Context Counts: The Election Cycle, Development, and the Nature of Economic Voting

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Abstract: Economic perceptions affect incumbent support, but debate persists over whether voters focus on past or future performance and whether they view the economy in primarily sociotropic or egotropic terms. We theorize the nature of economic voting depends on context. Evidence from 18 Latin American countries 1995-2009 suggest prospective voting predominates early in the election cycle but retrospective voting gains traction as the incumbent’s record mounts. Voters emphasize the national economy over personal finances except in the least developed countries. Thus the contexts in which voters are embedded not only affect the degree of economic voting but also its very nature.

Key words: Economic Voting, Election Cycle, Economic Development, Hierarchical Models, Latin America

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Economic voting refers to how the economy affects incumbent support. The nature of the economic vote is determined by how voters take the economy into account. They can evaluate its performance relative to their own pocketbooks – known as “egotropic” voting – or relative to the well-being of the country as a whole – often called “sociotropic” voting. Voters may be “retroactive,” focusing chiefly on past economic performance, or “prospective” and thus more driven by their assessments of candidates’ or parties’ likely future economic success. Dozens if not hundreds of studies on the nature of economic voting have asked which of these factors are predominant – egotropic or sociotropic, prospective or retrospective. Yet might the answers to such questions depend on the context of economic voting?

We theorize political and economic contextual factors interact with economic evaluations to determine the nature of economic voting in at least two ways. First we expect the relative weight of prospective and retrospective assessments varies over the election cycle. Prospective voting should dominate if the incumbent has spent little time in office, while retrospective voting is expected to gather strength as the incumbent amasses a track record. Second we expect the relative importance of evaluations of one’s own economic well-being and the nation’s well-being

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http://www.polisci.uconn.edu/people/faculty/faculty.php?name=singer and

https://sites.google.com/site/ryanecarlin/
varies with economic development. Sociotropic voting ought to prevail in most conditions because the national economy is subject to greater political control than voters’ personal finances, though pocketbook concerns may be particularly influential in poorer countries where economic vulnerability is high and personal well-being is closely tied to state and party programs.

While these expectations are consistent with parts of the literature, they challenge the received wisdom in key ways. In general, they appreciate the nested nature of political behaviors and attitudes within contexts (e.g. Thomassen 2005; Anderson and Singer 2008; Klingemann and Wessels 2009; Dalton and Anderson 2011). In particular, our assertion that context counts for the nature of economic voting aligns with theories linking the degree of economic voting to contextual factors (cf. Anderson 2007). Yet if the nature of economic voting is context-dependent it would qualify the emerging empirical, if not theoretical, consensus that sociotropic evaluations generally trump egotropic ones (cf. Duch 2009), and that retrospective and prospective assessments influence vote decisions about equally (Lewis-Beck and Paldam 2000; Nannestad and Paldam 1994).

This consensus rests largely on the narrow base of elections in the world’s richest, most well-entrenched democracies. In practical terms, this means temporal variation is often limited to periods after the incumbent has amassed a record and development is severely truncated. In contrast, we analyze vote intentions at various points in the electoral cycle within the developmental diversity of Latin America from 1995 to 2009. Our results suggest voters’ reliance on prospective expectations indeed diminishes over the election cycle as the honeymoon ends and they retrospectively evaluate the incumbent’s mounting record. Yet in most cases retrospective evaluations do not completely dominate prospective ones, implying that voters weigh the incumbent’s known successes and failures against their hopes for the future. Voters are also more likely to
base electoral decisions on their personal economic situation in very poor countries but shift their emphasis to the national economy in more developed countries.

In sum, this study’s main theoretical contribution is to clarify the nature of economic voting by identifying its dynamics over the election cycle and at varying levels of development. It’s time-lapsed and development-lapsed pictures of economic voting at once shed new light on a venerable phenomenon, and show that Latin Americans, like other post-transition electorates (Anderson and O’Connor 2000; Duch 2001; Roberts 2008; Tverdova 2012), “learn” democratic accountability relatively quickly despite weak parties and institutions. Hence this study shows the theoretical leverage to be gained by going beyond elections in rich, long-standing democracies.

Economic Voting: Theories and Puzzles

The famous campaign mantra – “it’s the economy, stupid!” – nicely summarizes the general consensus in the economic voting literature: voters who perceive the economy as strong are more likely to support the incumbent than those who think the economy is weak. Yet this basic assertion obscures as much as it reveals. Recasting this mantra as a question has spurred research into two fundamental questions about how economic performance shapes government support.

