economic

performance. We argue that this matters in 2014 because voters will have had time to absorb the shock of the GFC. Rather than being motivated solely by the economic crisis itself, voters by this stage will be factoring in how governments have handled the fallout of the GFC, and that it is a sufficient period of time for voters to evaluate governments' responses. We posit that the more a government is perceived to be responsible for a country's economic performance, the stronger economic voting will be.

Thus we hypothesize:

**H1:** *"The effect of the economy on vote choice will be stronger in the 2009 EP elections"*

**H2:** *"The effect of the economy on vote choice in the 2014 EP elections will be conditioned on the basis of clarity of economic responsibility"*

We also expect that the impact of the economy on vote choice in 2014 will vary by country. Specifically we assume that economic voting might differ between bailout and non-bailout countries. We classify 'bailout' countries as EU member states that received external financial assistance in order to avert sovereign defaults between 2008-2012. Eight states fall into this category: Hungary, Latvia, Romania, Portugal, Ireland, Greece, Spain, and Cyprus.<sup>2</sup> An advantage of our classification is that most existing studies have tended to focus on the so-called PIGS (Portugal, Italy, Greece, and Spain - Lewis-Beck & Nadeau, 2012) but this misses out on several other states who also faced financial peril as a consequence of the GFC. If one contrasts the economic positions of the two sets of countries, bailout countries were subject to much more stringent austerity measures as their government's economic decisions were under external scrutiny from institutions like the EU and the IMF. Their economic situations were also more perilous in these states – for example, unemployment in Greece quadrupled between 2008 and 2013 (from 7.5% to 27.2%) while in Spain unemployment rose from 11.5% in 2008 to 26.6% in 2013. Compare this to non-bailout countries such as Germany, where unemployment actually declined between 2008 and 2013, or to Poland where unemployment rose but only by 3% during the same period (from 7% to 10.3%), and the contrasts are clear (World Bank, 2015). Furthermore, in non-bailout countries, governments had some more leeway in deciding how to deal with the Crisis and were not subject to introducing what many perceived to be extremely harsh austerity policies such as cuts to public services and salaries. As such, the economic crises in the 'bailout' countries have had a more distinct impact we suspect than in the non-bailout countries. Such a prolonged negative effect should be reflected by a greater focus on who is

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<sup>2</sup> Our choice is based on those countries that received any EU/IMF financial assistance. Italy, although often considered as party of this group, was not officially in receipt of a formal bailout.

responsible for the performance of the national economy. We suspect that voters in these states will have a stronger tendency to a) hold the national government responsible for the state of the economy and b) for economic voting conditioned by clarity of economic responsibility to be stronger in bailout countries than non-bailout countries as a result. Thus we suggest that:

**H3:** *“The effect of the economy on vote choice in the 2014 EP elections will be conditioned on the basis of clarity of economic responsibility more so in bailout countries than non-bailout countries”.*

### 3. RESEARCH STRATEGY

#### 3.1 Data and variable classifications

Our data comes from the 2009 and 2014 European Electoral Studies (EES), which is a cross-sectional comparative survey administered in all EU member states post the elections with the aim of understanding voter behaviour in these contests.<sup>3</sup> The data includes identical questions posed to respondents across member states that tap voters assessments of the economy, who they perceive to be responsible, as well as other relevant political and demographic correlates, which we describe in more detail below.

Our dependent variable is binary and captures whether a respondent voted for the national governing party/coalition (coded 1) or another party/coalition (coded 0) on the basis of the question: *“Which party did you give your vote to in these recent European Parliament elections?”* Respondents who reported abstaining were excluded from the analysis.

We have two primary independent variables. The first taps the direct effect of economic voting. Our measure of this is sociotropic and retrospective. The question asks: *“Compared to 12 months ago, do you think that the general economic situation in [our country] is...”*. Respondents were asked to classify performance on a scale of 1 to 5 ranging from “a lot worse” to a “lot better”. We rescaled this variable to make it binary, as is common practice in the economic voting literature so that responses “Is a lot better” and “Is a little better” compose 1, while the responses “Is a little worse” and “Is a lot worse” are coded as 0.<sup>4</sup>

The EES provides us with a golden opportunity to measure respondents perceptions of who is responsible for the national economy through the question: *“thinking about the economy, how responsible is [incumbent] government for economic conditions in [our country]”*. This forms the basis of our second measure, which we classify as clarity of economic responsibility (CER). CER

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<sup>3</sup> Our data for 2009 is based on the final release of the 2009 dataset and our 2014 data is based on the first advanced released of that dataset, with both datasets accessed by GESIS data repository.

