The theory of economic voting suggests that when the economy thrives, voters reward the government with their electoral support, but if the economy underperforms, they punish the government by offering support to the opposition (Lewis-Beck and Stegmaier 2015).

**Methodology**

1. **Survey Data**
   - Measuring national economic data (objective)
     - GDP growth, unemployment rate, etc.
   - Measuring the population's economic perceptions (subjective)
     - American National Elections Study (ANES)
     - British Election Study

2. **Economic Voting:**
   - How do Scholars Study it?
     - Sociotropic
       - Also called pocketbook, the egotropic perception is held when a voter judges the economy based on his own earnings counterpointed with previous personal status.
       - Egotropic behavior seems to be present in developing countries, notably in Africa (Carslon and Fidalgo 2016).
     - Sociotropic
       - As sociotropic electors are those who make their judgments based on national economic conditions.
       - This behavior has been found in the United-States (Alvarez and Nagler 1995) and in Europe (Anderson 2000).

3. **Range of Economic Perceptions**
   - Do voters base their judgment on past economic conditions (retrospective) or electoral promises during campaign (prospective)?
   - Time Reference
     - Retrospective
       - Voters judge by comparing electoral promises by parties during election time.
       - This approach is particularly relevant when incumbents are in their first mandate, for the electorate have little to judge about their performance (Carey and Lebo 2006; Singer and Carlin 2013).
       - Voters judge on "one comparatively hard bit of data: ... what life has been like during the incumbent's administration'' (Fiorina 1981, 5).
     - Prospective
       - Let's not forget that voters are myopic, thus having a short-term memory (Heary and Lenz 2014).

4. **Political Sophistication as an Interaction Variable**
   - The voters' level of knowledge reveals how they can rightfully judge the economy.
   - The following figure presents a graphical demonstration of the interaction between political sophistication and economic assessment on Senate vote choice (Gomez and Wilson 2003).

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**Timeline of Scientific Contributions**

- 1971: "Election Models and Economic Variables" by Paul H. Cragg
- 1988: "Economic Voting: The Case of the United Kingdom" by John F. M. Vining
- 2008: "Economic Voting: The Case of the United States" by David A. Ornstein

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**Survey Data**

- 51% of Americans approve of current handling of the economy.
- GDP Growth Rate: 2.1% (GDP Growth Rate Chart)

**Economic Indicators**

- US GDP Growth Rate (2021)

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**Range of Economic Perceptions**

- Sociotropic vs. Egotropic

**Time Reference**

- Retrospective: Voters judge by comparing electoral promises by parties during election time.
- Prospective: Voters judge on "one comparatively hard bit of data: ... what life has been like during the incumbent's administration'' (Fiorina 1981, 5).

**Voters' Knowledge About the Economy**

- Political sophistication as an interaction variable
  - The voters' level of knowledge reveals how they can rightfully judge the economy.

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Partisanship as an interaction variable
Some research has shown that economic perceptions are influenced by partisanship. Voter partisanship may introduce a conceptual lens into the economic evaluation, rendering more favorable judgments of the economy when their party is in power, and less favorable judgments when they are out of power (Lewis-Beck & Steigmaier 2015, 28).

In a presidential system, like the United States, the president is commonly held responsible for the economy (Peffley and Williams 2015). In the case of an economic recession, like the 2008 crisis, blame is attributed to the previous administration, acknowledging that the current president inherited from past bad management (E.g.: Obama in 2008) (D'Elia and Norpoth 2014). Sophisticated voters can distinguish the respective responsibility of different institutions and actors in the system, depending on the situation (Hellwig and Coffey 2011).

We observe less economic voting in nations with higher international trade, because of foreign markets accessing local economies (Fernandez-Albertos 2006).

Economic vote is attenuated with coalition governments because they are more complex (Powell and Whitten 1993).

Clarity of Responsibility

Cross-national analysis

Some scholars argue that cross-national analyses offer a higher external validity because they take into account a variety of contexts.

The campaign-based analysis offers a different theoretical layout than the conventional cross-national studies. The theory argues that political candidates have a determining influence over when and to what extent economic voting occurs: all depends on how the intensity of the campaign conditions an electoral discourse based on the economy or not.

Austin Hart’s book, Economic Voting: A Campaign-Centered Theory (2016), takes for example the 2000 U.S. Presidential elections. Why didn’t Al Gore win given that the democrats (Clinton) were responsible for economic prosperity? Simply because Gore didn’t use a financial vernacular that would trigger economic voting.

Campaign-based analysis

Conclusion

Economic Voting: How do scholars study it?

Partisan bias
Is the electorate’s economic assessment biased by partisanship?

Examining the predicted impact of independent variables on economic perceptions (De Vries, Hobolt, and Tiley 2018, 120)

We can see that, compared to having a government party ID, one with an opposition party ID or no party ID estimate the economy almost half as bad.

Probing nuance to economic voting: institutions, sophistication, foreign trade and electoral systems

Some scholars argue that cross-national analyses offer a higher external validity because they take into account a variety of contexts. Their results are from data of multiple countries; they therefore cannot be due to contextual differences. The reference for this type of study is from Duch and Stevenson (2008) who observed economic voting through 163 surveys coming from 19 different nations, thus making it the largest academic work on the subject.

Time-series analysis: the comparative work also gives insight on the evolution of economic through the decades. The authors find robust results that support the sociotropic and retrospective hypotheses.

So how do scholars study economic voting?

Methodologically, academics either use survey data, based on individual perceptions, or objective economic indicators. It has been shown that individuals’ perceptions aren’t always equal to economic indicators, depending on interaction variables like sophistication, partisanship, foreign trade and institutions. Although most studies show retrospective and sociotropic voting, prospective and egotropic shouldn’t be taken out of the picture.

The study of economic voting can also refer to the spatial dimension, where we compare and contrast how the same economic event has different impacts in different regions. For example, a local election may have a higher level of activism, while a federal takes a second look.
References:


