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Part I

Theory

1 Introduction

1.1 The Ideal of Democracy

One essential feature of a democracy is that citizens are free to vote their leaders out of office. Unlike other forms of government, democracies provide citizens with an instrument to control incumbents who do not act in the interest of the public (Schumpeter, 1942; Riker, 1982). In political science this kind of voter behavior is known as retrospective voting (Key, 1966; Barro, 1973; Fiorina, 1981; Ferejohn, 1986; Besley, 2006). According to this view, it is the past behavior and the efforts of incumbent parties or politicians that shape the decision-making of citizens at an upcoming election. In particular, this approach argues that citizens are attentive and responsive observers of the present government and use their vote to punish or reward incumbents: if voters are satisfied with the incumbent party, they reward it by shifting support to this party; if voters are not, they are expected to defect from the incumbent and support the challenging party. Thus, in the retrospective account of politics, voters shape the re-election chances of the incumbent by conditioning their vote choice on what the incumbent achieved or failed to achieve in office.

Despite its normative appeal, decades of empirical research have revealed that voters do not always act according to the retrospective ideal of democracy. In fact, retrospective voting can vary substantially over time and between countries. In the 1992 British general election, for example, the incumbent Conservative party oversaw one of the worst recessions since World War II, yet surprisingly did not lose office. However, five years later and despite a period of strong economic growth and a substantial reduction in unemployment, the Tories suffered one of the worst defeats in the party's history and ultimately lost office. Research on retrospective economic voting, the field that has attracted the most interest among researchers on retrospective voting, generally supports the conclusion that voters do not always follow the

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retrospective ideal of democracy (for reviews see [Lewis-Beck and Stegmaier, 2000, 2007](#); [Duch, 2001](#); [Anderson, 2007](#); [Duch and Stevenson, 2008](#)). Several large-scale comparative studies have shown that retrospective economic voting varies strongly over time, between countries, and also between parties (see in particular [van der Brug, van der Eijk and Franklin, 2007](#); [Duch and Stevenson, 2008](#)). Studies on other issues, e.g. on corruption, also support the notion that retrospective voting is far from universal and not as easily realized as its normative appeal suggests ([Besley, 2006](#); [Lenz, 2012](#); [Eggers, 2014](#); [Achen and Bartels, 2016](#); [Eggers, Viyvan and Wagner, forthcoming](#)).

The retrospective ideal of democracy also contrasts with two of the earliest and most persistent findings in research on political behavior and political psychology: firstly, that voters on average pay only little attention to politics and, secondly, that voting tends to be a highly persistent phenomenon ([Berelson, Lazarsfeld and McPhee, 1954](#); [Campbell, Converse and Stokes, 1960](#); [Converse, 1964, 1969](#); [Zaller, 1992](#)). It is well established that citizens are often not well-informed about politics – a finding that clearly contrasts with voters’ role as “competent evaluators of the past” ([Huber, Hill and Lenz, 2012, 720](#)). Even worse, a large body of research from political psychology suggests that voters’ perceptions of what the incumbent achieved in office tend to be biased. Starting with the seminal contribution by [Campbell, Converse and Stokes \(1960\)](#), many studies indicate that voters assess new information in a way that matches their political leanings and behavior – a finding that obviously departs from the ideal of voters as objective and unbiased information processors in the retrospective voting literature (see for example [Evans and Andersen, 2006](#); [Evans and Pickup, 2010](#); [Gerber, Huber and Washington, 2010](#); [Gerber and Huber, 2010](#)).

It is also a commonplace that many voters do not alter their voting behavior between elections, sometimes supporting the same party their entire life. Furthermore, psychological models of voting suggest that voting for one party might be a self-reinforcing mechanism: the more often voters choose one party, the more they become attached to this party ([Converse, 1969](#); [Dinas, 2014](#)). On the other hand, there is also evidence that some voters alter past voting almost erratically and even when the efforts of the incumbent provide them with no actual reason ([Achen and Bartels, 2016](#)). [Zaller \(2004\)](#) thus argues that a substantial segment of voters might

actually be “floating” between parties – rather than deliberately choosing between them, as anticipated by the retrospective ideal of voting (see also [Huber, Hill and Lenz, 2012](#)). In sum, neither non-responsive nor overly responsive voters bode well with the idea of democratic elections as periodic referenda of the incumbent party.

The ideal of retrospective voting thus certainly seems limited, at times even inconsistent with what is known about voter behavior. In this thesis my aim is to understand these limitations of retrospective voting and to provide an explanation for *why voters differ in their willingness to punish or reward incumbents*. To this end, I provide a model of retrospective voting that builds on existing accounts of retrospective voting, but explicitly includes findings from research on political behavior and psychology. In particular, I argue that a retrospective voting model should include four main elements.

1.1.1 Four Elements of Retrospective Voting

A retrospective voting model should focus on how voters perceive the competence of the incumbent rather than on how they perceive policy outcomes. In research on retrospective voting one can broadly distinguish between two main models: firstly, the sanctioning (moral hazard) model introduced by [Key \(1966\)](#) and advanced by [Barro \(1973\)](#), [Fiorina \(1981\)](#), and [Ferejohn \(1986\)](#) and secondly, the selection (competency) model which was articulated first by [Stigler \(1973\)](#) and formalized by [Alesina, Londregan and Rosenthal \(1993\)](#), [Besley \(2006\)](#), and [Duch and Stevenson \(2008\)](#). In the first modeling tradition voters observe policy outcomes under the current government, e.g. whether the economy is growing, whether an official is corrupt, or whether the number of troop fatalities rises, and then establish a simple threshold: if the policy outcomes lie beneath this threshold, for example because unemployment increased too much, citizens are expected to vote the incumbent out of office. [Barro \(1973\)](#) and [Ferejohn \(1986\)](#) argued that this moral hazard approach to democracy can be a fully rational voter strategy, because it powerfully signals to future governments that certain outcomes will not be tolerated. In the second tradition voters use policy outcomes, which they observe during the electoral cycle, to assess the competence of the incumbent. In this tradition voters thus spend more effort and aim to assess whether changes in policy outcomes result from the en-

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ogenous efforts, policies, and behavior of the incumbent or from exogenous shocks beyond the control of political parties (Alesina, Londregan and Rosenthal, 1993; Besley, 2006; Duch and Stevenson, 2008). Put differently, in this second tradition voters determine the responsibility of the government and punish incumbents only if they are convinced that policy outcomes result from the (in)competence of the party in office.¹

This thesis strongly argues in favor of the second tradition (or, as argued by Fearon (1999) and Besley (2006), a combination of both). I argue that a retrospective voting model should allow voters to observe policy outcomes and use these outcomes to assess the competence of the incumbent. Voters are then assumed to condition their vote choice on these competence ratings. The reason for this focus is that, as I show repeatedly in this thesis, both quantities can differ substantially. For example, after the financial crises affected the British economy in 2008 voters uniformly agreed that the economic output decreased; yet, whether the incumbent Labour party was to blame and to which extent was judged remarkably different by voters, especially among 2005 Labour voters. Retrospective voting might consequently appear constrained, simply because most existing research studies a variable that does not contain all the information voters might use in their decision-making (see Bisgaard, 2015). The first pillar of this thesis thus is to measure how voters assess the competence of incumbents and use perceived policy outcomes only as they inform voters' competence assessments.

A retrospective voting model should be studied as a dynamic model of vote-switching. Most approaches to retrospective voting study it in a static fashion, i.e. how a voter decides between a set of parties at one election. In this thesis, however, I depart from this perceptive and argue that retrospective voting should be studied dynamically. The main dependent variable of this thesis thus is not which party a voter chooses, but whether a voter is willing to defect from his or her past choice in response to

¹It should be noted that for a few outcomes, most notably corruption, this distinction is not meaningful and it suffices to establish whether a politician or party acted corruptly. For these few issues the challenge for retrospective voting is whether voters have a chance to observe the hidden actions of politicians. For most other policy outcomes it is nonetheless of great importance to distinguish between observable outcomes, on the one hand, and inferred competence, on the other.

new information regarding the competence of the incumbent. This approach follows directly from democratic theory, in which the remedy to good government and responsive politicians is the *upcoming election* (Riker, 1982). In this tradition, the positive normative effects of democracy are centered around voters' possibility to act differently at the next election and to "correct" past voting given new information (Ferejohn, 1986).

From the standpoint of democratic theory the focus on vote-switching has an important advantage: it highlights that, depending on the competence of the incumbent, different voter segments act as the main principal. Suppose, for example, that voters infer between two elections that the incumbent is not competent in providing certain outcomes the public desires. Obviously, the role of the retrospective principal differs depending on a voter's past behavior (Eggers, 2014): if he or she already voted against the incumbent at the last election, this voter has no reason to defect from this behavior given new information. Furthermore, this voter has effectively only little means to affect the re-election chances of the incumbent (other than voting again for the challenger). Voters who chose the incumbent at the last election, on the other hand, have a clear reason to alter past voting once they perceive the incumbent to be incompetent. More importantly, these voters effectively determine the electoral fate of the governing party: if they defect from their past choice in a large enough number, they actually remove the perceived incompetent incumbent from office. This simple example thus highlights that a model of retrospective voting might be more revealing if it focuses on the decision to switch votes among a particular subset of voters, rather than among the whole electorate.

A second advantage of my focus on vote-switching is that it naturally shifts attention to the conditions under which voters are willing to give up past behavior and thus directly addresses findings from political behavior. The main idea of this thesis is that this willingness to change voting behavior might vary considerably between voters, between countries, and over time. These conditions thus are the centerpiece of this thesis, as they provide important insights into the variability of retrospective voting. Consequently, the following two elements of a retrospective voting theory introduce two conditions which might determine whether voters are willing to defect from past vote choices or not.

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A retrospective voting model should model how voters learn about incumbent competence. The focus on vote-switching implies that something has to change so that voters will start to reconsider past voting behavior. In particular, voters might only rethink past voting if their competence perceptions of the incumbent and their past vote choices no longer match. Returning to the previous example of a prior incumbent voter, this suggests that such a voter might consider altering past behavior if he or she receives, processes, and accepts new information and interprets it in a way that challenges past behavior, i.e. he or she must actually conclude that the incumbent has indeed been incompetent in providing an output this voter sees as desirable. I refer to this as *dissonance* between past voting behavior and current competence assessments and argue that this dissonance should be treated as the necessary condition in a model of retrospective vote-switching.

At this point it is, however, important to include findings from political behavior and political psychology research. Several psychological models of voter information-processing actually challenge the idea that voters are willing or capable to hold dissonant competence ratings. The cognitive dissonance approach by [Festinger \(1957\)](#) as well as the politically motivated reasoning approach by [Kunda \(1990\)](#) and [Lodge and Tabor \(2005\)](#) argue that an individual's capacity to learn about political facts without reference to intended behavior and existing preferences is limited. That is, voters might interpret similar pieces of information in a way that justifies their past behavior (see also [Zaller \(1992\)](#), [Tabor and Lodge \(2006\)](#), and references in later chapters). If the updating process of competence ratings, which is a necessary condition of retrospective vote-switching, is distorted or biased, the effectiveness of democratic control will obviously be limited. The third pillar of this thesis thus is to trace how voters learn about incumbent competence, whether voters are willing to hold dissonant values, and what role political preferences play in this learning process.

Furthermore, it is important to highlight that information-processing offers a potential explanation for the instability of retrospective voting. Several psychological models suggest that one powerful predictor of how voters process information is the strength of prior attachment to their past choice, commonly referred to as the strength of their party preferences ([Berelson, Lazarsfeld and McPhee, 1954](#); [Zaller and Feldman, 1992](#); [Lodge and Tabor, 2005](#); [Tabor and Lodge, 2006](#)). That is, the

stronger voters are tied to the political object that is being evaluated, the more they might engage in dissonance avoidance and thus remove the incentive to reconsider this choice. One reason why retrospective voting differs between countries might thus be that voters' information-processing is different, because their party preferences are different. In fact, if voters tend to distort new information depending on their political preferences, it seems logical to assume that in political systems in which voters hold "strong" preferences, they are less likely to engage in retrospective voting, simply because fewer voters might hold dissonant competence ratings. If political competition, however, becomes less clearly structured and voters are only weakly tied to past choices, we might observe an increase in retrospective voting.

A retrospective voting model should consider the characteristics of the potential alternatives. One advantage of focusing on vote-switching is that it naturally shifts attention to the parties a voter would have to vote for if he or she defects from his or her past choice. This focus provides the strongest defection from established formal retrospective accounts. In fact, in classical accounts of retrospective voting (regardless of whether one studies sanction or selection models) parties are treated as substitutable goods that are easily replaced in response to changes in incumbent competence (see for example [Ferejohn, 1986](#), 8). That is, voters are assumed to discount any additional information they hold about parties (see however [Besley, 2006](#), chapter 3). In this setup voters – once they hold dissonant competence views – face no greater difficulties in switching support. Research on political behavior, however, leaves no doubt that other characteristics of parties factor importantly in voters' decision-making and that voters clearly distinguish between parties. This has an important implication: even if voters hold dissonant competence ratings, their past choice might still appear as the "lesser of two evils" ([Groenendyk, 2012](#)). Retrospective vote-switching might thus be constrained if voters find no "acceptable" alternative with which to replace their last choice. With the notable expectation of [van der Brug, van der Eijk and Franklin \(2007\)](#), [Kayser and Wlezien \(2011\)](#), and [Eggers \(2014\)](#), this sort of constraint has received only little attention in existing empirical research and one of the main goals of this thesis is to provide a formal account of how party-characteristics limit democratic control.

