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Introduction

In recent years, the study of economic voting has shifted from the question of whether changes in the macroeconomy affect the vote to explaining differences in the strength of the relationship across countries. Scholars have noted that the strength of the economy-vote relationship varies from modest in some countries like Italy and Germany to quite pronounced in others like Britain and Spain (Lewis-Beck 1988; Belluci 1991). Recent scholarly work suggests that the relationship is stronger within less developed, or 'marginal,' welfare states such as the United States as opposed to the more generous, or 'institutionalized,' welfare states epitomized by the Scandinavian countries (Pacek & Radcliff 1995).

Does this mean that the macroeconomy-vote linkage is indeed more tenuous in certain types of political systems? A number of studies on the Scandinavian countries indicate links between the economy and government popularity, but the results are inconclusive (Nannestad & Paldam 1995; Mattila 1996). Much of the relevant literature based on survey evidence only accounts for individual countries or limited time points, and

* Alexander Pacek, Department of Political Science, Texas A&M University, 2010 Bush Academic Building West, College Station, TX 77843-4348, USA. E-mail: e339ap@polisci.tamu.edu; and Benjamin Radcliff, Department of Government and International Studies, University of Notre Dame, 217 O'Shaughnessy Hall, Notre Dame, IN 46556-0368, USA. E-mail: radcliff.1@nd.edu

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the findings are mixed at best (for a review see Mattila 1996). Cross-national aggregate studies reveal little significant economic impact on the vote in the Scandinavian sample as well (Pacek & Radcliff 1995). Such studies concentrate on the macroeconomic impact on incumbent governments. While obviously reasonable, this focus understandably tends to obscure the economy-vote relationship at another level. In this article, we propose an alternative to the conventional reward/punishment model: in countries with highly developed welfare states, a specific type of political party may in fact be the recipient of blame or credit for the state of the economy rather than incumbent governments per se. Some previous studies on Scandinavia have alluded to this possibility (Jonung & Wadensjo 1979; Narud 1996).

We examine the possibility that *party type* matters by using a cross-national pooled time-series approach for the 'institutionalized' welfare states of Denmark, Finland, Norway, and Sweden from 1960 to 1991. Through this method we test the impact of short-term macroeconomic shifts on incumbent governments, as well as left, center, and right political parties.

The Economy, Scandinavia, and the Left Parties

Prior research on the Scandinavian welfare states offers a mixed bag of findings and conclusions amid an almost exclusive scholarly focus on government *popularity*, rather than the vote per se. Mattila's (1996) assessment of survey-based individual country studies acknowledges that unemployment and inflation had a varying impact on government popularity at different time periods, but concludes that the link between macroeconomic conditions and government popularity is weak and inconsistent. This echoes Sorenson's (1987, 318) claim that ' . . . it is premature to state any general conclusion for the Scandinavian countries.' Mattila's (1996) own study using a pooled cross-national survey design finds that the economy does matter for incumbent government popularity, and for left-dominated governments in particular. Aside from a rough consensus that 'the economy matters,' scholarly analyses of popularity functions offer inconclusive evidence of how particular *parties* are affected.

Moreover, the bulk of voting studies on the Scandinavian political systems examine governments. When distinctions are drawn among ruling parties, it is only to determine their relative sensitivity to different economic indicators. Nannestad & Paldam's (1995) invaluable study of economic voting in Denmark looks at the macroeconomic impact on both conservative and social democratic parties, and finds that 'pocketbook' issues matter for both. Again, however, the emphasis is on parties in power, rather than the party vote per se. The majority of survey-based time-series studies report mixed results across Scandinavian countries, over time, and across different macroeconomic indicators, whether in Denmark (Nannestad & Paldam 1994), Norway (Miller & Listhaug 1985), or Sweden (Lybeck 1985; Hibbs & Madsen 1981; Jonung & Wadensjo 1979). Taken together, what the bulk of these studies highlight is that findings for a relationship between economic conditions and *incumbent* support are weak and inconsistent.