The first grants, “it’s the economy,” but asks “which part?” If the economy is a multifaceted set of outcomes that can be viewed from multiple frames of reference, which element do voters care most about? Do they judge the economy based on their personal financial situation (vote *egotropically*) or on the state of the national economy (vote *sociotropically*)? Most studies find sociotropic concerns receive more weight than egotropic concerns (e.g. Kinder and Kiewiet 1979, 1981; Lewis-Beck 1988; Kinder et al. 1989). While people care deeply about their own economic situation, the national economy is more directly under political control than one’s per-
sonal finances, which are more affected by one’s own efforts, qualifications, personalities, and circumstances (Lau and Sears 1981; Feldman 1982). Thus the national economy is generally considered more consequential for incumbent support.

Another frame of reference is temporal. Voters may vote *retrospectively* to hold incumbents accountable for past outcomes, or they may vote *prospectively* considering the outcomes candidate are likely to produce in the future. Attempts to distinguish these models on theoretical (Reed and Cho 1998; Fearon 1999) and empirical grounds reach mixed conclusions. Some conclude prospective evaluations trump retrospective ones (Mackuen et al. 1992; Chappell and Keech 1985; Lockerbie 1992; Sanders 2000) while others argue the opposite (Lanoue 1994; Norpoth 1996) or find both apply (Clarke and Stewart 1994). Thus literature reviews hedge their bets concluding “voters react to past (retrospective) events more than to expected (prospective) ones, *but the difference is small*” (Lewis-Beck and Paldam 2000, 114, emphasis added), or “it appears that past events work *almost the same* as expected future ones in explaining voting decisions” (Nannestad and Paldam 1994, 228, emphasis added).

The second line of research turns the mantra into a question – “is it the economy?” – arguing the degree of economic voting varies within the electorate, over time, and across countries. For example, the economy’s electoral effect varies with the salience of economic performance as a political concern (Singer 2011; Weyland 2000). When the economy is volatile, increased media coverage heightens both its salience (Soroka 2006) and, for voters with uncertain economic prospects, the value of an incumbent who can weather economic storms (Singer 2011; Duch and Stevenson 2008; Quinn and Woolley 2001; Van der Brug et al. 2007). And several contextual factors obscure responsibility for the economy such as international trade (Hellwig 2001, 2008; Hellwig and Samuels 2007; Duch and Stevenson 2008; Kayser 2009), the policy leverage of in-
ternational lending institutions (Alcañiz and Hellwig 2011), coalition governments (Duch and Stevenson 2008), fragmented legislatures (Anderson 2000), and divided government (Powell and Whitten 1993). In short, voters are less apt to punish or reward incumbents for economic outcomes (Powell and Whitten 1993) or to use these outcomes as competence signals (Duch and Stevenson 2008) if they are unsure of the incumbent’s role in and control over them.

**Theory: Timing, Development and the Nature of Economic Voting**

Research on how context affects the degree of economic voting has run parallel to studies of the nature of economic voting. Our core proposition, that economic voting looks differently depending upon the temporal and developmental contexts, combines and extends the theoretical frameworks outlined above. We join prior research in assuming economic evaluations shape electoral behavior, and control for the contextual factors previously theorized to condition such linkages. However, we broaden the theoretical discussion about context to include the election cycle and the level of economic development. Rather than considering these new contextual features in isolation, we argue they interact with specific economic evaluations to help determine the principal characteristics, i.e. the nature, of economic voting at a given time and place.

**Prospective and Retrospective Voting throughout the Electoral Cycle**

Most studies conclude both retrospective and prospective economic voting occurs, although their relative weights differ across samples. We theorize the relative influence of prospective and retrospective voting should correspond to the election cycle.

There are two reasons why government support may be more robustly linked to prospective than retrospective economic assessments early in the election cycle. First, and most obviously, newly elected incumbents have governed little and, thus, voters have little performance to judge. In this sense, retrospective evaluations cannot logically have much bearing on government
support. Second, the start of a new administration primes citizens to consider the economy, at least temporarily, in prospective terms. Regardless of whether a challenger promised “change” or an incumbent vowed to “take care of unfinished business” with “four more years,” the term starts with candidates and pundits projecting what the new government can deliver. Eventually, as incumbents govern and come to own economic outcomes (good and bad), voters can begin to judge them not on their prospective economic upside, the stuff of campaigns, but on “one comparatively hard bit of data:…what life has been like during the incumbent’s administration” (Fiorina 1981, 5). Therefore an empty or short economic track record and the forward looking nature of campaign promises are good reasons to expect prospective economic assessments to dominate retrospective ones at the beginning of an incumbent’s term. By the middle of an election cycle, however, incumbent results and competence are more palpable and voters can and, we propose, will give retrospective economic evaluations more weight in their vote choices.

A handful of studies analyze whether voters’ temporal orientations differ over the electoral cycle. Two, which examine the United Kingdom (Carey and Lebo 2006) and the United States (Lebo and Box-Steffensmeier 2008), show the impact of prospective considerations waned in the latter half of Major’s and Blair’s first terms as well as those of Clinton, Reagan, and George W. Bush. While these studies provide graphic evidence of these relationships, they do not explicitly test if (a) the effect of prospective evaluations drops over time, (b) if the effect of retrospective evaluations increases over time, or (c) if the effect of prospective evaluations is significantly larger than that of retrospective evaluations at the outset of the term, or (d) if this pattern reverses as the term wears on. Stokes (1996) argues Peruvians ignored an economic slump in the wake of austerity measures in the (prospective) hope that they would bear fruit, but they eventually voted retrospectively on Fujimori’s management of the economy over his term.
Yet again, this intuition is implicit, with analyses of government approval at different points in Fujimori’s term but without an explicit test of whether these dynamics differed over time. Thus, it is unclear how much confidence one can place in the inferences derived from previous studies. Moreover, because they focus on a small number of executive terms their leverage for comparing the temporal dynamics in the relative weight of prospective and retrospective voting is limited.

The idea that voters’ behavior reflects the temporal context of politics squares with seminal insights by Mueller (1970) that presidential “honeymoon” periods do not last and that most presidents are less popular when they leave office than when they enter. Brody (1991) even claims honeymoons result from the media and political elites withholding judgment until the executive tackles tough decisions, after which point opponents criticize, media coverage sours, and popularity falls. If it takes new executives some time to make difficult decisions, it takes even more time for citizens to gauge the observable results – the basis of retrospective voting. Hence our theoretical expectations about the temporal variation in degree prospective versus retrospective voting resonate with our understanding of executive honeymoons.²

An alternative explanation centers on the instability of the decisional context. Cohen (2004) argues unstable politics and untenable economic conditions in new democracies make the future uncertain. This, in turn, decreases the viability of prospective voting and makes retrospective voting the most reasonable option. Yet responsibility attribution is generally governed by the same processes in developing and developed countries (Gomez and Wilson 2006; Alcañíz and Hellwig 2011). Lewis and Linzer’s (2005) replication of Cohen’s models with more appropriate estimation techniques casts doubt on his findings, as does our own analysis (Web Appendix 10).

Egotropic and Sociotropic Voting along the Spectrum of Economic Development

² We thank a reviewer for pointing out this similarity.
Does the level of development shape the propensity to “vote your pocketbook” as opposed to considering national-level economic outcomes? In Western democracies, sociotropic assessments typically trump egotropic ones (Duch and Stevenson 2008; Duch 2009), with some exceptions (e.g. Nannestad and Paldam 2000). Yet high national wealth precludes broader conclusions about development’s influence on the nature of economic voting.

We suspect the relative emphasis voters place on egotropic and sociotropic evaluations varies with levels of economic development. We see two potential causal mechanisms. First, poor voters may prioritize their pocketbooks because they lack the resources to cope with even small financial fluctuations (Weatherford 1978, 1982; Echegaray 2005). Pocketbook voting could thus be more common in poor countries. Second, many parties in developing countries mobilize poor voters not via programmatic appeals but via vote buying, patronage, and pork. If poor voters prefer private goods which benefit them over the public good of a strong national economy (Kitschelt and Wilkinson 2007), then they could be expected to vote their pocketbooks more consistently than focusing, sociotropically, on the collective gains of a strong national economy.

If poverty leads egotropic considerations to trump sociotropic ones, we would expect it to do so *a fortiori* in contexts of low economic development and high poverty. Developed countries are not as well-equipped to test such a hypothesis as other regions. In Latin America (1995-2009), for example, poverty was in single-digits in some countries and over 40 percent in others, while development, measured in per capita GDP, ranged from under $700 to over $11,000. Thus we theorize egotropic voting will dominate at the low end of the developmental spectrum but will give way to sociotropic voting as development rises.
In sum, the nature of economic voting should be shaped by two contextual factors: the election cycle and the level of economic development. Prior research along these lines is suggestive but limited by a lack of micro-level data throughout the election cycle, too few cases, and little country variation in economic development. Our approach addresses these shortcomings by analyzing vote intentions over the whole election cycle in a comparative cross-section of Latin American countries that exhibits wide-ranging levels of economic development.

Data and Methods

We draw on data from 212 public opinion surveys conducted in 18 countries by Latinobarometer from 1995 to 2009. Latin American countries vary greatly with respect to executive tenure and development, our variables of interest, as well as factors theorized to shape the extent of economic voting like electoral fragmentation, economic volatility, and trade exposure. Thus Latin America is an ideal testing grounds for our hypotheses.

Latin America is also attractive because the theoretical questions about the nature of economic voting that have motivated economic voting research in North America and Western Europe are still unanswered in these and other newer democracies (Lewis-Beck and Stegmaier 2008). And although Remmer (1991) established the importance of the economy for government support in Latin America, Lewis-Beck and Stegmaier’s literature review nonetheless concludes,

“Serious questions remain. What are the key economic variables?...Pocketbook or

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3 Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic (2004-2009), Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela. The 1995 survey was restricted to Argentina, Brazil, Chile, Mexico, Paraguay, Peru, Uruguay, and Venezuela. The 2007 surveys did not ask the full battery of economic perception questions and are thus excluded from the analysis.
sociotropic? And what is the time horizon of the voter response? The evidence here is far from consistent” (2008, 320).

Our study will be able to provide answers to these basic questions for Latin America and to determine if the answers themselves are more generally contingent upon contextual factors.

The dependent variable is whether the respondent would vote for the incumbent executive or his/her party if an election were held today. Roughly 26 percent of respondents with an opinion planned to support the ruling party.5

The key independent variables are respondents’ perceptions of the economy. Respondents were asked how their personal finances/the national economy compared to a year ago and how they would be a year from the present time. The egotropic retrospective, egotropic prospective, sociotropic retrospective, and sociotropic prospective indicators are measured on the three point scale (worse, the same, better) used in the first rounds of the Latinobarometer.6 The strongest inter-correlation is between egotropic prospective and sociotropic prospective perceptions ($r = 0.49$); bivariate correlations between the other variables range 0.28 to 0.38. These moderate inter-item correlations and very large sample mitigate concerns about multicollinearity.

We control for Left-Right ideological proximity to the incumbent, and estimate a random

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4 In Web Appendix 9, we test whether the economy’s effect differs in election years and non-election years and find it does not. See also Duch and Stevenson (2008, 109-111).

5 Following the standard practice, undecided voters are excluded from the analysis.

6 Survey questions, coding rules, and descriptive statistics are reported in Web Appendix 1.
slope for this coefficient as the effect of ideology may vary across countries. Because we pool results from various ruling parties with distinct social-demographic bases, we do not control for demographic factors. But modeling common demographic factors with random slopes does not change our inferences about the hypothesized effects of context (Web Appendix 11).

According to our theory, two contextual factors should influence a subset of economic perceptions. First, the longer the incumbent has been in office the smaller the effect of prospective evaluations on incumbent support and the greater the effect of retrospective evaluations. The average incumbent in our sample had been in office 33 months, but the range goes from those who were evaluated in their first month up to those who had been in power for 10 years or more (Fujimori, Menem, Chávez). Thus we measure time in office as the logged number of months. Second, egotropic concerns should influence voter preferences more in poor countries than in rich ones. We measure wealth as logged per capita GDP using data from the World Development Indicators. Individuals who do not answer the ideological self-placement question are scored as having a mean-level of proximity and then controlled for by a separate variable for non-placement. Excluding these non-ideological respondents does not change the substantive conclusions.

In Web Appendix 2 we adapt Duch and Stevenson’s (2008) two-stage approach to estimate each of the four economic perceptions’ effects and modeled them as a function of political and economic variables. The results are largely consistent with those presented here.

Our conclusions are unchanged whether we measure time with a linearly, use years instead of months, or restrict the sample to just the first 6 or the first 8 years of a president’s rule to ensure the results are not driven by outliers with extraordinarily long tenure (Web Appendix 7).

Alternative model specifications reported in Web Appendix 8 included two variables that may affect economic voting in the region. First, economic performance could be more salient if the
ment Indicators and we set the lowest value in the sample to 0 to ease the interpretation of the interaction terms. Per capita GDP ranges from a low of $688 in Nicaragua in 1996 to a high of over $11,245 in Venezuela in 2008; the average per capita GDP is $3517.

In addition to these variables, which we will use in interaction with economic evaluations to test our theoretical expectations, scholars have highlighted other factors that may affect overall levels of economic voting. By obscuring responsibility for the economy, high levels of trade dependence (measured as imports and exports as a percentage of GDP in the World Development Indicators) and highly fragmented party systems (measured as the effective number of parties winning seats in the previous election) should lower economic voting. By raising the economy’s salience, volatile economies (measured as the standard deviation of growth in the 10 years prior to the survey) should raise economic voting. Though these variables affect the degree of economic voting, we have no reason to suspect they affect the nature of economic voting. But since excluding them from the model would leave the political context underspecified, we include them and, like previous studies, interact them with the economic perceptions measures.

Modeling the impact of these 5 contextual variables on 4 economic perceptions requires incumbent is a “policy switcher”, i.e. someone who ran on one set of policies and then enacted policies in the opposite direction once in office (Johnson and Ryu 2011). Though we find no evidence that this is the case, it could reflect the declining prevalence of policy switching in our sample. Second, executives with greater formal powers might be held more accountable for the economy (Rudolph 2003); our evidence is inconsistent with this hypothesis.

11 Web appendix 5 reports results for an alternative measure of political control: a dummy scored 1 when the president’s party has a majority in the legislature and 0 for divided government. Web Appendix 12 estimates trade as a logged variable as a robustness check.
estimating 20 interaction terms within just 212 country-years. This creates potential problems of collinearity, degrees of freedom, and interpretation. Theory, however, can alleviate some of these issues. As mentioned, we expect the effects of timing to vary across prospective and retrospective voting, and the effects of development to differ across egotropic and sociotropic voting. We make no prediction regarding time’s influence on egotropic (versus sociotropic) voting or development’s effect on prospective (versus retrospective) voting. In addition, extant research provides no theoretical reason why trade openness, the effective number of parties, and economic volatility should have anything but constant effects across economic perceptions. Thus to conform to both the theoretical model we wish to test and to increase the tractability of the estimates, we constrain the interaction terms of trade, partisan fragmentation, and economic volatility to have the same effects across the four economic voting measures. We similarly constrain time to have the same effect on the two prospective measures as well as on the two retrospective ones. Furthermore, we constrain the two egotropic measures to influence development to the same degree and the two sociotropic measures to influence development to the same degree.

To test whether these constraints are empirically justifiable, we compare the coefficients of the constrained model to an unconstrained model (see Web Appendix 3 for results and discussion). In most cases the coefficients we constrain as equals are in fact statistically indistinguishable. That is, other than the two contextual variables we theorize about, the context affects all economic perceptions roughly equally. As footnoted below, any exceptions are between the largest and smallest coefficients and both are signed in the same direction. Thus we believe the constraints are justified theoretically and empirically.

Results

Because our analysis nests individual-level data within country-years we estimate a hier-
archival logit model that adjusts for clustering in the errors and correctly captures the number of independent observations of the contextual factors. Our specification includes random errors at the individual, country-year, and country levels (to model any residual clustering by country not captured by the control variables). Most of the residual variance (73.5 percent) is from differences in overall levels of presidential support across country-years. A second source of context-specific variance (8.2 percent) is the differential effects of the individual-level predictors across country-years. Individual-specific residuals represent 14 percent of the variance while time-invariant country factors account for 3.6 percent.

Table 1 reports three model specifications. The first models economic perceptions alone. The second interacts economic perceptions with the three contextual factors hypothesized to reduce overall levels of economic voting. These two models can shed light on whether the classic model of economic voting studies travels well to Latin America. The third model adds the interaction terms with time in office and development to test whether parts of the context systematically affect some forms of economic voting but not others.

(Table 1 about here)

The results of Model 1 suggest economic perceptions strongly predict support for incumbent presidents in new Latin America democracies; all four coefficients are positively signed and statistically significant.\(^{12}\) Yet there is a clear distinction between sociotropic and egotropic perceptions: in an average country-year, changing sociotropic retrospective evaluations of from their minimum to their maximum is predicted to increase their probability of supporting the incum-

\(^{12}\) The coefficients for the economic perceptions variables are estimated with 207 degrees of freedom due to the inclusion of variance components for their slopes, which results in appropriately conservative standard errors.
bent by 13 percent; a similar change in sociotropic prospective perceptions increases incumbent support by 14 percent. In contrast, moving egotropic retrospective or egotropic prospective perceptions from their minima to their maxima increases the probability of the average respondent intending to vote for the incumbent by 3.4 and 5 percent, respectively.