I focus on two sources other than incumbent competence, that might cause vot-

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ers to differentiate between parties. The first source is related to voters' *political preferences* and whether a voter can in principle imagine voting for a different party (van der Brug, van der Eijk and Franklin, 2007; Kayser and Wlezien, 2011; Eggers, 2014). It might, for example, be harder for a past incumbent voter to defect from this party if the challenging party differs fundamentally on policies a voter deems important, holds ideological values which contradict the ideology of a voter, or whose candidates are less appealing than those of the incumbent party. In this thesis I allow all these characteristics to factor into a voter's retrospective decision-making which could cause him or her to remain with a past choice, even if competence perceptions have become dissonant. This constraint thus explicitly focuses on the competition between parties and how easily it is to move between parties given their characteristics (van der Brug, van der Eijk and Franklin, 2007; Eggers, 2014).

The second source is related to voters' *expectations* about the behavior of other voters. In particular, voters might be willing to vote for a different party than at the last election, but this party's chances of winning office or affecting the post-electoral power distribution might be limited. Thus, I consider the possibility that strategic voting incentives could undermine democratic control and argue that some retrospective voters might be unwilling to waste their vote on non-viable parties or candidates (Cox, 1997). It is important to note that while the first constraint reflects the structure of voters' preferences and thus the pattern of party competition in a country, this second type is related to the institutional setup of a polity. The institutional design of a political system is often studied in (economic) retrospective voting, particularly regarding its effect on voters' capacity to assign responsibility to parties (Powell and Whitten, 1993; Duch and Stevenson, 2008). However, this is to my knowledge one of the first studies that focuses on the consequences strategic incentives have on retrospective voting.

It is clear that these constraints provide powerful explanations for why retrospective voting differs between countries and over time: in countries in which parties differ substantially and offer quite distinct packages to voters, retrospective voting might be limited as many voters, faced with an incentive to alter past voting behavior, may remain with their initial choice, deeming it the "lesser of two evils". Retrospective voting, however, might increase as soon as parties appear less different and voters come closer to perceiving parties as substitutable goods. Furthermore,

the electoral system of a country might constrain retrospective voting the more it favors strategic decision-making. If these institutional settings change, we might consequently observe a change in the effectiveness of democratic control.

1.2 Research Design

After decades of research how can the role of such constraints on retrospective voting still be in question? As it turns out, it is remarkably challenging to establish whether voters actually hold their incumbents to account and even more difficult to assess why some voters do not act according to the ideal of retrospective voting (Lenz, 2012; Eggers, 2014). The second main goal of this thesis, thus, is to provide a convincing and powerful research design in which these four elements of a retrospective voting model can be studied. This research design is greatly inspired by Lenz (2012) and Eggers (2014); it consequently relies on the use of panel survey data that span an entire electoral cycle combined with unique features of the party system of Great Britain.

Panel data are, first and foremost, necessary to reliably measure voter behavior at the last as well as upcoming election and thus to establish whether a voter switched between two elections. Survey data, furthermore, allow me to directly measure how voters rate the competence of the incumbent and provide an array of questions on how voters perceive certain policy outcomes and parties. There are, furthermore, two additional advantages of panel data that help me in tackling two persistent methodological challenges in political behavior research:

- With panel data it is possible to trace how voters learn about incumbent competence once they receive new information. In particular, panel data allow me to measure how voters thought about incumbent competence at the beginning of the electoral cycle, i.e. when the incumbent entered office, and I can measure how their prior assessments are updated once they observe new policy outcomes. This helps me to establish how credible the learning process of voters is: if voters alter competence assessments erratically and spontaneously between panel waves, voters obviously do not live up to the ideal of being competent evaluators of the past (Zaller and Feldman, 1992; Zaller,

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1992). However, if it turns out that new information shifts past competence views systematically and predictably, voters would seem closer to their role as attentive observers of the incumbent. In order to study voter-learning it is, however, necessary that voters are exposed to new information that might challenge their past competence verdicts. The research design of this thesis is therefore built around elections that were preceded by major or minor changes of important policy outcomes (Lenz, 2012). These changes (supposedly) induce voters to rethink the competence of the incumbent and I can measure how many and which voters alter their competence perceptions in the panel waves after the event has taken place. This allows me to study voter-learning once new information is received and creates variation in how voters update their beliefs about the competence of the incumbent.

- Panel data help in determining the impact of party preferences and planned political behavior on voters' learning and information-processing. One important concern with static approaches to retrospective voting is that it is not possible to determine whether competence assessments affect voting behavior or whether it is actually the other way around (Evans and Andersen, 2006; Evans and Pickup, 2010; Gerber, Huber and Washington, 2010; Gerber and Huber, 2010; Lenz, 2012). This methodological problem is known as observational equivalence or reverse causality and substantially limits the conclusions that can be drawn from cross-sectional data. My focus on panel data and on events that supposedly shape voters competence ratings allows me to at least partly tackle this problem: it allows me to measure whether voters change their voting intentions before they change their competence assessments to dissonant values. This way it is possible to challenge observational equivalence because I can establish what variable changed first: voting intentions or competence assessments (Lenz, 2012). Furthermore, it allows me to measure how voters thought about the incumbent (i.e. the political object they are judging) before the event took place and thus to assess their propensity to hold dissonant values.

While panel data are helpful to address the first three elements of a retrospective

voting model, they do not help much with the forth element: if voters find no alternative that is attractive enough to vote for. The idea here is that some voters – despite holding dissonance competence ratings – might defer from switching votes, *but would behave differently if the remaining parties were different*. That is, voters might be willing to switch if the remaining parties held different policy positions, had a different ideology, or had a higher chance to enter government after the election.

The experimental ideal to answering this question would be to manipulate which parties are running for office or to manipulate the characteristics of the parties competing for office. Truly manipulating which parties are running is obviously impossible (Eggers, 2014). Other research designs are available, yet seem limited given the research design of this thesis: Firstly, a researcher could use a survey experimental approach (e.g. conjoint analysis) and vary the characteristics of hypothetical parties (Hainmueller, Hopkins and Yamamoto, 2014; Hainmueller, Hangartner and Yamamoto, 2015). For the research question of this thesis, such a scenario-based approach seems, however, limited, because voters only “imagine” what they would do given a certain hypothetical scenario – but real world behavior might look quite different once voters are to decide between the parties they know and encounter at elections. Furthermore, scenario-based approaches require that a researcher includes all characteristics of parties that potentially cause voters to distinguish between parties and are thus vulnerable to omitted-variable bias (Dafoe, Zhang and Caughey, 2017).

Secondly, a researcher may rely on an observational approach. One could, for example, try to compare different countries: countries in which competing parties appear similar and countries in which parties are distinct on all factors a voter deems relevant. A researcher could then ask whether there is more retrospective vote-switching in the first than in the second type of countries. There are, however, two major drawbacks with this approach: Firstly, it is difficult to credibly establish whether voters in different countries perceive parties indeed as similar or different and, if so, on which dimensions. Secondly, it seems very likely that countries with similar parties differ from countries with distinct parties on many other important variables. That is, this approach is vulnerable to the influence of (potentially non-observable) variables that affect both the amount of retrospective vote-switching as well as the characteristics of its main parties. Comparisons between countries thus

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seem limited too.

In this thesis I follow and extend the research design by [Eggers \(2014\)](#), which allows me to study real-world voter decision-making between actual parties (the main drawback in survey experiments) while at the same time minimizing the impact of omitted variables (the main drawback from country-comparisons in an observational approach). This approach leverages two unique features of the political system of Great Britain: firstly, that voters have clearly structured preferences between the three major parties which compete for seats in British elections and, secondly, that the locally relevant set of parties varies across constituencies. In particular, there are constituencies which are dominated by one party (e.g. safe seats of Labour) and constituencies that are battlegrounds between Labour and the Conservatives, between Labour and the Liberal Democrats, and between the Liberal Democrats and the Conservatives. That is, there is clear and predictable variation regarding which parties are competitive in a given constituency. Following [Eggers \(2014\)](#) and [Eggers and Spirling \(2016\)](#), I use the variation of which party has a realistic chance of winning a seat to study voter behavior under the following conditions:

- if they live in constituencies in which no other party than their last choice has a chance of winning,
- if they live in constituencies in which only a party they do not like has a chance of winning (which for most voters is either Labour or the Conservatives),
- if they live in constituencies in which only a party they like has a realistic chance of winning (which for most voters is the Lib Dems).

This approach thus creates high internal validity: it creates scenarios in which voters face (a) no viable party to defect to, (b) only a party that is not attractive to defect to, and (c) a party they actually like to defect to. At the same time it generates highly comparable groups because this variation takes place within one country, which mitigates the potential confounding impact of omitted variables.

Before advancing, it is worth noting that this approach also has one obvious drawback: it is limited to Great Britain. In this sense this thesis favors high internal validity over external validity. This decision rests on the idea that a highly valid inference for one country is preferable over potentially biased conclusions from many

countries. It must, furthermore, be noted that the findings and arguments of this thesis can in principle be transferred to any other party system. The choice of focusing on Great Britain is not made for theoretical reasons, but follows purely from methodological reasons as the features of the British party system provide a strong and convincing possibility to study constraints to retrospective voting. Also, it is worth noting that the British Election Study provides a uniquely rich set of panel data that span an entire electoral cycle. This allows me to compare several electoral cycles in Great Britain and to discuss how retrospective voting changes over time. I thus can rely on within-country over-time variation and compare retrospective voting in Great Britain under different circumstances. This is another advantage of focusing on only one country, as comparisons within one country are usually more credible than between countries.

1.3 Outlook

This thesis has four parts. In the first part I provide the main theoretical framework, introducing limits of retrospective voting. In this part I discuss the four elements of retrospective voting in greater detail, starting with arguments in favor of a competency model and why retrospective voting should be studied in a dynamic fashion. I then start to include insights from political psychology into existing models of retrospective voting, with a special focus on the role of political preferences on political learning and information-processing. I then discuss the final element of a retrospective voting model and derive expectations of how voter preferences and expectations could limit retrospective voting. In this discussion I start with two-party systems and extend my argument to multi-party systems and to political systems with coalition governments.

The second part of this thesis is devoted to the research design. I discuss the main approach and its validity in the context of the British party system. I also try to validate several assumptions of this approach and discuss the data I use.

Finally, in the third part, I present empirical evidence. This part has four chapters; in the first three chapters I study three different electoral cycles and the goal of each chapter is to show empirically how voters assess important policy outcomes and, more importantly, incumbent competence over the electoral cycle. In particular, I

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focus on how their beliefs and assessments change, once they receive new information in form of a (major or minor) policy shock. The center of each chapter is then to study how voters' electoral response is limited once they hold dissonant competence ratings. The three electoral cycles are the following:

- In the first chapter I focus on the electoral cycle between 1992 and 1997. During this time period, the incumbent Conservative party oversaw a growing economy – yet suffered a massive defeat at the 1997 general election. The theoretical model of this thesis provides interesting insights into this election: firstly, I show that despite the economic upward trend, many 1992 Tory voters perceived their past choice to be incompetent, particularly in response to the events surrounding Black Wednesday. This chapter thus highlights the importance of distinguishing between factual beliefs and competence ratings. Secondly, I proceed to study how the electoral response of 1992 Tory voters varied depending on the constituency type they lived in. For this question, the 1997 general election offers a particularly interesting case: this is because of the unexpected and fundamental change of Labour, Britain's main challenging party at the time, in 1994. After the selection of Tony Blair as new head of Labour, the party changed substantially and thus might have appealed to many past Tory voters. I use these changes to bolster the idea that retrospective voting depends on the set of parties a voter can choose from.
- In the second chapter I focus on the electoral cycle between 2005 and 2010. During this time, the incumbent Labour party was confronted with the outbreak of the financial crisis in 2008. Consequently, I study how 2005 Labour voters, i.e. its past supporters, reacted to this new information, how they perceived the state of the economy, and how they learned about the competence of Labour following these events. I again show that the distinction between competence and factual beliefs is crucial. I then study how past Labour voters, who no longer were convinced that their past choice is competent, voted in 2010 and how their response was undermined by the set of competitive parties they faced in their constituency.
- In the third chapter I study the electoral cycle between 1997 and 2001. This chapter differs from the first two, as I focus on a “positive” policy shock. Here,

I study how voters who chose the Conservatives, the Lib Dems, or abstained in 1997 reacted to the successes of New Labour in government at the 2001 general election. Thus, unlike the first two chapters, which focus on electoral “punishment”, this chapter allows me to shed light on the idea of electoral “reward” of (in the eyes of voters) competent incumbent parties. Furthermore, this chapter allows me to address the behavior and role of non-voters in retrospective voting models.

In the fourth chapter of part three I address how voters learn about incumbent competence. For this chapter, I combine data from these three electoral cycles and study in great detail which voters actually hold dissonant values and what role prior political preferences play in this learning process. It is important to note that voter-learning happens causally prior to the processes studied in the other three chapters, in which I focus on voters’ electoral response given their competence views have already become dissonant. It might thus first appear counter-intuitive to study voter-learning in a later chapter. I do so, however, to provide a more systematic and comparative perspective on this phenomenon and it might be easier for the reader to follow this chapter, once he or she is already familiar with the events that shaped each election as well as with the data I use in each chapter.

In the final part I summarize my findings and discuss their implications for how political scientists think about democracy, retrospective voting, and the role of political preferences. I furthermore discuss shortcomings of this thesis and potential extensions of my research project to other countries and elections.