Our central argument here is that left-of-center parties in Scandinavia are the subjects of economic reward or punishment, whether in power or not. In large measure, this is attributable to the overwhelming role such parties have played in the development and maintenance of the institutionalized welfare systems. One of the inescapable facts of Scandinavian political life is the preeminent role that the large social democratic parties have undertaken in post-war politics. Left parties in all the Nordic countries (with the arguable exception of Denmark) have maintained something approaching electoral hegemony (Castles 1978; Thomas 1986). Castles refers to the large well-organized left parties as the 'natural parties of government' during much of the post-war era (1978, 4). In the case of Sweden, the Social Democrats have maintained (only briefly broken) governing dominance from the 1950s to the present. Esping-Andersen's detailed cross-national study clusters welfare states by conservative, liberal, and socialist regime attributes: the four Scandinavian countries, along with the Netherlands, stand apart in ranking 'strongest' in terms of socialist regime attributes (Esping-Andersen 1990, 73–75).

More to the point, these parties are indelibly associated with the construction and evolution of the extensive welfare states that distinguish Scandinavia from most of the other advanced industrial democracies.[1] To slightly varying degrees, the social democratic parties took the initiative in proposing and implementing such facets of the welfare system as unemployment, sickness, and accident insurance; old age pensions, disability, and widows' pensions; social assistance, and health care (Hancock 1972; Kuhnle 1981; Bartolini 1981; Thomas 1986). In other words, these parties created what Titmuss (1974) aptly termed 'institutional welfare states,' providing comprehensive coverage and protection for the population.

The essence of the Scandinavian social democratic welfare states is the extent to which they are 'decommodifying,' relative to their counterparts in the advanced industrial world. As Esping-Andersen (1990) notes, basic material security is offered as a citizenship right, meaning individuals can be out of the labor market and not incur severe loss of income, and few programs are means tested. Welfare states in other countries – Austria, Germany, the Netherlands, Belgium, France – while generous, are much less decommodifying, and were the byproducts of center and right party cooperation as well.

Huber & Stephen's (1998) study, while including Austria and excluding Denmark, illustrates the extent to which the Scandinavian countries are distinguished from their advanced industrial counterparts. Social security expenditures have been among the highest in Europe, union density has been greater than on the rest of the continent, the public sector has employed more people, and there has been far greater participation of women in the labor force (Huber & Stephens 1998, 359). Moreover, this model was able to combine a generous welfare state with unparalleled economic growth, leading to a (until recently) stable societal consensus regarding the main components of the welfare state (Olson 1992). While debates did intensify during the 1980s over the costs of such programs, public support for their continuation remained consistently high (Thomas 1986, 86).

Several explanations suggest the manner in which short-term changes in the macroeconomy may affect the vote for particular parties. Lewis-Beck (1988) attributes much of the cross-national variation to the degree citizens are capable of assigning responsibility to incumbents for the state of the economy. This line of reasoning is extended in Powell & Whitten's (1993) analysis which argues that voter reward and blame are mitigated by the extent to which parties in government exert control and coherence over policy making. The more clear control over the economy citizens perceive a ruling party/coalition having, the more likely they are to evaluate that party/coalition on economic grounds. As Narud (1996) observes, however, such studies rarely focus on individual parties, but rather on governing coalitions. In the Scandinavian cases, few parties were more indelibly linked in voters' minds than the near-hegemonic left parties. The powerful social democratic parties fit this argument nicely; such parties in turn may be more 'permanent' in the public eye than others. In Norway, Sweden and Denmark, the social democratic parties either ruled alone or were the dominant coalition partner during the series of elections covered in our sample (*European Journal of Political Research* 1993). In only a handful of instances did bourgeois parties govern alone in the election series (Denmark December 19, 1973 – February 12, 1975; Norway October 14, 1981 – June 7, 1983; Sweden May 22, 1981 – October 7, 1982).

Narud's study of Norwegian and Dutch government accountability suggests that in Norway the left Labor Party and right Conservatives are perceived somewhat differently by the public, *both* in and out of office (Narud 1996, 491–92). Moreover, she notes that the Dutch Labor Party has acquired electoral vulnerabilities in part due to 'ideological moves it must make due to policy concessions within a coalition,' or in other words, suffer a loss of distinctive identity (ibid., 499). Indeed, Huber & Stephens argue that social democratic governments in three of the Nordic countries made visibly serious mistakes in economic policies which exacerbated their various political difficulties while in office (Huber & Stephens 1998, 371). With their high post-war electoral visibility and overwhelming role in the welfare state, the Scandinavian left parties fit this argument as well. Further, as Nannestad & Paldam observe, 'In a welfare state the government *is* responsible for the economy of the individual, so it is only reasonable that he holds it responsible in his voting' (Nannestad & Paldam, 1995 57).