In sum, Latin American voters are generally more apt to vote sociotropically than egotropically, just like their counterparts in developed democracies. And despite the huge disparity between sociotropic and egotropic evaluations, prospective and retrospective evaluations affect incumbent support quite similarly in an average country-year. This echoes the consensus from developed democracies that retrospective and prospective voting occur simultaneously.

Model 2’s results suggest the degree of economic voting in Latin America is a function of several other contextual factors found influential in research on developed democracies and more global samples. For example, economic volatility raises the economy’s salience and, in turn, electoral accountability (Duch and Stevenson 2008; Singer 2011). Yet the economic vote decreases as the effective number of legislative parties increases,\(^\text{13}\) in line with the conclusion that fragmented party systems frustrate voters’ attempts to assess blame or credit for economic outcomes by obscuring responsibility for those outcomes (Powell and Whitten 1993; Anderson 2000; Duch and Stevenson 2008). Conversely, results in Web Appendix 5 show that voters are more likely to hold the ruling party accountable for economic outcomes when the president has a majority in the legislature. Finally, trade openness reduces the economy’s effect, though not as consistently or as greatly as economic volatility and legislative fragmentation. Similar results are

\(^{13}\text{In the unconstrained models, the interaction between legislative fragmentation and sociotropic retrospective evaluations is not significant at conventional levels and is significantly smaller than is the relationship between legislative fragmentation and egotropic retrospective evaluations.}\)
found in global studies (Hellwig 2001, 2008; Hellwig and Samuels 2007; Duch and Stevenson 2008) and a subset of Latin American surveys from this time period (Alcañiz and Hellwig 2011).

Taken together, the results in column 2 suggest Latin American voters respond to the economic climate when deciding how to prioritize the economy and recognize the constraints leaders face in determining economic policy and outcomes. It is also worth noting that even when trade openness and legislative fragmentation are high and economic volatility is low, three conditions theorized to augur against economic voting, a significant link between economic perceptions and incumbent support remains.

Yet our central theoretical interest is in the interaction terms in Model 3. The initial results are consistent with our expectations that the relative weight of prospective and retrospective evaluations differs over a president’s term. The significant negative coefficient on the interaction, Ln(Months in Office)*[Prospective], indicates we must reject the null hypothesis of a constant impact of prospective evaluations over time (Kam and Franzese 2007, Table 11, 46). Future expectations lose relevance as voters observe more concrete performance upon which to base their judgments. Thus if the average voter were to change his or her prospective expectations of the economy from “bad” to “good” in the incumbent’s first month in office, the model predicts the probability that he or she supports the incumbent would increase by 0.17. Yet if the incumbent is in year four, a similar change in prospective expectations would boost predicted government support by just 0.13; at the end of year eight, the bump falls to 0.11 (see Figure 1).

In the unconstrained models the interaction terms with time are greater for the sociotropic evaluations than for the egotropic ones, although all are correctly signed. This may reflect the larger overall effect of sociotropic evaluations compared to egotropic ones.

Figure 1 focuses on sociotropic evaluations because they are, on average, dominant.
trast, the positive coefficient for the interaction between time and retrospective evaluations, Ln(Months in Office)*[Retrospective], implies voters give increasingly more weight to retrospective evaluations the longer the president is in office and, thus, bears greater responsibility for past outcomes. If the average voter were to change his or her retrospective evaluations of the national economy from “bad” to “good” in the first month of an incumbent’s term, it would raise the probability that he or she supports the incumbent by 0.09. After four years, though, that same change would boost incumbent support by 0.12 and, after 8 years, 0.15.