2 Theoretical Framework

2.1 The Retrospective Model of Democracy

Democratic elections are the core mechanism to achieve accountability and responsive governments. This optimistic view of democracies is particularly accentuated in the retrospective account of democracy (Key, 1966; Fiorina, 1981; Besley, 2006). According to so called political agency models, citizens and the government form a principal–agent relationship: citizens are the principals and incumbent politicians are the agents, who are supposed to act on behalf of and in the interest of voters. Their relationship is, however, characterized by a fundamental information disadvantage on the side of voters: the future competence of the incumbent and whether the incumbent will act in their interest is not known to citizens at the moment they vote a party or candidate into office (Key, 1966; Barro, 1973; Ferejohn, 1986). This provides a strong incentive for governing politicians to shirk responsibilities or to otherwise act against the will of the public.

Political agency models argue, however, that democratic elections provide the necessary tools to control incumbents: by observing policy outcomes until the next election, voters can infer incumbent performance retrospectively (Fearon, 1999; Cheibub and Przeworski, 1999; Duch and Stevenson, 2008). Thus, the role of citizens in democracies is to judge the past and to hold the incumbent to account for the efforts in office. This link between politician’s competence and his or her re-election chances generates a strong incentive for politicians to act in the interest of the public. As long as incumbents are motivated to be re-elected, retrospective voting is assumed to shape the behavior of – otherwise shirking or incompetent – incumbent politicians.

The main goal of this chapter is to discuss this central model of voting behavior in greater detail and, in particular, to provide an explanation for why voters might

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sometimes *not* act in accordance with this model. To this end I present a model of retrospective voting that extends existing models of retrospective voting by including findings from political behavior and psychology research. In its most basic setup, this model includes a set of voters who are assumed to observe the behavior of the incumbent in office, two parties, and two elections held at different points in time (Besley, 2006).¹ In election t citizens vote one party into power, allowing it to develop policies. Until the next election, held at $t+1$, voters observe policy outcomes under the incumbent (e.g. economic growth) and judge incumbent competence based on this information. In line with established retrospective voting models I focus in the following on policy outcomes on so called valence issues (Besley, 2006). These are issues on which voters agree what a desirable outcome is (Stokes, 1963). A classic example is the state of the economy, where voters uniformly prefer low levels of unemployment or inflation (see the extensive research on retrospective economic voting as summarized in Lewis-Beck and Stegmaier, 2007; Duch and Stevenson, 2008). Other examples include corruption (Eggers, 2014) or the number of dead troops during a war (Gaines et al., 2007). Any valence issue can in principle be part of the principal–agent relationship between voters and the government, as long as the issue is salient, so voters can become informed about the competence of the incumbent.²

In the Introduction I outlined four elements that a retrospective voting model should entail. In the following, I discuss these four elements in greater detail, starting with the distinction between factual beliefs and competence evaluations and by

¹It is often argued that electoral accountability works best if the incumbent is an individual who has certain responsibilities and spheres of discretion, e.g. a mayor or governor (see Besley, 2006). However, in most democracies, elections are centered around the selection of political parties. In the following I thus focus exclusively on political parties as political agents, assuming that voters perceive them as unitary actors.

²It should be noted that the model presented here is closer to the so called selection or competency approach of political agency models (see for example Fearon, 1999; Cheibub and Przeworski, 1999; Duch and Stevenson, 2008). In this view of retrospective voting citizens use past policy outcomes to judge the competence of the competing candidates. This contrasts with the more traditional sanctioning approach, in which voters simply establish a threshold for policy outcomes to reward or punish incumbents, e.g. unemployment should not fall below a certain level or should not fall at all (Key, 1966; Barro, 1973; Ferejohn, 1986). For this thesis the distinction between the sanctioning and the selection model is, however, inconsequential. The main focus is on why voters might fail to act in line with the key expectation that is present in both models: that voters are willing to alter past voting behavior in response to the outcomes observed under the present executive.

discussing the temporal structure of retrospective voting. In Section 2.2 I discuss the capacities of voters to learn from new evidence and how partisan bias might undermine democratic control. In section 2.3 I discuss potential limitations of the retrospective vote that arise even if voters learn from new evidence. Section 2.2 and 2.3 thus discuss the latter two elements outlined in the Introduction and provide the key expectations for this thesis. I summarize this model of retrospective voting in the final section.

2.1.1 Factual Beliefs, Competence Evaluations, and Shocks

In this thesis I make the fundamental distinction between voters' *factual beliefs* and their *competence evaluations* of the incumbent. I define factual beliefs as voters' perceptions of the state of the world, e.g. whether they think that inflation has fallen or that the number of dead troops increased in recent times. Note that I refer to factual *beliefs*, implying that voter perception might not reflect the true state of the economy or of other political facts (Duch and Palmer, 2000; Becher and Donnelly, 2013; Stevenson and Duch, 2013). These beliefs might also vary considerably between voters and reflect different experiences and information-processing capacities.

Competence evaluations are then extracted from voters' factual beliefs. In line with Duch and Stevenson (2008) I argue that voters use information on past policy outcomes to assess the competence of the incumbent. Furthermore, I argue that vote choice is shaped by incumbent competence and thus only indirectly by voters' factual beliefs. For example, the economic competence of the incumbent is not directly visible, yet voters might infer this information based on their perceptions of the state of the economy. If citizens observe that unemployment or inflation has fallen, they might conclude that the incumbent is competent (i.e. the performance has been successful). If they observe that the economy has deteriorated, they might conclude that this was due to failed policies and thus a lack of incumbent competence.³ In line with political agency models, I thus assume that voters are willing to identify the portion of policy outcomes that they think is the result of political competency of the governing party as opposed to exogenous factors (for which the incumbent

³I refer to competence also as performance capacity or valence of the incumbent.

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should not be blamed). Consequently, factual beliefs and competence ratings might differ substantially.

One central implication of the retrospective account of voting is that voters' factual beliefs and competence ratings are responsive to changes in the state of the world. That is, voters are capable of integrating new information regarding the state of the world into existing factual beliefs and, if they think that these changes provide information about the competence of the incumbent, also into their competence values. In the following I refer to the process that incorporates new evidence into previously held beliefs about reality as political learning (Gerber and Green, 1998) and one of the key empirical goals of this thesis is to trace how voters learn that the state of the world has changed.⁴

Given the well-documented lack of political sophistication among large segments of the public, it is not entirely clear whether voters are actually capable of learning from new information and how they solve the competence-extraction problem. Unlike the approach of Duch and Stevenson (2008), which rests on rational expectation theory and thus fully informed voters, I make no assumptions about the rationality of voters' learning. In section 2.2 I explicitly incorporate findings from political psychology into the process of voter-learning and derive expectations of why voters might differ in their assessment of the state of the world and of the competence of the incumbent.

2.1.2 The Temporal Structure of Retrospective Voting

The second element is that the retrospective voting model has a dynamic structure (Besley, 2006, 102): voter behavior at election $t + 1$ is essentially structured around the decision of *re*-electing the incumbent or not. This temporal setting is of crucial importance, because the desirable effects of political agency models result from the incentives of politicians to act on behalf of voters – which in turn are shaped by voters' decision to re-elect the incumbent or select the challenger. It is important to note that, because of this dynamic structure the retrospective account is in fact

⁴Political learning is said to be rational and truth-converging, if prior beliefs and newly formed likelihoods are updated according to Bayes' rule. Individuals are conceived as biased information processors if their likelihood (the probability of the evidence given their prior) is confounded by prior beliefs (confirmation bias) or by social and political identities (motivated learning) (Kahan, forthcoming).

2.1 The Retrospective Model of Democracy

a *model of vote-switching*; it essentially revolves around the decision to alter voting between two elections as a response to the changes in the competence of the incumbent.⁵

One advantage of thinking about retrospective voting as vote-switching is that it highlights that voters need to be challenged in order to give up past vote choices. In the retrospective view of democracy, this challenge comes in form of new information regarding the competence of the incumbent. In particular, I argue that voters might reconsider past choices, once their competence ratings are dissonant to, i.e. no longer match, their past voting behavior. This idea is summarized in [Table 2.1](#), in which past voting behavior (at t) for either the incumbent or the challenger is shown in the columns; the learning process regarding incumbent competence (between t and $t+1$) is shown in the rows, and each cell indicates expected voter behavior (stay with past choice or switch to the other party) at the upcoming election, given a voter's competence rating is dissonant or congruent to past voting behavior.⁶ (For simplicity I assume that competence ratings are fully congruent at t , i.e. that incumbent-voters at t also rated (or expected) the incumbent to be competent and that challenger-voters at t expected that the party that entered office after the election at t will be incompetent. The rows in [Table 2.1](#) thus indicate voter-learning for some past challenger and past incumbent-voters, while some of these voters remained at their initial conclusion).

Think for example about voters who voted for the incumbent at the last election at t (first column), to which I refer as past incumbent-voters. If these voters still conclude, after having observed the policy outcomes between t and $t+1$, that the incumbent is competent, their competence assessments obviously match past voting behavior. Consequently, they have no reason to rethink past behavior, because their competence rating is congruent to past behavior. If past incumbent-voters, however, become convinced that the incumbent is not competent, the retrospective voting rule

⁵This is also an important departure from existing research, in which electoral accountability is usually studied in static fashion, i.e. voter behavior at election $t+1$ without further reference to voters' choices at the last election (with the notable exception of [Lenz, 2012](#)). This lack of research possibly results from a lack of adequate data on the individual-level, which allows researchers to trace how voters learn about incumbent competence as well as their decision to alter past voting behavior.

⁶I take this distinction between congruent and dissonant incumbent types from [Besley \(2006\)](#). Dissonant incumbent types are what cause voters to rethink past voting behavior.

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Table 2.1: Vote-Switching and Competence Perceptions

		Voting behavior (t)	
		Voted for Incumbent	Voted for Challenger
Incumbent ($t \rightarrow t+1$)	Competent	congruent $\rightarrow$ stay with I	dissonant $\rightarrow$ switch to I
	Incompetent	dissonant $\rightarrow$ switch to C	congruent $\rightarrow$ stay with C

Note: This table shows expected voting behavior of past supporters of the incumbent (I) and past supporters of the challenging (C) party at the upcoming election ($t+1$), given that they revised their initial competence ratings from election t . I assume that voters' initial competence ratings were congruent at election t .

gives them a reason to move to the challenger at $t+1$. This is because their updated competence rating at $t+1$ is *dissonant* to their behavior at t . The same (although reversed) pattern is true for past challenger-voters: if these voters still conclude, after having observed the policy outcomes during the electoral cycle, that the incumbent is incompetent, their competence assessments are congruent with past voting. In fact, the election cycle only informed them about something they already knew: that the incumbent is incompetent. On the other hand, if past challenger-voters become convinced that the incumbent is in fact competent, their evaluations are dissonant to past behavior which they might thus alter at the upcoming election.

Table 2.1 shows that the group of voters that is of most interest for retrospective voting is the segment whose competence rating becomes dissonant to past behavior. The dissonance between past behavior and (updated) competence ratings is the necessary condition in a model of retrospective vote-switching. The variation of this condition within past voter groups should thus be at the center of the theoretical and empirical analysis of retrospective voting. Table 2.1 furthermore implies that the incentive to reconsider past voting might not be constant between past voter groups. That is, for most elections only either past incumbent or past challenger-voters might hold dissonant competence ratings. For example, in a scenario in which unemployment increased substantially, it seems likely that some past incumbent-voters will revise past competence ratings and thus hold dissonant views. However, it seems

less realistic that at the same time some past challenger-voters revise their initial belief that the incumbent is incompetent and perceive it as competent at t . More realistically, past incumbent and challenger-voters might change past competence ratings in the same direction and thus only one group will hold dissonant competence views. Consequently, only one of these two groups will play the role as main principal of the incumbent.

2.2 Competence Assessments, Party Preference Strength, and Electoral Accountability

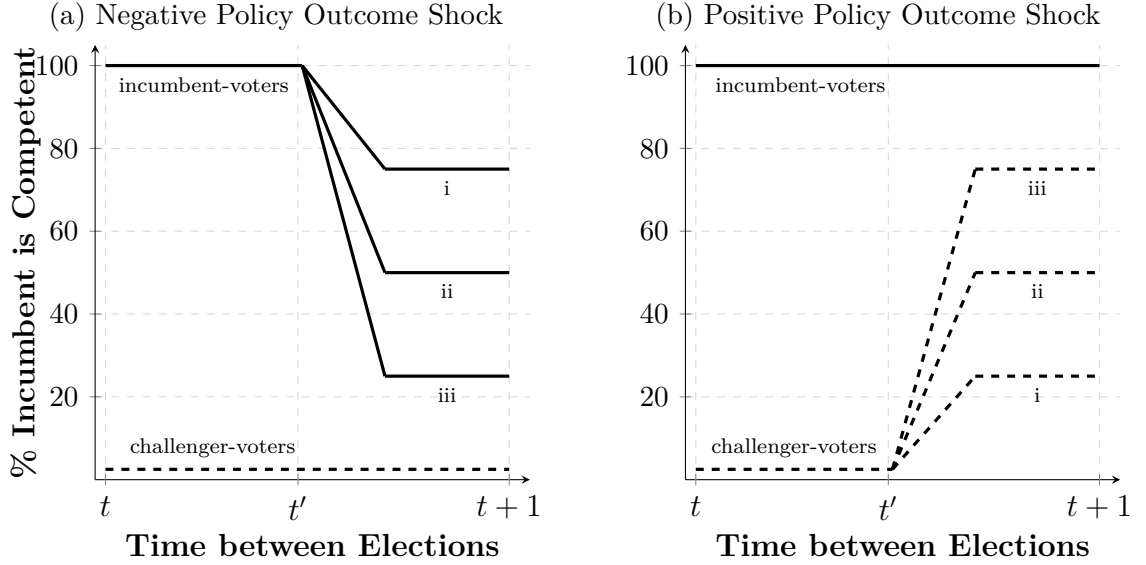
Learning about the competence of the incumbent is at the center of political agency models (Duch and Stevenson, 2008). However, given the difficulty of the task and the well-documented limits of voters' political sophistication (Delli Carpini and Keeter, 1997; Zaller, 1992), citizens will differ in their ratings of incumbent competence. Past research, for example, suggests that previous voters of incumbent and challenger parties respond differently to new information (Bartels, 2002; Tabor and Lodge, 2006). However, even within each past voter group (e.g. past voters of the incumbent) voters might assimilate new evidence heterogeneously and differ considerably in their competence ratings at the upcoming election. This implies that the necessary condition for retrospective vote-switching, i.e. holding dissonant views, might only be met by a subset of voters. Consequently, retrospective vote-switching might be limited, if only few voters hold dissonant competence assessments. The goal of this section is to discuss the psychological processes that induce heterogeneous competence ratings in more detail and to link these processes to the functioning of democratic control.

To clarify ideas, I take up the simple retrospective model of the previous section. At election time t , voters elect one party into office to make policy. Until the next election at $t + 1$, voters observe policy outcomes and, if necessary, update past competence ratings (Gerber and Green, 1999; Bartels, 2002). This process is depicted in Figure 2.1: In both plots the black solid lines show the percentage of past incumbent-voters who think that the incumbent is competent. For example, at the election held at t , past incumbent-voters uniformly agree that the incumbent is competent (they all think that the incumbent is competent). The dashed line shows

2 Theoretical Framework

the percentage of past challenger-voters who perceive the incumbent as competent. For simplicity [Figure 2.1](#) shows that these voters uniformly perceive the incumbent to be incompetent at the first election (t).

Figure 2.1: Voter-Learning from New Information between Election t and $t + 1$



Note: Overview of the percentage of past incumbent-voters (solid line) and past challenger-voters (dashed line) who think that the incumbent is competent between t and $t + 1$. Voters receive new information at t' in the form of a negative (left plot) or positive (right plot) policy outcome change. Furthermore, each plot shows three different scenarios which indicate the magnitude of the policy shock (i,ii,iii): the more policy outcomes change (the stronger the signal), the more voters might hold dissonant views after t' .

Furthermore, at t' voters' prior views are challenged by new information on some policy outcome. In the left plot of [Figure 2.1](#) I assume that this evidence (potentially) casts a negative light on the competence of the incumbent, e.g. an unexpected and unforeseen increase in unemployment or of troop fatalities. The three different black lines after t' represent three policy outcome shocks of different magnitude, e.g. a slight economic downturn or a recession. The idea behind these three scenarios is to highlight that more voters might alter past competence ratings, the clearer this new information is ([Gerber and Green, 1999](#)). The three scenarios (i, ii, iii) thus highlight the role of the information environment on voter-learning. In the right plot, I show a positive policy outcome shock for voters, e.g. the government managed to

tackle existing economic problems or withdrew from an unpopular war. In this case, past challenger-voters update previously held competence assessments. Depending on the clarity of the signal (indicated by the three dashed lines after t') the subset of voters with dissonant views will increase. In general, I expect that more voters might rethink their previous competence perceptions, the more the policy outcome changed. Nonetheless, even when new information abounds and is particularly clear, voters might differ in their updating process. This leads to the main question of this section: *Why do voters differ in how they update past competence ratings in light of new information?*

2.2.1 Who Holds Dissonant Competence Assessments?

The persistence of past beliefs, even in presence of new challenging information, is in general not a constraint of democratic accountability. As long as different interpretations of policy outcomes reflect voters' sincere guesses concerning the competence of the incumbent, voters act in accordance with the retrospective account of politics. If some voters update past competence views, while others do not, this might simply reflect different amounts of information about the policy outcome or that some voters have been exposed more strongly to the consequences of the policy outcomes. For example, voters might rate incumbent competence differently if they live in a region that is heavily affected by an increase of unemployment, compared to voters living in a region which has been spared from the consequences of a macro-economic shock (Bisgaard, Sønderskov and Dinesen, 2016). Differences should thus not be considered as *biased*, if voters form these ratings without reference to goals other than judging incumbent competence truthfully.

From a standpoint of democratic control, these differences are, however, problematic if voters update or refuse to update past ratings in accordance with desired future behavior and existing political predispositions (Campbell, Converse and Stokes, 1960; Zaller, 1992; Gerber and Green, 1999; Lodge and Tabor, 2013; Erisen, Lodge and Taber, 2014; Kahan, forthcoming). If voters learn from new information in a way that justifies planned behavior (or more broadly speaking, if individuals tend “to unconsciously conform their assessment of information to some goal *collateral* to determining its truth” (Kahan, forthcoming, 2)), democratic control will obviously

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be constrained. In the case that citizens *avoid dissonance* between past behavior and current competence ratings because they aim to preserve past behavior (Festinger, 1957; Lord, Ross and Lepper, 1979), electoral control is powerfully undermined. Several psychological theories, however, suggest that selective perception and biased assimilation of information is actually common and endemic among large segments of the public (see for example Zaller, 1992; Bartels, 2002).

Whether changes or stability in competence ratings reflect *biased* or *sincere* information processing, is difficult to decide (Gerber and Green, 1999). However, a strong indicator for whether differences in competence updates result from biased (rather than rational) information processing is if these differences co-occur with the strength of prior party support.⁷ This implies that among past voters of the incumbent (or the challenger), those voters with strong prior support are more likely to avoid the dissonance of new evidence, as stated very clearly for example by Berelson, Lazarsfeld and McPhee (1954, 22):

The more intensely one holds a vote position, the more likely he is to see the political environment as favorable to himself, as conforming to his own beliefs. He is less likely to perceive uncongenial and contradictory events or points of views and hence presumably less likely to revise his own original position. In this manner, perception can play a major role in the spiraling effect of political reinforcement.

The theory of politically motivated reasoning (PMR), furthermore, powerfully supports the claim that biased perception processes are related to partisan preferences (Kunda, 1990; Redlawsk, 2002; Tabor and Lodge, 2006; Tabor, Cann and Kucsova, 2009; Leeper and Slothuss, 2014). Politically motivated reasoning refers to the tendency of an individual to adapt assessments of information to some goal or end extrinsic to accuracy (Lodge and Tabor, 2013; Kahan, forthcoming). The formation of new beliefs is then consistent with a person’s political views, but not necessarily reality (Bullock, Gerber and Hill, 2015; Prior, Sood and Khanna, 2015; Sood and Khanna, 2016). The starting point of the PMR paradigm is that voters, when confronted with new evidence, have accuracy goals as well as directional goals, which both influence their information processing.

⁷I define the meaning of “strong prior support” and of party preferences more precisely in the following section.

2.2 Competence Assessments, Party Preference Strength, and Electoral Accountability

In the context of retrospective voting the directional goal is to keep up past behavior (which is a function of prior preference strength). Directional goals can be achieved in various ways: citizens might bias the information they receive (selective exposure), i.e. they bias the information sample on which beliefs are formed. They might, for example, only read newspapers that match their political leanings or avoid discussions with persons they know have challenging political views. Individuals also tend to counter-argue challenging information by discrediting the source or quality of this information. In a similar vein they seek for and easily accept information that confirms their prior views (as first argued by Lord, Ross and Lepper (1979); see also Lodge and Hamill (1986); Ditto and Lopez (1992); Edwards and Smith (1996); Ditto et al. (1998); Redlawsk (2002); Tabor and Lodge (2006); Tabor, Cann and Kucsova (2009); Redlawsk, Civettini and Emmerson (2010)). More technically, they place different weights on contradicting and conforming pieces of evidence when averaging across the sample of information they accepted (Zaller, 1992). In either case, the updating process of prior factual beliefs does not satisfy the truth-converging criteria of rational political learning (Kahan, forthcoming). By either avoiding or ignoring challenging evidence, citizens protect prior beliefs from evidence that discredits their previous political behavior – thereby removing the behavioral motivation that underlies retrospective accountability.

Directional goals are established almost instantaneously and usually do not reflect a deliberate choice of an individual. When an individual starts to consciously think about a sociopolitical concept, directional goals have already been established by underlying automatic processes that evade rational thinking and color the deliberate decision process (Lodge and Taber, 2000; Lodge and Tabor, 2013).⁸

⁸More precisely, whether directional goals will be established, depends on automated emotional processes which are activated upon encountering a sociopolitical concept. Adherents of politically motivated reasoning argue that human beings store important political information in the long-term memory (LTM). The LTM is an associatively structured network of concepts. Every concept in the LTM is affectively charged, indicating how a voter feels about this concept (hot cognition). Furthermore, concepts in the LTM are related to each other, forming a network of affectively laden concepts. The links between concepts represent the beliefs a voter has about reality. The key idea behind PMR is that when encountering information on one of the concepts stored in the LTM, the affective tag as well as emotionally attached nodes in the networks will be co-activated (spreading activation). This spreading activation works along the paths in this network structure. For example, if an individual reads the latest economic growth figures or inflation forecasts, these concepts will be moved from the LTM to the working

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The crucial implication of the PMR framework is that directional goals are more likely to be triggered, the stronger a voter feels about the party that is being judged. This implies that, among past incumbent (or challenger) voters, those with strong ties will be more likely to resist or bias new information. In particular, the psychological pressure of holding dissonant information increases with the strength of preferences for the object that is being evaluated. Strong prior supporters of the incumbent (or the challenger) should thus be expected to react differently to new information than voters who are only leaning toward or weakly supporting the incumbent (or the challenger).

Over the last decades dissonance avoidance has been studied by many public opinion researchers.⁹ Using panel data, [Bartels \(2002\)](#), for example, shows that citizens update prior factual beliefs differently, even when confronted with the same information regarding the economy. When asked about changes during President Clinton's first presidency, a large segment of Republican voters failed to correctly acknowledge that various economic indicators changed positively, while Democrats readily admitted that Clinton's first term was an economic success. The same, although reversed, pattern was observed over the presidency of George H. W. Bush. In a similar vein, [Gerber and Huber \(2010\)](#) show that citizens alter economic perceptions as well as planned economic behavior, when confronted with an unanticipated shift in political power. Immediately following an unexpected Democratic turnover of Congress (and thus of the partisan responsibilities at stake), voters with Democratic and Republican partisanship revise how they previously thought about the state of the economy. Finally, [Tabor and Lodge \(2006\)](#) provide compelling experimental evidence that par-

memory – and with it the semantically and emotionally tagged concepts (such as that party *I* is in charge). When a concept has been moved from the latent long-term memory to the active working memory (WM), where a concept is available for deliberate processing, other concepts and their affective loadings will co-enter the deliberate state of reasoning. The subconscious co-activation of related concepts is expected to color the reasoning process of a voter by establishing the direction of thinking. For a more detailed discussion of the psychological and neurological foundation of PMR see [Lodge and Tabor \(2013, chapter 2\)](#).

⁹For factual beliefs see also [Kuklinski et al. \(2000\)](#); [Bartels \(2002\)](#); [Kull, Ramsey and Lewis \(2003\)](#); [Tabor and Lodge \(2006\)](#); [Gaines et al. \(2007\)](#); [Jacobson \(2010\)](#); [Jerit and Barabas \(2012\)](#); [Nyhan and Reifler \(2010\)](#); [Evans and Andersen \(2006\)](#); [Evans and Pickup \(2010\)](#); [Gerber, Huber and Washington \(2010\)](#); [Gerber and Huber \(2010\)](#); [Wlezien, Franklin and Twiggs \(1997\)](#); [Ramirez and Erickson \(2013\)](#). Evidence of dissonance avoidance on competence ratings or responsibility attributions can be found in [Bisgaard \(2015\)](#); [Maholtra and Kuo \(2008\)](#); [Tilley and Hobolt \(2011\)](#).

2.3 Retrospective vote-switching and the Remaining Choices

tisans update prior beliefs in accordance with general political leanings, even when exposed to similar information. Voters deliberately avoid exposure to dissonant information and subsequently engage in counter-arguing dissonant information when encountering it. However, they readily accept and learn from consonant information.

I add to this literature by studying information-processing within one voter group. Most existing research focuses on differences between past voter groups, i.e. voters of the challenger and the incumbent. Past supporters of the challenger and of the incumbent might, however, hold rather distinct preferences regarding the incumbent. Studying the impact of partisan reasoning among voters that share past voting behavior and are thus more similar regarding their partisan preferences, allows for a more rigid test of the implications of the PMR framework and of dissonance avoidance in general. It also allows for interesting extrapolations regarding the overall level of polarization in a political system: the more polarized a political system is (i.e. the more voters are located in the upper-left or lower-right), the lower the amount of voters who might be willing to hold dissonant views. Consequently, partisan bias in information-processing might be more or less powerful depending on the state of a political system ([Kayser and Wlezien, 2011](#)).

2.3 Retrospective vote-switching and the Remaining Choices

The common ground of the explanation of the past section is that voters do not alter past behavior, because their competence views and factual beliefs remain congruent with past voting behavior. Generally speaking, the main idea behind this existing approach is that voters with dissonant views do not exist and that the incentive to alter past voting is filtered by politically motivated reasoning. In this thesis, however, I argue that information constraints do not suffice to account for the lack or instability of retrospective voting. I argue that perception bias provides no perfect filter of reality and in the empirical chapters of this thesis, I show that a substantial subset of voters actually holds dissonant views. There is thus a need for an explanation for why voters refrain from altering past voting behavior, even if new information has successfully challenged their previously held competence assessments.

