



## Economic fluctuations and political self-placement



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### ABSTRACT

This paper examines whether economic conditions affect citizens' political self-placement on the left–right scale of the political spectrum. A cohort of factors influence and determine such self-placements by citizens including ideology, social values, partisan allegiances, class perceptions, socio-economic characteristics, personality traits. Using data from the Euro-barometer surveys for twelve European Union countries over the period 1985–2009 this study investigates the effect that economic fluctuations have on political self-placement. Results reported herein from both fixed-effects and random-effects regression models indicate that, once we control for the differential transitory and permanent effects of economic conditions, we find that in the long-run and during economic upturns, there seems to be a quantitatively mild movement towards the political middle from the two opposite ends of the left–right dimension.

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### 1. Introduction

Fluctuations in economic activity, as reflected in the economic cycle, affect households' income and their financial and economic conditions with the concomitant impact on their standards of living as well as their subjective evaluation of well-being. A steadily growing number of studies has focused on how changes in the economic conditions and associated macroeconomic variables such as unemployment and inflation influence citizens' and households' behavior. For example, it has been shown that economic fluctuations and the prevailing socioeconomic conditions can have an impact on a number of quite diverse spheres such as for example subjective well-being and happiness, electoral behavior, political (in)stability and violence, criminal activity, marriage and cohabitation, suicide rates (*inter alia*: Yang and Lester, 1994; Kunioka and Woller, 1999; Ekert-Jaffe and Solaz, 2001; Peiró, 2006; Miljkovic and Rimal, 2008; Andrés et al., 2011; Caruso, 2011; Caruso and Schneider, 2011; Snipes et al., 2011). A particular strand of this literature has focused its attention on the question of how and to what extent the inevitable fluctuations of the business cycle as these are reflected by the levels of unemployment and the inflation rate affect the public's political attitudes, partisan choices and electoral behavior as well as an incumbent's popularity and reelection chances

(*inter alia*: Luksetich and Riley, 1978; Borooah and van der Ploeg, 1982; Sears and Funk, 1990; Chappell and Veiga, 2000; Lewis-Beck and Paldam, 2000; Auberger and Dubois, 2005; Jordahl, 2006; Elinder, 2010; Veiga and Veiga, 2010; Auberger, 2011; Martins and Veiga, 2011).

In the broader spirit of such studies this paper poses a broadly similar research question but with two twists. First, rather than focusing on how economic conditions in general, or specific economic variables such as unemployment or inflation in particular, influence partisan choices, voting behavior and electoral outcomes; it sets out to examine whether economic fluctuations and macroeconomic conditions affect citizens' ideological identification, and in particular their political self-placement choice on the left–right scale of the political spectrum. In other words, whether or not, the economic cycle and the concomitant impact on citizens' economic conditions influences not only voting behavior as other studies have examined – which is likely to be also shaped by the party choices available – but ideological shifts to the extent that these are reflected by the self-placement choice of citizens on the left–right scale. Second, it sets out to examine the question in both the short and the long term. Left–right self-placement may not be subject to change as a direct response to economic changes in the short-run, in line with the “structural” views of the relevant literature, but it may well be subject to changes in the longer run, if the filtering effect of established ideology identities proves incapable of containing the impact of ongoing economic changes on the citizens' ideological constitution. To these ends, data published by *Eurobarometer* is used by the present study to empirically

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investigate this question. Among other findings in the *Eurobarometer* surveys, the self-placement choice of European Union citizens on the left–right scale of the political spectrum is reported. The sample period, strictly dictated by data availability, covers the years 1985–2009, with complete panel datasets available for only twelve EU member states: Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, and United Kingdom. In the empirical investigation that follows, both fixed-effects and random-effects regression models are estimated. The rest of the paper is structured as follows. The next section is a brief background discussion of the issues associated with the question at hand, while in section three the data and the methodology employed are presented. Then, in section four the findings are reported and discussed and section five concludes the paper.

## 2. Background discussion

The left–right schema is widely accepted as encapsulating and classifying ideologies, political orientation, values, partisan choices and loyalties, political behavior and policy preferences. Indeed, an individual's positioning on this spectrum is a reflection of his/her social cognition (*inter alia*: Noelle-Neumann, 1998; Freire, 2006; Kroh, 2007). Clearly, a cohort of factors influence and determine such self-placements by citizens on the left–right dimension. They include ideological leanings and values, political preferences and class perceptions, social and demographic characteristics, personality traits, as well as an individual's current economic circumstances (*inter alia*: Inglehart and Klingeman, 1976; Borooah and van der Ploeg, 1982; Pop-Eleches and Tucker, 2010; Verhulst et al., 2012; Smith et al., 2012). The latter, are directly affected by the prevailing conditions in the national or regional economy level and, as already mentioned, affect electoral behavior as a plethora of studies have shown. For example, Jordahl (2006), examining voting behavior in Sweden, reports findings indicating that an unemployed citizen, *vis-à-vis* an employed, is more likely to vote for a left wing against a right wing incumbent government. Auberger (2011), in the case of European Parliament elections in France, finds that changes in the local unemployment rate explain the vote for the moderate left and moderate right.