(Figure 1 about here)

The interaction terms thus provide evidence consistent with our general expectation that the relative effects of sociotropic prospective and retrospective evaluations of the economy shift over time. At the beginning of the election cycle voters clearly, and rationally, discount the past. As voters get further into the election cycle, however, the picture is not as neat: prospective evaluations continue to influence voters’ decisions even as retrospective evaluations emerge and take hold. As Figure 1 shows, their marginal effects intersect at roughly three years in office, but the confidence intervals on those predictions (calculated using the delta method) begin to overlap in the first few months of the term (between 4 and 12 months depending upon the model specification). So while the data support the inference that relative effects of prospective and retrospective evaluations vary over the election cycle (the null hypothesis of a constant effect is rejected by the significant interaction terms), the resulting effects are rarely significantly different from each other, only diverging after 8 years in office, at which point most presidents in the hemisphere have left office. The results in Table 1 and Figure 1 thus provide mixed evidence for our expecta-

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16 At the beginning of the president’s term and in poor countries, there is actually no evidence of sociotropic retrospective voting.
tion that prospective assessments would weigh heavier in voters’ minds initially but that retrospective assessment would prevail further in the election cycle. Evidence from prior analyses (Carey and Lebo 2006; Lebo and Box-Steppensmeier 2008; Stokes 1996) cannot speak directly to these inferences because they employ neither interaction terms nor confidence intervals. Our study, however, employs both of these techniques and, indeed, shows the relative effects of prospective and retrospective evaluations change over the course of a president’s time in office. But instead of concluding that different perceptions dominate at different periods of time, we find that both remain significant predictors of the vote: voters combine their evaluations of past outcomes on the incumbent with their hopes for the future in deciding whether to support the government but change the relative mix of these factors over time.

Evidence that context counts with regards to development and egotropic voting is more straightforward. Results from Models 1 and 2 indicate that, on average, national economic considerations have a greater political influence than respondents’ personal economic circumstances. Yet the effect of egotropic evaluations is higher in Latin America’s least developed countries. Figure 2 graphs the predicted probability of changing egotropic and sociotropic retrospective evaluations from their minimum to their maximum in an average country. In our sample’s poorest countries (e.g., Nicaragua and Honduras), there is no significant difference between egotropic and sociotropic evaluations. However, as countries become even slightly wealthier the gap between sociotropic and egotropic evaluations opens quickly, as shown by Figure 2 and the negative interaction term, Log(GDPpc)*[Egotropic]. The gap between egotropic and sociotropic perception’s predicted effects and confidence intervals remain distinct over the most of the sample. Although this gap continues to widen slightly as income increases, the major disparity is between very poor countries and the rest of the region.
Conclusion

Voters are not hermetically sealed from their political, institutional, and economic environments – they interact with them and their actions are shaped by them. The wealth of research on how contextual factors determine the degree to which the economy influences incumbent support stands in stark contrast to our knowledge of how context shapes the nature of economic voting. In other words, the temporal dynamics of prospective versus retrospective economic orientations and the cross-national factors which make voters more or less egotropic and sociotropic have been hitherto under-theorized. Exploring such questions is crucial to advancing our theoretical understanding of the conditions under which accountability is possible. A core conclusion of the present investigation into these matters is that context counts.

Our study began by developing two theoretical propositions concerning the relationship between context and the nature of economic voting. First we reasoned that prospective economic assessments should more strongly predict incumbent support than retrospective ones early in an incumbent’s term because campaigns and elections ramp up expectations and incumbents need time to build an economic track record. By pooling observations at different points of presidents’ (fixed) terms, we found that voters indeed use prospective expectations in the absence of real information on concrete outcomes and increasingly employ retrospective evaluations of the incumbent’s economic performance. Whether one sees economic voting as an exercise in holding politicians accountable or identifying and rewarding competence, this finding implies voters recognize that, at the beginning of their terms, incumbents cannot be held responsible for outcomes and thus the economy cannot be used as a competency signal. Yet once voters have solid evidence of incumbents’ capabilities, voter judgments about this directly observable record begin to
figure more prominently in voter calculations of electoral support. And this shift happens relatively quickly, reminding us the electorate does not need much information to form an evaluation of the incumbent. Finally, though the relative weight of prospective and sociotropic evaluations may change over the election cycle, both remain relevant components of voter choices for most incumbents. In other words, candidates never get a second chance to make a first impression. Voters will eventually judge leaders on their economic merits, but the initial confidence and hope leaders manage (or fail) to inspire in the electorate will continue to shape their public support throughout their time in office. Leaders with extremely long tenures like Chavez, for example, do get evaluated largely retrospectively.

The second proposition elaborated here is that the level of development should condition the relative weight voters assign to egotropic considerations of one’s pocketbook compared to sociotropic considerations of the national economy. In less developed countries, egotropic voting could rival sociotropic voting because underdevelopment makes voters more likely to prioritize their personal finances over the national economy, and to reward politicians for private goods at the expense of national public goods. The analysis bears out this expectation, showing egotropic voting to be more prevalent at the lowest levels of development than in other contexts. So while sociotropic voting is not just a luxury rich democracies enjoy, as it clearly takes place at various points along the development spectrum, at the lowest rungs of development elections retain a more utilitarian flair. Prior work on established democracies likely overlooked this relationship because such samples are skewed towards high end of development.