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This explanation, which I discuss in this section, shifts attention away from voters' learning capacities and towards the party a voter would have to vote for, once his or her competence rating becomes dissonant. Retrospective voting revolves around the idea that past incumbent-voters choose the challenging parties if they think their past choice is incompetent (punish) or that past challenger-voters move to the incumbent if they think the incumbent is competent (reward) – *yet, the characteristics of this other party might powerfully undermine voters' willingness to alter past voting.*¹⁰

In particular, I offer two restrictions of retrospective voting that are related to the characteristics of this new choice.

- The first limit of retrospective voting is related to the assumption that voters are motivated by past competence alone (an assumption made explicitly in most formal models, see for example [Key, 1966](#); [Barro, 1973](#); [Ferejohn, 1986](#); [Duch and Stevenson, 2008](#)). In reality, parties obviously differ on various aspects that matter to voters: parties take different position on important issues, have different ideological backgrounds, nominate different candidates, and are different on many other aspects voters might deem relevant in politics. All these factors enter the utility-functions of voters and affect their probabilities to select a party. I argue that this provides a fundamental limitation to the retrospective voting rule: If voters are to hold the incumbent accountable, they need to be willing to accept these differences between their past choice at t and the party with which they replace this choice at $t + 1$. If incumbent and challenger differ on these various factors, electoral accountability will be undermined. I refer to this constraint as *acceptability* constraint.
- The second limit of retrospective voting is related to the chances of a party

¹⁰This thesis is to my knowledge one of the first theoretical and empirical accounts that explicitly models retrospective voting constraints from a political supply perspective. Similar insights, although limited to spatial voting, can be gained from the influential retrospective voting model of [Fiorina \(1981\)](#), in which retrospective evaluations act as a bias in favor or against the incumbent relative to the utility gained from the respective policy-distances. [Fiorina \(1981\)](#) thus combines prospective spatial voting in the Downsian tradition with retrospective voting components, as introduced by [Key \(1966\)](#). Spatial voting models with valence components can also be found in [Groseclose \(2001\)](#), [Adams, Merrill and Grofman \(2005\)](#), and [Adams \(2013\)](#), although their focus is on predicting policy positions of parties and the valence term refers to more general attributes, such as voters' party identification.

2.3 Retrospective vote-switching and the Remaining Choices

winning office. Holding the incumbent to account requires that voters accept the differences between their past and their new choice (acceptability). However, voters might also be constrained if the chances, that this acceptable new choice will actually enter government, are too small or that it will have only little influence on the post-election policy making; retrospective voting might thus be undermined if voters do not want to waste their vote on non-viable parties. I refer to this constraint as *viability*. Unlike the acceptability constraint, viability reflects the general nature of contention among the competing parties and the features of the electoral system. Viability could thus operate differently depending on the party and electoral systems.

In the following sections, I present these two limitations in more detail. I start with a two-party system, i.e. the choice between an incumbent party and a challenging party, and two elections held at t and $t + 1$. For simplicity I refer to a scenario in which the competence of the incumbent is affected negatively, so that the competence perceptions of some past incumbent-voters become dissonant to their behavior at the last election t (past challenger-voters keep their initially negative competence assessment). Past incumbent-voters and their electoral response are thus at the center of the following sections. I then extend this argument to multi-party systems with more than one challenger and highlight its implication for different political systems (in particular, their degree of polarization).

2.3.1 Finding An Acceptable Alternative

I use a decision-theoretic framework to model how differences between parties limit electoral accountability in a two-party system. In the following, I conceptually distinguish between (a) voting behavior, (b) party preferences or party utilities, and (c) the components of these party preferences (Train, 2009; Duch and Stevenson, 2008).¹¹ The components comprise all evaluations that are of importance to voters,

¹¹This reflects the most basic assumption, introduced to political science by Downs (1957), that “vote choices reflect party preferences, which can be predicted by attitudinal indicators” (Bølstad, Dinas and Riera, 2013, 430). This kind of reasoning also provides the formal underpinning of random utility models, in which choices between discrete alternatives are predicted based on underlying choice-specific utilities, which are modeled as functions of observed and unobserved variables (Train, 2009). Causality is usually assumed to flow from components $\rightarrow$ preferences $\rightarrow$

2 Theoretical Framework

such as competence evaluations, issue positions, ideological leanings, candidate evaluations, or any other aspect of political life that is evaluative. These components also include self-categorizations, such as partisanship or social group attachments which are treated as social identities (Campbell, Converse and Stokes, 1960; Green, Palmquist and Schickler, 2002).

Thus, it should be noted that party preferences, in the way I use this term throughout this thesis, does not equal party identification, a concept that is of great importance in voting behavior research. I refer to partisanship or party identification in the Michigan tradition and thus as a stable affective attachment towards a party, which is rooted in early socialization and preserved over the course of an adult's life (Campbell, Converse and Stokes, 1960; Green, Palmquist and Schickler, 2002; Green and Palmquist, 1990, 1994; Iyengar, Sood and Lelkes, 2012; Huddy, Mason and Aaroe, 2015). Preferences, on the other hand, are a summary measure of all factors a voter deems relevant in politics, of which social identities and group attachments are one – perhaps the most important – component.¹²

The universe of evaluations and identities that allows voters to discriminate between parties and informs voting behavior seems of course infinite: individuals care about many different factors in politics and attach different weights to the factors they care about. Furthermore, many of these factors remain essentially non-observable or are difficult to measure for empirical analyses. Political preferences, on the other hand, have the advantage that they are by definition low-dimensional and comparatively easy to measure (e.g. using the well-established feeling thermometer scores in survey research). This has the main advantage that differences between parties can be measured, without knowing the entire set of factors that causes voters to rate parties differently (see van der Brug, van der Eijk and Franklin, 2007).

A second advantage is that in a two-party system party utilities can be represented in a two-dimensional space. Figure 2.2 depicts the preferences for a hypothetical incumbent party (I) on the vertical axis relative to a challenging party (C), depicted

behavior. Note, however, that preferences and behavior should not be considered as measures of different phenomena. “A preference is a comparative valuation of (i.e., a ranking) over a set of alternatives” (Druckman and Lupia, 2016, 14) and thus better described as a fine-grained measure of behavior (with the logical implication that a voter chooses the party she prefers the most).

¹²My view of party preference is closer to the approach of Fiorina (1981, 89) who defines it “as a running tally of retrospective evaluations”.

2.3 Retrospective vote-switching and the Remaining Choices

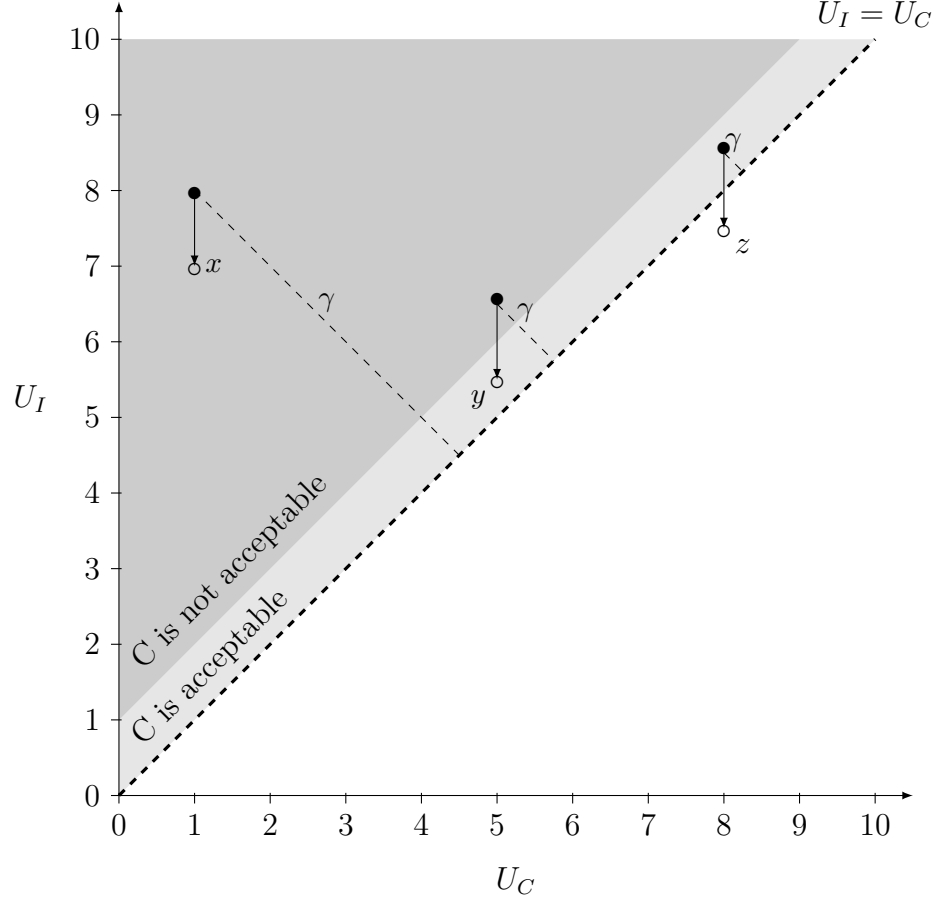
on the horizontal axis. Voters can be placed anywhere in this preference space, depending on how they think about the two alternatives. Note that [Figure 2.2](#) depicts the *joint* party preferences and thus explicitly incorporates a voter's view of C and I . Generally, voters located above the dashed 45 degree line prefer $I > C$ and vice versa. It should also be noted that I make no assumption how the political competition between I and C is structured. For example, some voters who strongly prefer I might also strongly dislike the challenger C . This must, however, not be the case: voters might feel strongly about either parties or neither party. Finally, I assume for now that voters cast a vote for the party they prefer the most (they are not strategic). This implies that voters in the gray sections will vote for I and voters below the indifference line will vote for C . [Figure 2.2](#) also shows three voter types (x, y, z) , who happen to be located above the indifference line.

The location of a voter in this space is a function of all factors a voter deems relevant in politics (the components of the party utilities) and the weights attached to them in their utility-functions. For example, a voter located in the upper left corner of [Figure 2.2](#) strongly prefers the incumbent party over the challenger. Assume that the incumbent party happens to be a left party, such as Labour in Great Britain. Based on our knowledge of British politics, we might conjecture that this voter x is an older voter, maybe trade-unionist with a strong sense of belonging to the working class, and who has ideologically clear-cut attitudes. All these factors enter the party utility functions of this voter and render the incumbent an attractive choice, while the challenging Conservative party is regarded as not attractive, hence, the extreme location of this voter. A voter located closer to the indifference line, such as z , has weaker party preferences. Maybe he or she is younger, without attachment to any social group that typically supports each party, and perceives that parties are ideologically converging; he or she might thus be more output-oriented in his or her understanding of politics and focus on election-specific differences between parties.

I refer to voters who clearly prefer one party over the other as having strong (or structured) party preferences ([Eggers, 2014](#)). These voters are located in the upper left or lower right corners. Voters scattered around the indifference line have weaker preferences and are cross-pressured ([van der Brug, van der Eijk and Franklin, 2007](#)). In [Figure 2.2](#), the strength and direction of preferences can be conceptualized as the distance between a voter's location and the indifference line. This preference

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Figure 2.2: Voting Decisions in a Two-Party System between Elections t and $t + 1$



Note: U_i refers to the underlying preference a voter has for party I and party C . Voters in gray areas rank I over C ; in the white area C is more popular. The thick dotted line indicates equal utility between I and C (indifference). Full dots refer to the location of a voter at t (before an external shock that changes their performance views) and hollow dots refer to updated preferences at $t + 1$. A vertical shift denotes a decrease in preferences for I and reflects the causal claim that changes in performance assessments affect voters' party preferences. Voters are assumed to vote for the higher ranked alternative and to change prior voting behavior, if they cross the indifference line between t and $t + 1$. Three prototypical voter types (x, y, z) are shown based on their reaction to the external event.

Source: adapted from [Groenendyk \(2012\)](#) and [Eggers \(2014\)](#)

strength, γ , is shown for all three voters. It becomes obvious that x has much stronger preferences for I over C than y and that z is cross-pressured between two almost equally attractive alternatives. The key idea of [Figure 2.2](#) is to equate the strength of party preferences (the location in this space) with the differences a voter

2.3 Retrospective vote-switching and the Remaining Choices

perceives between parties. If preferences are weak, a voter likely cares about factors on which both parties appear similar. If preferences are strong, a voter might care about factors that introduce clear differences between the parties. Acceptability thus refers to a specific location in this preference space, in particular, one close to the indifference line. This is depicted by the different gray shadings, in which voting for the challenger is perceived as acceptable or not.¹³

An important related concept is the idea of choice sets (Train, 2009). A choice set refers to the number of parties a voter can imagine voting for. A choice set includes, in principle, all parties running for office, however, many voters might hold reduced choice sets, meaning that they cannot imagine to vote for a party. The idea behind acceptability is that it might reduce the choice set of voters if they cannot accept voting for this party, given its policy stance, ideological background, or some other factor.¹⁴ Consequently, past incumbent-voters who potentially accept voting for the challenger (and who thus hold weaker preferences) include two parties in their choice set: the incumbent and the challenger. Voters who are unwilling to accept the differences between these two parties (and thus hold strong preferences) only include one party in their choice set.