<sup>4</sup> Respondents who answered “stayed the same” and “Don’t know” were excluded from the analysis.

is scaled from 0 to 10, with 0 “no responsibility” and 10 “full responsibility” of the national government for the economic conditions.

Our total N at the micro level across the two election cycles is 27,840 observations: 19,924 for the 2009 elections and 7,916 for the 2014 EP elections. The difference in number of observation between 2009 and 2014 sample is a consequence of fewer observations available in 2014. However, all samples across both waves had a minimum of 1000 observation in their analysis and are representatively chosen. Our macro observations are 27 for both elections.<sup>5</sup>

### 3.2 Modelling strategy and covariate selection

Although our analysis is confined to the individual level, the hierarchical nature of the EES data calls for a multilevel strategy. When observations within a sample are clustered, the data violates the assumption of observational independence. Failure to take account of this data structure could result in the incorrect estimation of standard errors, which can increase the probability of Type-I errors (Hox 2002, Gelman and Hill 2007). Multilevel modeling accounts for the clustered nature of the data allowing us to estimate separate variance components for both the micro and macro levels. For this study, two levels of analysis are defined: citizens (micro-level) that are nested in countries (macro-level).<sup>6</sup> We estimate multilevel models with with random intercepts for country but fixed effects for the independent variables. Baseline models for each analysis are detailed in the appendix.

We encounter difficulties in taking a multilevel approach in testing H3: the difference between bailout and non-bailout countries in attribution of responsibility in the 2014 elections. Conventional wisdom has it that to apply multilevel modelling, a minimum of 20 macro observations are needed. However, with bailout countries only accounting for eight observations, this is infeasible. Accordingly, Models V and VI in Table 2, are based on regular logit models. One might assume that a way around this might have been to estimate a multilevel model by just including a three-way interaction. However, given the noted difficulties in interpreting interactions in logit models (Brambor, Roberts Clarke, & Golder, 2006), we felt a three-way interaction would be too convoluted.

Our covariates selection follows that of Lewis-Beck and Nadeau (2012). Accordingly, we control for left-right position of the respondent (0 =a position on the extreme left position and 10 =position on the extreme right of the spectrum). We also tap the cleavage dimension by tapping

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<sup>5</sup> Croatia is excluded from the analysis to maintain comparability at the macro level as the country only became a member of the EU in 2013 and thus only participated in the 2014 elections.

<sup>6</sup> We also estimated our models in the classic pooled analysis fashion too and found no significant deviations.

how often a respondent attends a religious service (1=respondent attended religious services several times a week and 6=never). Summary statistics for all variables in the model are included in the appendix.

To test our first hypothesis, we employ the well established model of economic voting (e.g.: Duch & Stevenson, 2008; Lewis-Beck & Nadeau, 2012), which provides us with a baseline estimate of the direct impact of economy. We develop this model in equation 1 by adding an interaction term to capture the relationship between economy and perceptions of economic responsibility attributed to the national government (CER). This interaction will enable us to test our second hypothesis, namely that CPR will condition the impact of the economy in the 2014 elections:

$$E[y|x_1, x_2, X] = F(\beta_1 x_1 + \beta_2 x_2 + \beta_{12} x_1 x_2 + X\beta) \quad (1)$$

$$E[y|x_1, x_2, X] = F(u) \quad (2)$$

Equation 2 simply summarizes equation 1 where  $F$  is the standard normal cumulative distribution and  $u$  denotes the index  $\beta_1 x_1 + \beta_2 x_2 + \beta_{12} x_1 x_2 + X\beta$ . However, one should note that the magnitude and statistical significance of the interaction effect in models with binary dependent variables varies by observation (Ai and Norton 2003). Therefore, we calculate the interaction effect following Norton, Wang and Ai (2004) formula which specifies how a continuous variable (in our case clarity of economic responsibility) and a dummy variable (in our case economy) are interacted together:

$$\frac{\Delta \frac{\partial F(u)}{\partial x_1}}{\Delta x_2} = (\beta_1 + \beta_{12})(F\{(\beta_1 + \beta_{12})x_1 + \beta_2 + X\beta\} * (1 - F\{(\beta_1 + \beta_{12})x_1 + \beta_2 + X\beta\}) - \beta_1[F(\beta_1 x_1 + X\beta)\{1 - F(\beta_1 x_1 + X\beta)\}]) \quad (3)$$