The relationship between changes in economic conditions and voting behavior, however, is far from a linear one, as seminal works have shown. The “funnel of causality” metaphor of Campbell et al. (1960) suggests that voters' electoral behavior in response to changed circumstances or issues is mediated by factors that have a lasting impact on voters' behavior, such as their party identification acquired during socialization or their social class (Berelson et al., 1954) and secondarily their political attitudes/values. Thus a particular event or a changed economic environment is likely to impact a citizen's voting behavior, if at all, only after it is “filtered” through primarily the interpretation of the change by the political party with which the citizen identifies, and secondly through the political attitudes and value system of the citizen. While this model's emphasis on party identification as an over-determining socio-psychological anchor formed during early socialization and capable of explaining and (predicting) voting behavior has been modified since its inception, voting behavior is still recognized as a socially and politically mediated phenomenon. If political parties are losing their anchoring role – e.g. as rising education levels and mass communications undermine their informational function – value systems and ideologies continue to play their mediating role between events and voting behavior (Miller and Shanks, 1996). While people are no longer as loyal to a party as they were, they continue to be loyal to their value systems (Inglehart and Klingemann, 1976; Dalton and Wattenberg, 2000; Freire, 2009a). Unlike party

identification, it seems that ideological identification on a left–right spectrum continues to be as relevant as ever, showing relatively stability over time, and is a good predictor of voting behavior, suggesting that it may have replaced parties in playing a key mediating role between events affecting citizens and their voting behavior (Knutsen, 1998; Freire, 2009a).

Voting behavior, as it has been stressed, is also significantly conditioned by the nature of social cleavages. Class cleavages affect voting behavior, leading to more polarization when they are deep and less polarization as they become shallower due to economic prosperity and modernization (Lipset and Rokkan, 1967). The existence of various social cleavages, based on class but also on religion, ethnicity, “new politics” etc., tend to have a polarizing or moderating impact on voting behavior, depending on whether they are cumulative or cross-cutting, respectively (Dalton et al., 1984).

The party system is another major source of influence on ideological identification and voting behavior, since parties do not only express citizens' views but also shape them. In particular, depending on factors such as the electoral system, the number of relevant political parties, the blackmail potential of anti-system parties, a party system sets in motion a centripetal or centrifugal dynamic between the parties, working to moderate or exacerbate whatever potential for electoral polarization exists due to other factors (social cleavages, economic changes, world events) (Duverger, 1972; Sartori, 1976). Thus the polarizing potential of economic downturns is likely to be countered by the centripetal dynamic of party competition, while the polarizing potential is likely to be nurtured and amplified in countries with party systems of polarized pluralism. The fact that “most of the countries still retain basic features of moderate pluralism” as noted by Grande (2008), suggests that in general, economic downturns are likely to generate less ideological polarization than otherwise, but the extent of the actual polarization will still depend on the specific countries involved, the particular dynamic of party competition during the time frame of the economic downturn. Finally, one should also point to the “end of ideology” thesis, postulating that ideological divisions are in a state of secular decline, as a result of economic and political modernization (Bell, 1960; Fukuyama, 1989; Giddens, 1998; Dalton, 2006). However, as others have argued, this tendency is likely to be reversed if economic growth halts, while it may also be belied by the reemergence of old or new lines of contestation (Eatwell, 2003; Heywood, 2003).

Thus, in the broader context of the discourse outlined above, the question addressed here is whether changes in the economy and the concomitant upturns and downturns in the economic cycle can bring about empirically traceable shifts – either to the left or to the right – of an individual's self-positioning on the left–right political scale as this is recorded in the *Eurobarometer* surveys that offer a quantified context within which the issue at hand can be addressed.

The usual fluctuations in the economic cycle and economic activity clearly affect both the current economic circumstances of households as well as their expectations. During periods of economic downturns the average household may experience reduced income and consumption as well as the spectre of unemployment, given that an economic contraction invariably reduces the demand for labour. Similarly, during an upturn of the economy, citizens and households, on average, tend to witness improvements in their overall economic situation. It is possible, that such fluctuations may influence socio-economic beliefs and self-placement on the left–right scale of the ideological spectrum, although such influence does not have to be a direct one but one mediated by structural factors – attested by the general stability over time of left–right self-placements (Freire et al., 2009b), in particular when these happen to be “socially anchored” (Gunther and Montero, 2001), and shown to be strong determinants of voting behavior (Franklin et al., 1992; Gunther and Montero, 2001; Freire, 2004). With respect

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