Competence Shocks and Acceptability

Political agency models assume that changes in the perceived competence of the incumbent shape voting behavior. That is, among the various observed and unobserved components of utilities, competence evaluations have a substantial impact on how voters rate parties (Duch and Stevenson, 2008, 40). The effect of competence changes can thus be visualized by movements of voters within the space of Figure 2.2. The joint party preferences of a voter at time t , the election that brings the incumbent into power, are marked by full dots. Voters x, y and z are all located above the indifference line, which implies that they voted the incumbent into office and that they held positive competence ratings at t . Between t and $t + 1$ the competence of the incumbent is challenged and at $t + 1$ all three voters hold dissonant

¹³If past challenger-voters are at the center of attention, a similar distinction can be drawn below the indifference line with the same interpretation.

¹⁴Acceptability is however not the only factor influencing the size of a voter's choice. In the next section, I discuss the influence of voters' expectations about the post-electoral distribution in parliament as a second source that reduces the amount of parties in an individual choice set.

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competence views (i.e. they now think that I is incompetent).¹⁵ Hollow points refer to party preferences of a voter at time $t+1$. The arrows connecting these dots reflect the causal claim that the negative competence shock shapes the party preferences of voters: all three voters feel less positively about the incumbent.

However, in democracies political reward or punishment can only be paid by the crude tool of voting and [Figure 2.2](#) shows that the competence shock only affects the voting behavior of *a subset of past incumbent-voters*. This is the fundamental challenge for electoral accountability, once other factors enter voters' utility functions. A voter is expected to alter prior voting, if he or she crosses the indifference line, because then his or her party ranking has effectively changed. Although all three past incumbent-voters hold dissonant competence ratings and thus the extent of their preferences decreases (indicated by the uniform downward movement), only one voter – voter z – actually alters past voting behavior and selects C at $t+1$. Voters x and y remain located above the indifference line. The difference between the first and the latter two voters is that voter z perceives the challenger as an acceptable alternative at t which is thus part of his or her choice set. This causes him or her to change voting behavior between t and $t+1$, as a response to the updated competence of the incumbent. x and y do not see the challenger as acceptable alternative at t and consequently do not include this party in their choice set.¹⁶ Despite the negative incumbent competence shock, it remains the “lesser of two evils” ([Groenendyk, 2012](#)). [Figure 2.2](#) highlights how powerfully political preferences constrain retrospective voting: if voters are not solely motivated by recent competence changes and care about other factors in politics (which they almost certainly do), only a specific subset of voter will hold the incumbent to account. Stated differently: if voters only include one party in their choice set, retrospective voting is obviously limited.

¹⁵I ignore for the moment that voters might differ in whether they hold dissonant or congruent competence ratings. However, as the last section suggests, voters such as z might actually not hold dissonant competence ratings in the first place.

¹⁶Note, however, that the challenger moves into the choice set of y , indicating that he or she might be willing to alter voting behavior at future elections.

2.3.2 Extensions: Macro-Level Implications and Multi-Party Systems

In this subsection I extend the two-party setup to other contexts. I start by highlighting the macro-level consequences of the acceptability constraint in a two-party system and then extend it to multi-party systems: firstly to systems with only one challenger and two (or more) challengers and secondly to multi-party systems with coalition governments (i.e. more than one incumbent party and more than one challenger).

Macro-Level Consequences: The Nature of Party Competition

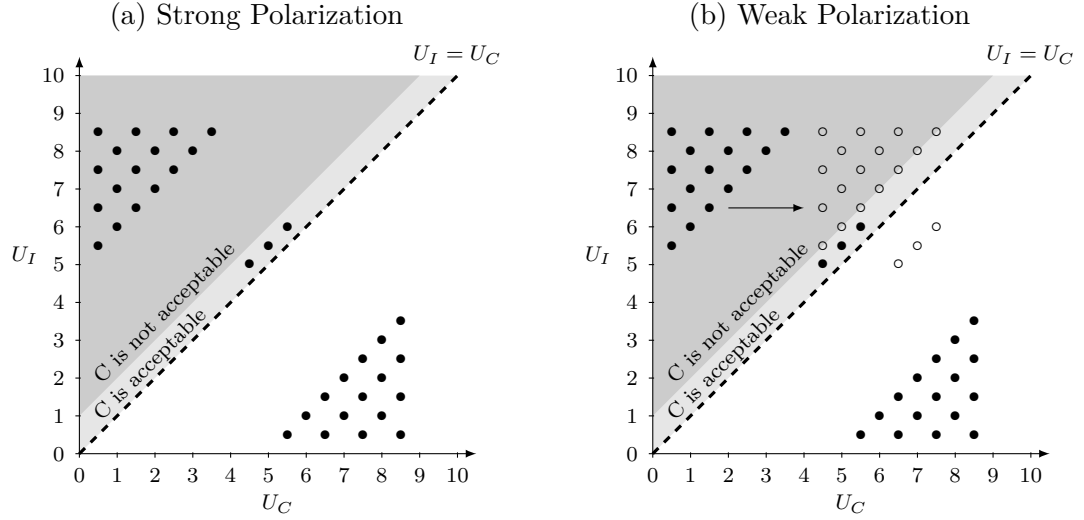
The key idea behind the acceptability constraint is that the efficiency of electoral accountability depends on the structure of voters' party preferences (van der Brug, van der Eijk and Franklin, 2007; Kayser and Wlezien, 2011; Eggers, 2014). This implies that democratic control will be less powerful in highly polarized two-party systems (see Kayser and Wlezien, 2011). I refer to polarization as the average strength of voters' party preferences (γ). A highly polarized party system is thus characterized by strong party preferences between the incumbent and the challenger. That is, most voters are located in either the upper left or lower right segment of the preference space, as visualized in the left plot in Figure 2.3. Great Britain in the 1970s and 1980s was for example characterized by a similar distribution of voter preferences between two ideologically opposed alternatives and thus many voters included only one of these two parties in their choice set.

Because of these clear-cut preferences, competence shocks will move these past incumbent- or past challenger-voters within this preference space but they will *not affect vote choice*: for voters with strongly structured preferences, the past choice will be the lesser of two evils. Consequently, only few voters are expected to switch between two elections and democratic control is determined by the subset of voters with weak preferences, which might not represent the general public. In weakly polarized systems the majority of voters is located in the center of the preference space and closer to the indifference line. This is visualized by the hollow dots in the right plot of Figure 2.3, in which past incumbent-voters now hold weaker preferences. More voters are in electoral contention and might respond to a competence shock

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by altering their past behavior; retrospective voting and consequently inter-election volatility should thus increase as more voters see the challenger party as acceptable alternative (Dassonneville and Hooghe, 2015).

Figure 2.3: Voting Decisions in Two-Party System with Strong or Weak Polarization



Note: U_I refers to the underlying preference a voter has for the incumbent (I) and for the challenger (C). Voters in gray areas rank I over C ; in the white area C is more popular than I . The thick dotted line indicates equal utility between I and C (indifference). Dots highlight the location of several voters in this preference space, their location relative to the indifference line indicates the overall level of polarization in this political system.

Source: adapted from Groenendyk (2012) and Eggers (2014)

Changes in the party preference structure generally reflect long-term and secular trends in a party system, driven by changes in the social structure. However, it should also be noted that changes in the party preference structure can be shaped by short-term strategic behavior of political parties. One can think about such developments as acceptability shocks. For example, parties might change their ideological background, important policy positions, or other factors which traditionally differentiate the two parties. If parties are credible in their re-branding and voters take notice, preferences might even shift between two elections. Increases in inter-electoral volatility might thus also be induced by parties themselves.

Multi-Party Systems: One Incumbent, Two Challengers

The concept of acceptability is also of great importance in multi-party systems. It is important to note that the acceptability constraint does not operate differently in a multi-party system than in a two-party system. The key idea is to reduce the decision between three parties into a decision between two parties: between a voter's past choice and the second most preferred party at t . For simplicity I start with a *negative* competence shock between t and $t + 1$ in a party system with one incumbent (selected at t) and two challengers, e.g. the party systems of Great Britain or Canada. At election $t + 1$, past incumbent-voters, assuming they updated their initially positive competence ratings, thus face an incentive to punish this past choice by selecting one of the two challengers. Their electoral response will differ, depending on whether they see both, one, or no challenger as acceptable alternative.¹⁷

These differences are depicted in [Figure 2.3](#). In the left plot it shows the party preferences for voters x, y and z for the incumbent relative to challenger 1; in the right plot it shows the preferences of the same three voters between the incumbent and challenger 2.¹⁸ Note that a voter's preference for the incumbent is obviously the same on both graphs and only the preferences for each challenger differ. This allows me to visualize the structure of party competition between the incumbent and each challenger as well as between each challenger.

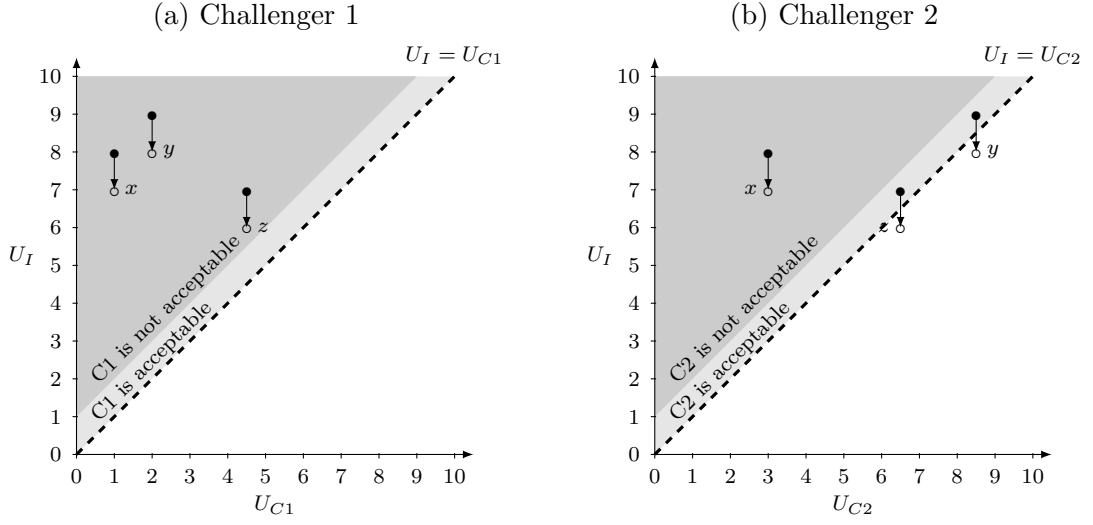
Voter x discards both challengers as non-acceptable alternatives and thus his or her choice set only includes the incumbent. This could result from his or her ideological stance or a strong distrust in the social groups that typically support both challengers. Voter y and z are almost indifferent between challenger 2 and their past choice, but jointly discard challenger 1 as acceptable alternative (their choice set thus

¹⁷This assumes that voters hold transitive and complete preferences for all three parties, which might be unrealistic for specific parties or voter groups. However, if voters are not able to form preferences for one specific challenger, their decision is essentially reduced to a two-party choice.

¹⁸It is possible to show three-dimensional preferences in one graph, for example by normalizing the preferences for one challenger at a certain level or by using a ternary diagram. A ternary diagram, however, requires that choice probabilities sum up to 1; specific voter profiles are thus not possible. Normalizing one challenger makes the interpretation contingent on the level at which the second challenger is normalized. I thus opt for the approach that is easiest to interpret.

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Figure 2.4: Voting Decisions in a Three-Party System between Election t and $t + 1$



Note: U_i refers to the underlying preference a voter has for the incumbent (I) and for the challengers $C1$ (left plot) and $C2$ (right plot). In the left plot, voters in gray areas rank I over $C1$ and in the white area $C1$ is more popular than I . In the right plot, voters in the gray area rank I over $C2$. The thick dotted line indicates equal utility between I and C (indifference). Note that a voter's location relative to the incumbent I is the same on both graphs, but that the location (and thus preferences) towards the challengers change. In this example voters x, y, z feel very negatively about challenger $C1$ but have more favorable views of the second challenger, $C2$. Therefore, x, y, z are close to the indifference line in the right plot and in the upper left corner for the left plot.

Source: adapted from Groenendyk (2012) and Eggers (2014)

consists of two parties): perhaps because challenger 2 is ideologically located between the incumbent and $C1$ or because these past incumbent-voters are more favorable toward groups that typically vote for $C2$ than for $C1$.¹⁹ Consequently, once new information provides past incumbent-voters with a reason to doubt the competence of the incumbent, voters who accept at least one challenger are expected to alter past voting, while voter z , who sees neither challenger as acceptable alternative, sticks to past behavior.

The nature of party competition will thus shape democratic control in two- and

¹⁹This highlights how powerful it is to use general party preferences instead of the factors that drive these preferences. Not only do voters care about different factors in politics and attach different weights to each utility component; they might also rate parties based on different components, e.g. they might care a lot about the party leader of larger parties but value the ideological stance more strongly when judging smaller parties. Using a general measure of voters' preferences for each party overcomes these problems.

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multi-party systems. Depending on how voters' preferences between the incumbent and each challenger are organized, electoral accountability might be muted, if neither challenger is acceptable. Democratic control might, however, also be enhanced, as voters have a larger choice set in which they might find an *acceptable* alternative. Whether this is the case is essentially an empirical question and requires detailed knowledge of the pattern of contention between the competing parties.