An additional explanation concerns the extent to which these parties appeal to and mobilize certain segments of society. Scholars have noted that the Scandinavian social democratic parties traditionally have been more adept at maintaining their core constituencies of working class and economically disadvantaged voters, relative to their counterparts in other advanced industrial democracies (Castles 1978; Korpi 1983). While doing so, they also have demonstrated their ability to attract a wide spectrum of the electorate, including white collar and professional workers (Thomas 1986). In large part, this was due to the manner in which key provisions of the welfare state were maintained; fully funded social insurance systems served to attract and keep middle-class support for the social democratic welfare state over time (Stephens 1995).

The electoral setbacks for many left parties during the 1970s have been attributed in part to the defection of such marginal voters to other parties, rather than an erosion or defection of the core constituencies (Bartolini 1983, 192). The better-off constituents may well be inclined to support the policies social democratic parties promulgate when economic times are good, and resources appear generous, as in the 1950s and 1960s, and defect to center or right parties when they are not, leaving the left parties more dependent on their working class and lower status core.

More generally, it is widely agreed that economic prosperity is a necessary condition for the maintenance of social democratic welfare policies; a sluggish economy may encourage voters to drift toward more fiscally conservative parties. Alternatively, it could be that left parties themselves precipitate electoral decline during bad economic times by adapting a 'me-too' fiscal 'responsibility' that reduces the incentive for voting for them, instead of the bourgeois parties they appear to be emulating. Huber & Stephen's (1996) analysis illustrates how this occurred in Finland, Norway, and Sweden during the late 1980s and early 1990s. The authors further note, however, that the Scandinavian social democratic model proved remarkably resilient in recovering rapidly in the second half of the 1990s, to an extent unmatched in the rest of the advanced industrial world.

We are thus left with several interrelated reasons why left-of-center parties might be held accountable for economic declines and upswings more than their bourgeois counterparts, whether in office or not.

Analysis

Our fundamental contention is that left parties rather than the parties comprising governments per se are affected by macroeconomic conditions in Scandinavia. We proceed as follows. First, we demonstrate that incumbent governments do not appear to be systematically affected by the economy. We then go on to show that instead it is left parties whose electoral performance is affected by economic conditions. We also illustrate that it is only the left that is affected; the vote for neither center nor right parties appears to vary with the economy. Last, we demonstrate that the economy influences the vote share for the left whether the left is in government or in opposition.

We test these propositions using pooled time series data on the universe of elections in the four Scandinavian countries from 1960 to 1991.[2] Observations are each national election for the legislature (lower house). The dependent variable is in each instance the vote share for either the government or a collection of parties grouped by left, center, or right ideology (using categorizations from Castles & Mair 1984). The principal independent variable is the election year change in real per capita GDP. For substantive and econometric reasons, we also include the lagged value of the dependent variable. To account for the pooled structure of the data, we provisionally include dummies (fixed-effects) for each country excepting a reference category. To test the stability of the results, we also rely upon random effects models which account for pooling through the error terms, rather than the dummies.

The basic results for the incumbent vote series are provided in Table 1. As is apparent, the economic variable is completely lacking in statistical significance ($t < 1.0$). As the country dummies can affect the efficiency of the estimates by inflating standard errors and thus biasing coefficients toward insignificance, we also estimated the model using a random (rather than fixed) effect model (Stimson 1985). This approach, though, does not produce any dramatic differences: the coefficient remains totally insignificant (details not shown). As additional checks for stability, we also estimated the basic model using either robust standard errors or bootstrapping the data (with 1000 resamples); neither suggested any changes in substantive conclusions. Removing the handful of cases with large dfbetas had no effect.

A rather different picture emerges when considering the left party vote (see Table 2). Here we find clear evidence for en economic impact on the vote (column a): the economic coefficient is highly significant, of the correct sign, and rather large in magnitude. The implication is that the vote for the left increases by about three quarters of one percentage point for every one percentage point increase in real economic growth. We repeated the same tests for stability as above: neither a random effects model, nor robust

Table 1. Economic Conditions and the Vote in Scandinavia: Incumbent Governments

	Incumbent Governments
Economy	.335 (.330)
Lagvote	.840* (.069)
Denmark	1.35 (2.05)
Finland	.724 (2.58)
Norway	−.287 (2.38)
Constant	4.12 (3.25)
Adjusted R^2	.83
N	42

Note: Entries are unstandardized regression coefficients (standard errors).
* Significant at .001 level (one-tailed).