#### 4. EMPIRICAL ANALYSIS

Our empirical analysis consists of three parts. First we are interested in establishing the direct effect of evaluations of the economy on vote choice in the 2009 and 2014 EP elections. This is tested in Models I and II of Table 1. Our second component involves adding an interaction term to our model to test our second hypothesis where we expect the impact of the economy on vote choice might be mediated by how much responsibility the individual attributes to the national government. We suspect we will observe heterogeneity across elections – i.e.: that clarity of economic responsibility will mediate the impact of economy on vote choice in the 2014 EP

elections as voters moved from voting solely on the basis of the GFC in 2009 to passing a judgement on how incumbent governments were perceived to be handling the GFC in 2014. This is tested in Models III and IV of Table 1. The third element of our analysis is to assess whether we observe heterogeneity across countries with respect to the interaction term in the 2014 elections. In other words, do we see different effects take hold in bailout versus non-bailout countries? Our expectation is that we will, with the interaction having stronger more potent effects in bailout countries compared to non-bailout countries and we test this in Models V and VI detailed in Table 2.

In models I and II of Table 1, we observe that the economy variable is positive and statically significant in both models ( $p < 0.001$ ). This suggests that for respondents whose perceive that the economy has improved in their country in the preceding twelve months prior to the election, the likelihood of voting for the incumbent government increased substantially. Such an effect is hardly surprising and confirms the potency of economics in determining vote choice, even in a second-order election like the EP elections, where a government is not being chosen.

However our supposition is that the 'true impact' of the economy only appears when the perceived responsibility that an individual respondent attributes to the national government for the state of the economy is accounted for. For this reason, we add an interaction term to our base models, the results of which are detailed in models III and IV of Table 1. It is evident that the direct impact of the economy on vote choice shifts somewhat with the inclusion of the interaction. First, the addition of the interaction to Model III (which focuses on the 2009 EP elections) does not directly inhibit the direct impact of the economy on vote choice. It remains highly statistically significant and positive. What we can conclude is that the clarity of economic responsibility mattered somewhat to vote choice, but that it did not directly mediate the impact of the economy. This is what we had expected: the economy having a strong direct impact on vote choice in 2009 independent of attribution of responsibility.

#### **TABLE 1 ABOUT HERE**

We observe a different pattern in Model IV of Table 1, which focuses on behaviour in the 2014 EP elections. Here, the addition of the interaction term to the model results in the direct impact of the economy not reaching statistical significance at  $p < .005$  level. Instead, vote choice is heavily conditioned by attribution of responsibility. First off, the CER variable is negative and statistically significant indicating that the more an individual held the government responsible for the national economy, the more likely they were to have voted against it. But the interesting part of the story

is that the impact of the economy was conditional on the amount of responsibility attributed to the national government. When the economy was considered to be doing well and the government were perceived to have been responsible for it, voters were more likely to have supported it

However, we were conscious of the fact that the magnitude and statistical significance of the interaction effect in models with binary dependent variables varies by observation. Therefore, we estimated the interaction using Ai and Norton (2003) approach (see section 3) to ensure that we were correctly estimating the interaction effect. We found that the significance and sign of the coefficients to be in same direction as those detailed in Table 1, bolstering our confidence in this finding.

In sum, we deduce the following from our analysis. There is support for H1 – the economy had a direct impact on vote choice in 2009 but its impact in 2014 was mediated by other factors. This was not to say that the economy didn't matter in 2014 – rather it depended on how much voters attributed responsibility of the economy to the national government. In other words, the 2014 elections were characterised by how the governing party was perceived to have handled the economy, rather than the simple deduction of how the economy was performing that drove vote choice in 2009. Thus, the economy did matter in both elections but in different ways, with voters in 2014 mediating their economic assessment on the basis of who they felt was responsible for the economic performance, which supports H2.