It should also be noted that in the absence of coalition governments, electoral *reward* might operate differently than electoral punishment: if the government is formed by only one party, past voters of both challenger parties with dissonant views at $t + 1$ have only one party to reward. This allows for an interesting prediction regarding the symmetry of electoral punishment and reward. Political scientists commonly assume that electoral reward and punishment are symmetric: that is, past voters of the challenger with dissonant views are as likely to alter their past voting as past voters of the incumbent. In multi-party systems without coalition governments, the acceptability constraint might, however, render this relation asymmetric: because past incumbent-voters face more than one alternative among the challengers, they might be more likely to follow the retrospective rule than past supporters of the challengers, whose response might be limited by the acceptability of the incumbent.

Multi-Party Systems: Coalition Governments and Block Switching

Many multi-party systems are comprised of more than one challenger and more than one incumbent party. Coalition governments have subtle implications for the process of democratic control: Firstly, the signal-extraction problem that voters need to solve in order to assess the competence of incumbent parties is more challenging. Based on existing research, it is not entirely clear how voters assign responsibility and rate competence in the case of multi-party governments (see for example [Debus, Stegmaier and Tosun, 2014](#); [Duch, Przepiorka and Stevenson, 2015](#)). Citizens might single out one incumbent party (e.g. the party of the prime minister) or rate the competence of all parties in the coalition uniformly. Portfolio allocation and the relative strength of each party in office will obviously play an important role in how voters solve this signal-extraction task. Furthermore, partisan rationalization (i.e.

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the psychological motivation to assess competence in reference to preferred behavior to which I turn attention in the following section) might also be stronger, as parties have more room to diffuse responsibility and the competence-signal provides less information than in a setup with only one party (Duch and Stevenson, 2008).

Regarding the acceptability constraint, however, it is important to note that it might not work differently than in a three-party system with only one incumbent. The key idea is again to break down the decision to alter past voting into a two-party contest between the party selected at t and the second most preferred party. Voters with dissonant competence views are expected to act in accordance with the retrospective voting rule, if one party in their choice set that is not the one party a voter chose at t is regarded as acceptable alternative. Whether this is the case depends again on the structure of voters' party preferences between their most preferred parties. The most likely scenario is one in which voters switch within blocks, that is, within clusters based on their party preferences (Dassonneville, 2016). For example, in a four-party system with two parties in office and two in opposition, a past incumbent-voter might perceive one challenger as an acceptable alternative, while the other challenger is not (similar to Figure 2.4).

2.3.3 Finding A Viable Alternative

The main idea of this thesis is that the characteristics of the parties that were not chosen by a voter at the last election (at t) play a crucial role in limiting or enabling retrospective voting. It is thus pivotal to analyze the impact of *all* characteristics that, even in light of new evidence regarding the competence of the incumbent, render a potential choice less attractive than a voter's past choice. In the past section I focused on a broad set of party-characteristics which might cause voters to prefer one party over the others. In particular, I relaxed the assumption that voters only care about retrospective competence assessments and analyzed how factors such as parties' ideological background, their policy positions and leaders, or any other factor that shapes voters' party preferences, limit retrospective voting. Given these factors and their impact on party preferences, I argued that voters will choose the party they prefer the most – which for some voters holding dissonant competence views implied staying with their old choice rather than switching votes

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(the acceptability constraint).

One underlying assumption of this argument was that voters are not strategic and always choose the party they prefer the most. In this section I relax this assumption and focus on constraints to retrospective voting that result from strategic voting incentives (Cox, 1997; Duch and Stevenson, 2008).²⁰ In particular, I analyze how voters respond to incumbent competence shocks if some alternatives are not deemed *viable*. A party is said to be viable, if a voter thinks that a party has a realistic chance of winning office and of affecting the post-electoral policy-making in parliament (Cox, 1997). Consequently, in this section I not only focus on how voters' party preferences potentially limit democratic control; I additionally study how their *expectations* about the behavior of other voters and about the likely election outcome shape retrospective voting.²¹ I shall call this the viability constraint.

Since the seminal contributions by Duverger (1954), voters are assumed to vote strategically (and thus to be constrained by the viability of candidates) because they “eschew wasting their votes on hopeless candidates, preferring instead to transfer their support to some candidate with a serious chance of winning” (Cox, 1997, 30). Consequently, one can think about viability as a way by which the choice set of voters is reduced: voters might exclude a non-viable party (or parties) from their search for an acceptable alternative. Recall that by choice set I refer to the set of parties a voter can imagine voting for (Train, 2009). The choice set comprises, in principle, all parties running for office; however, acceptability and viability might decrease the number of parties included in this set. Acceptability, on the one hand, reduces the size of the choice set if voters do not agree with what a party is offering (e.g. the policy stances it offers or the individual candidates it offers). Viability, on the other hand, limits the choice set if voters expect that voting for a party will not make much of a difference in the bargaining and policy-making after election $t + 1$. At the extreme, some voters might exclude all available parties from their choice set, except for the party they chose at the last election – because none of

²⁰Duch and Stevenson (2008, chapter 8) is to my knowledge the only theoretical contribution that makes notice of this potential constraint of retrospective voting.

²¹It should be noted that in this thesis strategic voting is only of importance as it affects voters' willingness to vote for specific parties, particularly for parties deemed non-viable. I am not concerned with the reducing effect of strategic voting on the number of competing parties (Cox, 1997).

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these other parties running for office are acceptable, viable, or both. Consequently, voters might stick with their past choice and thus avoid engaging in retrospective voting, if no alternative is deemed viable.

If viability matters to voters, retrospective voting could be severely limited. As a preliminary (yet extreme) example, think about the 2016 presidential election in the United States.²² Over the 2012–2016 electoral cycle, a substantial portion of 2012 Democratic voters might have become convinced that Hillary Clinton, the presidential candidate of the Democratic Party, is incompetent in providing certain policy outcomes. They thus held competence assessments which were dissonant to their 2012 voting behavior. For a large subset of Democratic voters, the main challenging candidate, Donald Trump, might not have appeared as an acceptable alternative. For some Democratic voters (perhaps left-leaning, urban, well-educated voters), the candidate of the Green party, Jill Stein, might have been an acceptable alternative. However, knowing the characteristics of the US electoral system and knowing the likely behavior of other voters, these voters might have discounted her as a non-viable candidate and thereby excluded her from their choice set. These voters might thus have (perhaps grumpily) opted to stick with their past choice and vote for the Democratic candidate once again. Thus, the institutional setup of a polity and the electoral rules it employs can substantially reduce the amount of available alternatives and thus the effectiveness of democratic control.

Sources of Viability: The Role of The Electoral System

It is well established that the probability of strategic voting increases the more an electoral system departs from true proportionality (Duverger, 1954; Leys, 1959; Sartori, 1964; Cox, 1997).²³ This implies that the viability constraint might operate more strongly in certain political systems than in others, most notably in elec-

²²Presidential elections in the United States obviously place more importance on individual candidates than on parties. There is, however, no reason to assume that voters face greater difficulties in assessing the (in)competence, acceptability, and viability of individual candidates. In the case of Hillary Clinton, voters might, for example, determine her competence based on the policy outcomes they observed during her time in office and assess whether voting for her is acceptable, given her policy stances and other reputations.

²³By electoral system I refer to the set of institutional rules and structures that influence citizens vote and how their individual votes are counted and translated into parliamentary seats (Cox, 1997).

2.3 Retrospective vote-switching and the Remaining Choices

toral systems with single-member plurality rule (Duverger, 1954). Nonetheless, it is important to note that strategic voting incentives are also present in electoral systems with proportional representation (Sartori, 1964; Rae, 1971). In the following, I briefly discuss the role of the viability constraint in different electoral systems. Given the large empirical variety of electoral systems and their country-specific differences (Cox, 1997), I focus on two main families of electoral formulas and their implication for retrospective voting: (1) electoral systems with single-member single-ballot majority rule (such as the Anglo-American first-past-the-post systems) and (2) electoral systems that use multi-member districts and proportional representation methods (such as the largest-remainder or divisor-based formula). In the following empirical chapters I furthermore provide a more detailed discussion on the peculiarities of the voting systems employed in the elections I analyze.

Single-Member Simple-Plurality Voting Systems These are systems in which one seat is to be filled in each district and there is only one round of voting, after which the winner in each district is determined by simple majority. One central characteristic of this voting system is that (strategic) voting is essentially focused at the district level.²⁴ This is because in this kind of system a voter's best chance to affect the post-electoral power distribution is by influencing the local constituency race. This implies that the viability constraint in this kind of system might also operate at the local level and voters might shy away from retrospective voting if they take each *party's chance of winning the constituency race* into account. In particular, voters with dissonant competence ratings might not want to defect to a party that stands no chance of winning the local constituency race.

This is evident for negative competence shocks: prior voters of the nation-wide incumbent (i.e. the party that won a majority of seats at the last election) who no longer think that their past choice is competent, might *not* defect from this past choice if they expect that no other party or only non-acceptable parties have a realistic chance of winning in the constituency in which they live. Similarly, in case of positive competence shocks, past supporters of the challenging parties might not

²⁴Cox (1997, 28) notes that Duverger (1954) expected that the “psychological factor” of strategic voting operates at the individual constituency level and that the effects of strategic voting on the number of viable parties must not necessarily translate to the nation.

2 Theoretical Framework

want to switch to the incumbent if they live in constituencies in which this party is hopeless to win.²⁵ In both cases voters avoid to punish or reward the national incumbent because of the viability of a party in their constituency.

It should finally be noted that single-member simple-plurality voting systems provide voters with particularly clear and credible information on how the constituency race might unfold. Strategic voting crucially depends on how voters form expectations on the decisions of other voters. This can be a challenging task and if voters lack clear and credible information, they might form expectations differently. In SMS-Systems, however, voters can form expectations about the viability of parties based on the constituency-level outcome of the last election. It thus seems realistic to assume that voters in each constituency reach similar conclusions regarding which party is viable and which is not.²⁶

Proportional Representation Voting Systems These are voting systems in which seats are allocated using a quota-based largest-remainder or divisor-based formula. There is a wide variety of these two types of PR-systems, so I focus on two essential outcomes of these systems: Firstly, most of these system establish an electoral threshold which parties have to pass for parliamentary representation and, secondly, most of these systems lead to a coalition government. Both features are important in determining the viability of a party: Firstly, in party systems with multi-member proportional-rule districts, viability might be influenced by the electoral threshold. If past incumbent-voters see one challenging party as acceptable, yet fear that it might not pass the electoral threshold of parliamentary representation, they might not consider voting for this party. This kind of reasoning might, for example, be relevant in electoral systems such as Germany, which employs a comparatively high electoral threshold. Under these circumstances, retrospective

²⁵It should be noted that the distinction between the national and district level also implies that there are two incumbents: one at the national level (i.e. the party that won the most seats at the last election) and one of the constituency level (i.e. the party that won the most votes in this constituency at the last election which must not coincide with the party that won the most seats nation-wide). For the purpose of this chapter, this distinction is, however, inconsequential: I am only concerned in how voters hold the national incumbent accountable and the outcome of the last election at the constituency level is only important as far as it informs voters about the chances of a party winning this seat at the upcoming election.

²⁶In the following chapter I provide evidence that voters are indeed capable of assessing correctly which party is likely to win their constituency.

vote-switching from, say, the Christian Democratic Union (CDU) to the smaller Free Democratic Party (FDP) might be limited if voters fear the FDP will not enter parliament. A second source of why parties might be deemed non-viable, is related to its chances of entering the post-electoral coalition government. If voters expect that an (in their eyes) acceptable party is unlikely to enter government, either because they are not needed for a majority or because other parties rule out forming a coalition with this party, voters might also not consider voting for this party. Returning to the German example, retrospective vote-switching from the Social Democratic Party of Germany to The Left might be hampered if voters expect that The Left will not be able to enter the upcoming coalition government. In both cases voters might refuse to hold governing parties accountable, even though they perceive one challenging party as acceptable alternative.

2.4 Model Summary

Figure 2.5 summarizes the complex relation between the three constraints outlined in the previous two sections. This chain of accountability is an inter-related chain of several updates, notably of past factual beliefs and competence ratings as well as prior preferences and behavior (this is indicated by the $\rightarrow$ connecting each step in this chain). All updates are triggered by changes on some policy “outcome”.

For the “complete updating” (shown in the first row of Figure 2.5), past incumbent-voters are expected to alter their factual beliefs and competence ratings.²⁷ Recall that in the past section I distinguish between voters’ factual beliefs and the competence assessments which are extracted from these beliefs. If both of these perceptions change, voters are expected to alter past preferences and, consequently, past behavior.

Each constraint can be conceptualized as a filtering operation that reduces the set of past incumbent- or challenger-voters. This is indicated by a $||$ which symbolizes a block of the accountability chain. The absence of a $\rightarrow$ indicates that a variable remains at its initial value. The first constraint is related to voters’ perceptual re-

²⁷All of the following applies to past incumbent as well as past challenger-voters, depending on the nature of change in the policy outcomes. To keep language simple I only refer to past incumbent-voters in response to a negative outcome change.