Table 2. Economic Conditions and the Vote in Scandinavia: Left Parties

	(a) All Countries	(b) Omit Sweden
Economy	.733** (.227)	.663* (.284)
Lagvote	.193 (.169)	.198 (.196)
Denmark	−2.48 (1.51)	−.355 (1.69)
Finland	−7.43*** (1.94)	−5.20** (2.05)
Norway	−2.17 (1.58)	N/A
Constant	38.32*** (8.37)	36.11*** (9.29)
Adjusted R^2	.50	.37
N	42	31

Note: Entries are unstandardized regression coefficients (standard errors). Norway is the reference category for column (b).
* Significant at .05 level (one-tailed).
** Significant at .01 level (one-tailed).
*** Significant at .001 level (one-tailed).

standard errors, bootstrapping, or the removal of leverage points has any material differences on the reported results. One caveat before continuing. There remains the possibility that the results for this sample are biased due to the inclusion of Sweden in the model. Sweden stands apart from the other countries in that the major left party has been synonymous with the government during almost all of the time series. We repeat the tests, omitting Sweden (column b). As is apparent, the exclusion of the Swedish cases has no appreciable effect: the economic coefficient remains significant, of the same sign, and similar magnitude.

The results for center and right parties are provided in Table 3, column (a) and column (b) respectively. For both sets of parties, there is again no hint of any economic effect on the vote. For both, the economic coefficient is tiny and completely insignificant; for center parties it is also of the wrong sign. The use of random effects, robust standard errors, bootstrapping, and the removal of leverage points again does nothing to alter this conclusion.

It remains to examine whether being in power, or in opposition makes any appreciable difference for left parties. In Table 4 we test this proposition, dividing the sample accordingly.

In column (a), the major left party is part of the government coalition; in the second it is not. In both instances, the economy clearly affects the vote for left parties. The relevant coefficient is statistically significant, and of

Table 3. Economic Conditions and the Vote in Scandinavia: Center and Right Parties

	(a) Center Parties	(b) Right Parties
Economy	−.098	.002
	(.278)	(.302)
Lagvote	.751**	.668**
	(.142)	(.139)
Denmark	.528	1.77
	(1.50)	(1.69)
Finland	−.042	4.07*
	(1.73)	(2.30)
Norway	−1.03	4.41*
	(1.85)	(2.17)
Constant	6.44	5.88*
	(4.12)	(3.04)
Adjusted R^2	.50	.64
N	42	42

Note: Entries are unstandardized regression coefficients (standard errors).

* Significant at .05 level (one-tailed).

** Significant at .001 level (one-tailed).

Table 4. Economic Conditions and the Vote in Scandinavia: Left Parties in Power, and in Opposition

	(a) Left in Power	(b) Left in Opposition
Economy	.744***	.806*
	(.284)	(.510)
Lagvote	.158	.256
	(.246)	(.258)
Denmark	−3.09*	−2.02
	(2.00)	(2.54)
Finland	−9.21***	−6.02**
	(2.87)	(2.94)
Norway	−1.89	−3.32
	(2.07)	(2.79)
Constant	39.89***	35.84***
	(12.39)	(12.18)
Adjusted R2	.52	.32
N	27	15

Note: Entries are unstandardized regression coefficients (standard errors).
* Significant at .10 level (one-tailed).
** Significant at .05 level (one-tailed).
*** Significant at .01 level (one-tailed).

the correct sign. Interestingly, the magnitude of the coefficients is similar, implying of course that the left suffers or benefits from the state of the economy equally whether in power or in opposition.[3]

Discussion

Initially, we confirmed findings that in the institutionalized welfare states, short-term macroeconomic changes have little impact on the incumbent vote. Incumbent parties in countries with high levels of welfare spending, such as the Scandinavian states appear to be relatively well insulated against the vagaries of the business cycle. Weak or tenuous evidence for a macroeconomic impact on the vote has been found for other countries with generous welfare states such as Germany (Rattinger 1991) and Italy (Belluci 1991). In such systems, institutional structures exist which would appear to minimize short-term economic performance as an electoral issue for the mass public.

This has led to the perhaps premature conclusion that the state of the economy is largely irrelevant to electorates in such countries (Pacek &

Radcliff 1995, 56–58). This analysis makes the argument, and finds tentative evidence, that the relationship may be more complex. In countries where certain parties figure prominently in overriding and essential features of the economy, those parties, fairly or unfairly, may be held accountable to a far greater extent than their ideological opponents. This, in turn, may lead to separate sets of assumptions concerning the role of the economy in institutionalized welfare states. As Esping-Andersen (1990) and Huber & Stephens (1998) note in some detail, the Scandinavian welfare states are quite distinct from other generously funded systems in the West, in large part due to the particular role of powerful social democratic parties.