Together these findings concerning the election cycle and development make specific contributions to our understanding of how context affects the nature of economic voting and a more general contribution to the study of how context and individual orientations interact to af-
fect the prospects of economic accountability.

Yet this study also speaks to an ongoing debate concerning the nature of economic voting in new Latin American democracies and, specifically, how well it matches the classic retrospective-sociotropic model developed in established democracies. While researchers broadly concur that Latin American presidents’ political prospects are better if economic assessments are positive (e.g. Remmer 1991; Lewis-Beck and Stegmaier 2008; Gélineau 2007), there was no consensus as to whether Latin American voters (1) cared more about past or future performance, (2) whether they focused more on the national economy or their own pocketbooks, (3) and whether they factored the political and economic context into their voting decisions. On these dimensions, our results tell a three-part story of economic voting in Latin America that will sound familiar to students of economic voting established democracies. Part One of this story reports that, to borrow language from Mackuen, Erickson and Stimson (1992), Latin American voters do not act as “peasants” whose judgments of incumbents rely exclusively on past experience and boil down to a simple question of, “What have you done for me lately?” Rather, as the incumbent builds an economic record, they behave increasingly like “bankers” who judge politicians not only on relevant information about past performance but also on information about the future. That is, their support for the president hinges on rational expectations about future policy outcomes. Part Two of the story is that while Latin American voters, on average, are not myopically concerned for their own financial situation, pocketbook voting is clearly more widespread in the region’s least developed contexts. Part Three describes Latin American voters as responsive to the political, economic, and institutional contexts of elections. Like their counterparts elsewhere, they are more willing to assign blame for the economy where contextual factors clarify who is responsible for performance. So although political parties and other institutions of representation
in the region fall short of the responsible party model (Kitschelt et al. 2010), they do not unduly stifle accountability. Hence economic voting theory appears to “work” in Latin America.

More generally, this study shows the potential theoretical payoffs of examining economic voting in political and economic contexts distinct from rich established parliamentary democracies and suggests several avenues for future research. While egotropic perceptions appear stronger in poorer contexts, this finding can be corroborated by moving further down the development spectrum to poorer regions and countries. Finding that the election cycle affects prospective and retrospective voting leads us to wonder if other circumstances might lead voters to focus more on the future than the past. We found no evidence that voters became more future-oriented during crises as Stokes (1996) implies, or that patterns differ in accordance with democratic experience as Cohen (2004) hypothesized. Yet we hope this study spurs further investigation into the linkages between context and the nature of economic voting.

Finally, the foregoing analysis also serves as a reminder to the broader scholarly community studying political behavior of the importance of considering the political context. Modeling how the party system, global economic environment, and economic crises affect overall levels of economic voting has a long history in economic voting studies. Recently students of comparative behavior have begun to focus on how deindustrialization or party-system polarization affect other forms of voting behavior like class voting or ideological voting (e.g. Thomassen 2005; Dalton and Anderson 2011). But further work needs to consider if and how voting models differ systematically across and within regions and more global samples. Advances in these directions would help integrate the work from American Politics, Comparative Politics, and area studies into a general framework of voting behavior which explicitly acknowledges that context counts.
References


Sanders, David. 2000. “The Real Economy and the Perceived Economy in Popularity Functions:


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Ryan E. Carlin is an Assistant Professor at Georgia State University, Atlanta, GA 30319
Table 1: Hierarchical Logit Model of Government Support, 1995-2009

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<td>0.305</td>
<td>(0.039)</td>
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<td>0.152</td>
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<td>(0.626)</td>
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Variance Components

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<td>(Sum of Random Slope Coefficients)</td>
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<td>0.462</td>
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N Individuals          | 152630 |       |       |       |       |       |
N Country-Years        | 212    |       |       |       |       |       |
N Countries            | 18     |       |       |       |       |       |

Hierarchical Binary Logit Model, Standard Errors in Parentheses
* p<0.05; Variance Components for Intercepts/Coefficients in Web Appendix 4
Figure 1: The Effect of Changes in Prospective and Retrospective Sociotropic Evaluations Over Time
Figure 2: The Effect of Egotropic Evaluations Changes with Economic Development