Having established that the impact of the economy in 2014 was mediated by how much an individual held the national government responsible for economic performance, we anticipate that this effect is not universal across the EU bloc but that it differs across countries dependent on whether a country was in receipt of a bailout or not. To test this, we divide our sample to 'bailout' and 'non-bailout' countries and run two models to explore the differences among the two sets. We would expect that in countries that have received a financial support from the EU/IMF, the factor of clarity of economic responsibility would have a stronger effect compared to countries not in receipt of a bailout. This is because voters in bailout countries, having gone through more economic pain, might be more likely to be in the game of punishing or rewarding governments for their handling of the GFC and the bailouts.

## **TABLE 2 ABOUT HERE**

Our results are detailed in Models V and VI of Table 2. We note there is a difference in the impact of the CER and CER\*economy interaction variables. Clarity of economic responsibility is statistically significant and negative in bailout countries, suggesting that in countries that have

received 'bailout', the blame for the economic situation had strong negative impact on the electoral support for the governing party or coalition. However, this does not appear to be the case in non-bailout countries.

However, the interaction effect in both models is positive and significant which is line with our expectations – the better the economy is and the more governments are held accountable for this, the greater the likelihood of voting for the incumbent government. However, the strength of the effect is stronger in bailout countries versus non-bailout countries. We conclude there is support for H3: voters in bailout countries approached the 2014 elections somewhat differently to the non-bailout. First and foremost, attribution of responsibility on its own mattered in these countries, while it didn't in non-bailout states. Furthermore, the impact of the economy was conditioned on this basis but also was shown to be stronger in bailout countries than non-bailout countries.

Before moving to our conclusion, we wish to draw attention to the behaviour of covariates across all our models. Both of our control variables, ideology and religion, are highly significant in our first four models. Interestingly, the sign of the coefficient for the ideology changes from positive in 2009 to negative in the 2014 EP elections. This is an indication that there was an ideological shift among the respondents regarding the governing party or coalition support from 2009 to the election in 2014. Respondents closer to the right ideological self-placement, have been in favour of the incumbent governing parties in 2009 EP election, however the opposite occurred in the 2014 EP election, where those who had self-reported leftist ideological standings, were more in favour of the incumbent government parties. Religion is negatively associated with the vote choice for the governing party in models one to four, indicating that lower the number of attendance on religious services for respondents, the less likely they were to have voted for the incumbent government.

## 5. CONCLUSION

We find that in spite of the heralded slogan of '*This time it's different*' (see Hobolt 2014), voting behaviour in the 2014 EP elections and the 2009 EP elections were similar in the sense that voters were strongly motivated by national considerations, and assessments of the national economy playing an important role. Accordingly, we certainly can deduce the EP elections remain classic 'second-order' contests. Yet this masks a difference in how exactly the economy shaped voter choice in these two elections, as we find its impact on vote choice heterogenous across both election and country. Whereas assessments of the economy directly influenced voter choice in the 2009 EP elections, its impact in 2014 was conditioned on the basis of the governments

have handled the economic circumstances, with clarity of economic responsibility an important mediating factor. In other words, the effect of the economy in 2014 is channelled through how much responsibility voters believe can be attributed to the national government.

Heterogeneity is not only visible across time, but in terms of context, as the impact of the economy and clarity of economy responsibility varied between bailout and non-bailout countries. We discovered sharp differences in the impact of the clarity of economic responsibility on the support for the national governments across European Union. If found to be responsible for the economic outcome, voters tend to penalize national governments more in the 'bailout' countries, while in the non-bailout the impact of 'blame' is closely related to the consequent variation of the national governments economic performances.

We bring several contributions to the understanding of the voting behaviour in EP elections. First off is that the economy matters in EP elections but its impact across elections is not constant, which supports previous scholarship that context matters for economic voting (C. Anderson, 2000; Singer, 2011). Second, *clarity of economic responsibility* is an important factor that intermingles with the magnitude of economic voting, even in second-order EP elections. Third, the effect of clarity of economic responsibility varies across space, with perceived responsibility an individual respondent attribute to the national government being more influential in terms of the outcome of the elections in severe austerity times. Finally, it takes time for the voters to attribute responsibility or consequent 'blame' for poor economic performance to the national governments.

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**CONFLICT OF INTEREST**

The authors have no conflicts of interest to declare.

**Table 1** Multilevel logit models examining the impact of economic voting in 27 democracies

<b>Dependent variable:</b> Vote for incumbent govt.	<b>(I)</b> <b>2009</b>	<b>(II)</b> <b>2014</b>	<b>(III)</b> <b>2009</b>	<b>(IV)</b> <b>2014</b>
<b>FIXED EFFECTS</b>				
Economy	0.755*** (0.055)	1.046*** (0.059)	0.890*** (0.144)	0.309 (0.166)
CER <sup>7</sup>	-	-	-0.040*** (0.007)	-0.055*** (0.014)
Ideology	0.072*** (0.006)	-0.045*** (0.009)	0.072*** (0.007)	-0.045*** (0.009)
Religion	-0.101*** (0.012)	-0.052** (0.019)	-0.105*** (0.012)	-0.049** (0.019)
Economy x CER	-	-	-0.021 (0.020)	0.096*** (0.020)
Constant	-1.185*** (0.135)	-0.286 (0.160)	-0.886*** (0.144)	0.123 (0.192)
<b>RANDOM EFFECTS</b>				
Residual ( $\pi^2/3$ )	3.29	3.29	3.29	3.29
Intercept	0.368	0.398	0.369	0.391
N (Micro/Macro)	19,924/27	7,916/27	19,583/27	7,865/27
Log Likelihood	-10,657.470	-4,974.745	-10,437.290	-4,933.200
AIC	21,324.940	9,959.489	20,888.590	9,880.401
BIC	21,364.430	9,994.372	20,943.770	9,929.192

*Source of data: European Election Studies 2009 and 2014.  
Please Note: Standard error in parenthesis; \* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$*

**Table 2** Logit models examining the impact of economic voting in 27 democracies in the 2014 European Parliament elections

<b>Dep variable: Vote</b> for incumbent govt.	<b>(V)</b> <b>Bailout 2014</b>	<b>(VI)</b> <b>Non-Bailout 2014</b>
Economy	0.507 (0.351)	-0.196 (0.181)
CER	-0.115*** (0.030)	-0.022 (0.015)
Ideology	0.224*** (0.019)	-0.117*** (0.010)
Religion	-0.054 (0.037)	-0.035 (0.019)
Economy x CER	0.103* (0.042)	0.085*** (0.022)
Constant	-1.032** (0.322)	0.479** (0.158)
N	1,903	5,962
Log Likelihood	-1,067.457	-3,988.831
AIC	2,146.915	7,989.662

*Source of data: European Election Studies 2009 and 2014.  
Please Note: Standard error in parenthesis; \* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$*

<sup>7</sup> Clarity of Economic Responsibility

# Appendix

**Table A1** Logistic Regression Results

<b>Governing Party or Coalition</b>	<b>(1) 2009</b>	<b>(2) 2014</b>	<b>(3) 2009</b>	<b>(4) 2014</b>
Economy	0.698*** (0.052)	0.741*** (0.046)	0.696*** (0.137)	-0.066 (0.155)
CER			-0.052*** (0.007)	-0.058*** (0.013)
Ideology	0.066*** (0.006)	-0.026** (0.008)	0.068*** (0.006)	-0.027** (0.008)
Religion	-0.070*** (0.011)	-0.042** (0.016)	-0.071*** (0.011)	-0.042** (0.016)
Economy x CER			-0.003 (0.019)	0.103*** (0.019)
Constant	-1.190*** (0.062)	-0.293** (0.091)	-0.817*** (0.077)	0.160 (0.138)
N	19,924	7,916	19,583	7,865
Log Likelihood	-11,213.460	-5,307.892	-10,981.880	-5,258.758
AIC	22,434.920	10,623.780	21,975.770	10,529.520

**Table A2** Summary Statistics

<b>2009</b>	<b>N</b>	<b>Mean</b>	<b>St. Dev.</b>	<b>Min</b>	<b>Max</b>
Gov. Party	27,069	0.249	0.432	0	1
Economy	23,088	0.085	0.278	0	1
CER	26,264	7.188	2.717	0	10
Ideology	23,647	5.332	2.724	0	10
Religion	26,549	4.181	1.572	1	6
<b>2014</b>	<b>N</b>	<b>Mean</b>	<b>St. Dev.</b>	<b>Min</b>	<b>Max</b>
Gov. Party	13,701	0.454	0.498	0	1
Economy	17,828	0.436	0.496	0	1
CER	28,324	7.668	2.630	0	10
Ideology	23,569	5.075	2.617	0	10
Religion	28,475	4.383	1.445	1	6
Bailout/Non-Bailout	28,986	0.28/0.72	0.449	0	1