The findings here have several implications that warrant mention. First, the results shed some light on the repeated failure to find a consistent economy-vote linkage in institutionalized welfare states, and suggest an explanation: in the Scandinavian countries, powerful social democratic parties figure prominently in the development and maintenance of an essential feature of socioeconomic life for citizens. Relative to other left parties in the advanced industrial democracies, and the 'bourgeois' parties of Scandinavia, they have been able to attract and hold a dedicated core constituency, while simultaneously appealing to other segments of society. While the working class and lower-status voters have benefited more from polices sanctioned by left parties, scholars note that these parties have been extremely adept at convincing other segments of society that they too have a stake in the extensive welfare state (Castles 1978; Bartolini 1983). Marginal constituents from upper status categories presumably would have somewhat less of a stake than the lower status constituencies, and therefore would be less likely to support the left parties when economic downturns do occur, and thus would defect to other parties during such times (Thomas 1986, 186). In a related vein, the perception may well be that when economic growth is higher, there is greater *general* support for maintaining a welfare state that is best administered by the social democratic parties.

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NOTES

1. Scholars have noted a low propensity for Scandinavian social democratic parties to join coalition governments (Mattila 1996). It may therefore be the case that there is a much greater clarity of responsibility in their case than towards the smaller bourgeois parties.
2. Election data are from Mackie & Rose (1991), with updates from Mackie & Rose (1997). Data on government coalitions are from *European Journal of Political Research Special Issue: Political Data 1945–1990, Party Government in 20 Democracies* (1993). Economic data are from the Penn World Tables (Version 5.6).

3. The results for left in power are stable in the face of the various checks for robustness discussed previously. Those for the left in opposition are admittedly somewhat more fragile. This is hardly surprising given that the sample consists of only 15 cases. Still, the evidence for an economic effect does not vanish when using other statistical techniques. While bootstrapping does not increase our confidence in the results, the use of robust standard errors (alone or coupled with the removal of cases with large dfbetas) continues to indicate an economic variable significant at least at the .10 level.

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Radcliff 1995, 56–58). This analysis makes the argument, and finds tentative evidence, that the relationship may be more complex. In countries where certain parties figure prominently in overriding and essential features of the economy, those parties, fairly or unfairly, may be held accountable to a far greater extent than their ideological opponents. This, in turn, may lead to separate sets of assumptions concerning the role of the economy in institutionalized welfare states. As Esping-Andersen (1990) and Huber & Stephens (1998) note in some detail, the Scandinavian welfare states are quite distinct from other generously funded systems in the West, in large part due to the particular role of powerful social democratic parties.

The findings here have several implications that warrant mention. First, the results shed some light on the repeated failure to find a consistent economy-vote linkage in institutionalized welfare states, and suggest an explanation: in the Scandinavian countries, powerful social democratic parties figure prominently in the development and maintenance of an essential feature of socioeconomic life for citizens. Relative to other left parties in the advanced industrial democracies, and the 'bourgeois' parties of Scandinavia, they have been able to attract and hold a dedicated core constituency, while simultaneously appealing to other segments of society. While the working class and lower-status voters have benefited more from polices sanctioned by left parties, scholars note that these parties have been extremely adept at convincing other segments of society that they too have a stake in the extensive welfare state (Castles 1978; Bartolini 1983). Marginal constituents from upper status categories presumably would have somewhat less of a stake than the lower status constituencies, and therefore would be less likely to support the left parties when economic downturns do occur, and thus would defect to other parties during such times (Thomas 1986, 186). In a related vein, the perception may well be that when economic growth is higher, there is greater *general* support for maintaining a welfare state that is best administered by the social democratic parties.

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NOTES

1. Scholars have noted a low propensity for Scandinavian social democratic parties to join coalition governments (Mattila 1996). It may therefore be the case that there is a much greater clarity of responsibility in their case than towards the smaller bourgeois parties.
2. Election data are from Mackie & Rose (1991), with updates from Mackie & Rose (1997). Data on government coalitions are from *European Journal of Political Research Special Issue: Political Data 1945–1990, Party Government in 20 Democracies* (1993). Economic data are from the Penn World Tables (Version 5.6).