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Figure 2.5: Models of Complete and Incomplete Updating Processes

(a) Complete Updating

outcome $\rightarrow$ beliefs $\rightarrow$ competence $\rightarrow$ preferences $\rightarrow$ behavior

(b) Dissonance Avoidance

outcome $\parallel$ beliefs competence preferences behavior

(c) Dissonance Avoidance

outcome $\rightarrow$ beliefs $\parallel$ competence preferences behavior

(d) Preference Disconnect

outcome $\rightarrow$ beliefs $\rightarrow$ competence $\parallel$ preferences behavior

(d) Behavior Disconnect

outcome $\rightarrow$ beliefs $\rightarrow$ competence $\rightarrow$ preferences $\parallel$ behavior

Note: Outcome = a policy outcome shock that has taken place between t and $t + 1$. Belief = citizens' factual beliefs about the outcome after the actual shock has taken place. Competence = the competence or capacity of I in handling the external shock. Preferences = the location of a voter in the preference space relative to the incumbent and challenger. Behavior = voting which is expected to change as a response to the external shock. $\rightarrow$ indicate that the updating process worked in the anticipated direction. $\parallel$ means that some mechanism blocked the updating process along the chain of accountability. The absence of $\rightarrow$ indicates that a component of this accountability chain remains at its initial value, because a preceding component has been blocked. **Source:** adapted from [Gaines et al. \(2007\)](#)

sponse. This is shown in row 2 and 3 of [Figure 2.5](#) which I summarize as dissonance avoidance. In the past section I argue that there are two ways by which voters might avoid dissonant competence ratings: either by refusing to alter factual beliefs (shown in row b) or by avoiding updates to past competence ratings (shown in row c). If voters avoid dissonant factual beliefs they are also expected to avoid dissonant competence ratings (and thus not change preferences or behavior). However, if voters hold dissonant factual beliefs, some might still hold congruent competence ratings. This implies that competence ratings, which are by definition closer related to the object under study, are more susceptible to partisan rationalization than factual beliefs. In fact, various scholars argue that – when confronted with an “undeniable” outcome – citizens' inclination to block dissonant beliefs is limited ([Nyhan](#)

and Reifler, 2010; Redlawsk, Civettini and Emmerson, 2010; Parker-Stephen, 2013; Chzhen, Evans and Pickup, 2014). The first update of [Figure 2.5](#) might thus not be blocked if information regarding the policy outcomes supports a clear conclusion ([Jerit and Barabas, 2012](#); [Druckman and Lupia, 2016](#)). This need not be the case for competence ratings, which require more interpretation and thus leave more room for partisan rationalization.

The two other constraints take place once a voter has altered past competence ratings. Preference disconnect refers to the possibility that voters hold dissonant competence views but do *not* change their preferences and consequently their behavior. This implies that their competence ratings are not important for how they think about parties and their voting behavior. Preference disconnect means that retrospective control is not on the agenda of voters (an assumption I made so far). Changes in party preferences, however, serve the important function to highlight changes that are not visible by studying behavior alone. Suppose, for example, that the following empirical analyses reveal that voters do not alter past voting behavior, even though their competence ratings are dissonant to this behavior. This could be because they could not find an acceptable or viable alternative; or it could be that they simply do not care about the policy outcome under study. If voters, however, also alter their preferences (i.e. move within the space) there is more evidence that this outcome is of importance to a voter. Thus, party preference allows me to visualize movements within the preference space, even if voters do not alter past behavior.

Finally, behavior disconnect is related to the impact of viability and acceptability. This means that voters might change their competence ratings and their party preferences. However, these changes might not suffice if the alternative is even less attractive (acceptability) or so unlikely to win the election that altering past voting seems futile.

Overall, this thesis tests four hypotheses. To highlight the symmetry between past incumbent- and challenger-voters I state the expectations for past challenger-voters in parentheses. Hypothesis 1 is essentially a test of the main expectations offered by the retrospective account of democracy. It states that the dissonance between competence ratings of the incumbent and past behavior has indeed the capacity to

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cause changes in voters' political behavior. I thus refer to it as the unconditional competence effect.

Hypothesis 1 (Unconditional Competence Effect): *Prior incumbent (challenger) voters are more likely to hold the incumbent to account at $t+1$ if their competence rating became dissonant to past voting behavior at t than if their congruent competence ratings are congruent.*

Hypothesis 2 refers to the first constraint to retrospective voting that is related to voter information-processing. It indirectly tests the dissonance avoidance constraint: strong partisans might be more susceptible to refuse updating past competence ratings (or factual beliefs) than weak supporters.

Hypothesis 2 (Dissonance Avoidance): *The stronger the prior attachment to a voter's past choice at t , the less likely an individual holds dissonant competence ratings in light of new evidence.*

Finally, Hypothesis 3 and 4 formalize the innovative aspect of this thesis: the limits to retrospective voting, once voters have actually altered past competence ratings. Both hypotheses focus on the outlook of having to vote for a different party and the characteristics of this party. Hypothesis 3 centers on party-level characteristics, i.e. the ideological or policy positioning of this party, the leader of this party, or some other reputation of this party, that might render it a less attractive choice than a voter's previous vote. Hypothesis 4 centers on party-system-level characteristics, i.e. the chances of affecting policy in the post-electoral power distribution (for example, by entering parliament or the government).

Hypothesis 3 (Acceptability Constraint): *Prior incumbent (challenger) voters with dissonant competence ratings are more likely to hold the incumbent to account at $t + 1$ if at least one of the challenging (incumbent) parties is regarded as acceptable alternative than if no challenging (incumbent) party is seen as an acceptable alternative.*

Hypothesis 4 (Viability Constraint): *Prior incumbent (challenger) voters with dissonant competence ratings are more likely to hold the incumbent to account at $t+1$ if at least one acceptable alternative is also a viable alternative than if no challenging (incumbent) party is seen as a viable alternative.*

These four hypotheses thus summarize the main expectations developed in this chapter. The goal of the following chapter is to present a research design with which these hypotheses can be tested.

Part II

Research Design

3 Research Design

In this chapter I discuss threats and possible solutions for valid causal inferences regarding the main research question and hypotheses of this thesis. In particular, I discuss three main methodological challenges for identifying the unconditional competence effect and the effects of acceptability and viability: First, it is necessary to observe and measure variation in voters holding dissonant competence ratings. Secondly, comparisons between respondents holding dissonant or congruent competence ratings are difficult due to the self-selection of respondents into these categories. Finally, it is necessary to create variation in the availability of a viable and acceptable alternative. Following each challenge, I discuss possible solutions and the proposed research design. I then discuss the choice of the main independent and dependent variables, other measurement choices, and I try to validate several key assumptions underlying the research design.

3.1 Methodological Challenges and Solutions

3.1.1 Definition of Causal Effects

The unconditional competence effect can be defined as the difference between the behavior of a voter who holds dissonant competence ratings and the behavior of the same voter if he or she held congruent competence perceptions. It is thus related to the idea that if a researcher could experimentally set the competence assessments of voters to dissonant or congruent values, the behavioral responses in each treatment group would be different. Likewise, the acceptability effect is defined as the difference between the behavior of a voter (holding dissonant views) if he or she regards the alternative party as acceptable compared to a counter-factual scenario in which the same party is not seen as an acceptable alternative by the same voter.

3 Research Design

In experimental terms a researcher would thus have to convince one experimental group that the alternative is an acceptable alternative and convince a second group that the alternative is not acceptable. If differences between these two groups are observed, there would be evidence that democratic control is limited by voters' party preferences. The viability effect is defined similarly, only that a researcher would have to manipulate how voters think about the chances of the alternative to become elected.

Obviously, such experiments are difficult (if not impossible) to conduct: First, because participants might bring strong prior beliefs about which party they think is acceptable or viable and how to rate the competence of the incumbent to the experimental setting. It is thus difficult to create valid and credible manipulations of the experimental conditions.¹ Secondly, there are obvious ethical concerns when respondents' political beliefs are challenged by an experimental incentive. It seems preferable to study these research questions in a real-world setting. The goal of the following section therefore is to develop a research design that allows me to recover the experimentally defined effects from observational data. In particular, I define and discuss solutions to three intricate methodological problems.

3.1.2 Measuring Variation of Dissonant and Congruent Beliefs

The main idea behind retrospective voting is that voters receive new information on some policy outcome, update their previously held competence ratings, and then adjust their upcoming voting behavior accordingly. The first challenge to testing my retrospective voting model is consequently related to the measurement of variation

¹A possible solution could be found in the abstracted and simplified setting of experimental games, in which voters receive payoffs (e.g. tokens) from different hypothetical governments and additional information that biases their retrospective voting game in favor or disfavor of the current government (similar to the approach by [Huber, Hill and Lenz \(2012\)](#)). Scenario-based survey experiments such as conjoint analysis ([Hainmueller, Hangartner and Yamamoto, 2015](#)) in which respondents choose between hypothetical parties which differ on several attributes could also provide a solution. For both cases, however, it seems challenging to generalize potential findings once voters are to choose between real parties. It should also be noted that in survey experiments, it is generally not feasible to directly manipulate voters' party preferences or competence assessments; rather, a researcher manipulates the value of some other variable and analyses the interaction between this variable and the variables that are not under the control of the researcher ([Lenz, 2012](#), 276).

3.1 Methodological Challenges and Solutions

of dissonant and congruent competence assessments over time.² This is, however, challenging, as research on voters' survey responses reveals that their responses might be less meaningful than expected (Krosnick, 1999):

Firstly, voters differ in their political interest and media exposure (Campbell, Converse and Stokes, 1960; Zaller, 1992); thus, some voters might be more likely to receive new information than others. Secondly, a broad literature suggests that respondents, particularly if they are politically interested and strongly attached to one party, are likely to resist new challenging information (Lodge and Tabor, 2005; Tabor and Lodge, 2006). For survey research this is particularly challenging, because these politically versed voters tend to report attitudes or beliefs that match partisan leanings, despite actually holding different views (a tendency sometimes called motivated responding in reference to motivated reasoning (Prior, Sood and Khanna, 2015; Bullock, Gerber and Hill, 2015; Sood and Khanna, 2016)). Thirdly, accumulating evidence on survey response behavior suggests that respondents with lower political sophistication and weaker preferences tend to do the opposite: these respondents' attitudes tend to be highly changeable over time but not in a systematic way (Zaller and Feldman, 1992; Zaller, 1992). Zaller and Feldman (1992, 580), for example, show "a large component of randomness in most people's answers to survey questions". Furthermore, it has been shown that the survey instrument itself shapes and channels (rather than just measures) respondents' attitudes or beliefs. For example, the ordering or wording of questions in a survey affects the considerations respondents make to answer a question (Krosnick, 1999).

This is particularly important for voters' competence rating of the incumbent, which is not directly observable and thus requires judgment and reasoning on part of the voters: voters might rely on different criteria, use different observations they made, and hold vague, ambiguous, and conflicting considerations, as the task of assessing incumbent competence leaves voters room for interpretation. Consequently, it might thus very well be that voters differ in their evaluation of incumbent competence – but this over-time instability reflects pure randomness or the effects of the questionnaire rather than voters' meaningful assessment of the incumbent.

²Note that this variation is essential not only for the unconditional competence effect, but also for the remaining two effects which are analyzed among the subset of voters holding dissonant views.

3 Research Design

Following [Lenz \(2012\)](#) the first element of my research design is to focus on events or policy outcome changes that were visible and salient enough to shift voters' past competence assessments in a meaningful way and to measure the competence beliefs of respondents before and after these events take place. This approach is rooted in the receive-accept-sample (RAS) survey response model of [Zaller \(1992\)](#). This approach starts from the idea that most individuals do not hold fixed opinions or assessments on most relevant political topics. Rather, 'individuals possess multiple and often conflicting opinions towards important issues' and rely on the most dominant fraction of these to map their diverging opinions onto a close-ended survey question. In particular, individuals are expected to average across the sample space of considerations that are most accessible at the moment of the response. Accessibility is thereby determined by the recency with which information related to this question was received ([Zaller, 1992](#), 48-49).

In the absence of such decisive and challenging events, most respondents will retrieve a large sample of competing considerations regarding the competence of the incumbent – to the point that they answer this question in a purely random fashion or in strict reference to how they feel about the incumbent in general (i.e. what [Lodge and Tabor \(2005\)](#) call the How-do-I-feel heuristic). However, in the aftermath of such decisive events it seems reasonable to assume that the sample of conflicting considerations will be dominated by considerations related to this event. It seems also reasonable that most voters, even if politically unaware and uninterested, might receive information regarding these events. Thus, the focus on elections which were preceded major policy outcome changes implies that voters' response changes are less likely to reflect pure randomness or are induced by questionnaire effects, but might reflect a “true” competence assessment change. Importantly, changes in competence ratings relative to what a respondent answered before this event might thus reflect a meaningful shift in competence ratings.³

³Because respondents are asked within one survey panel study the question wording usually remains stable. Furthermore, I rely on multi-wave panels with multiple interviews between two elections and at least one interview before the event takes place. This allows me to track the responsiveness and stability of voters' factual beliefs and competence assessments over a longer time period.

3.1.3 Self-Selection of Dissonant and Congruent Beliefs

The second methodological challenge is that even as voters are confronted with the same policy outcome change, altering past competence perceptions is nonetheless determined by each respondent. That is, unlike the experimental ideal in which voters' assessment of the incumbent is set by an external mechanism, observational studies are characterized by voters self-selecting whether they hold dissonant or congruent competence ratings. This leads to two additional methodological challenges (see also [Gerber, Huber and Washington, 2010](#); [Gerber and Huber, 2010](#)).

Observational Equivalence

The first methodological challenge is related to observational equivalence ([Lenz, 2012](#)). Observational equivalence refers to the possibility that the direction of a causal claim can be reversed without being detected by a statistical test ([Pearl, 2009](#); [Chen, Pearl and Kline, forthcoming](#), 145-147). The unconditional competence effect clearly states that the flow of causality runs from changes in competence ratings to changes in voting behavior. However, observing a statistical relationship between these two changes does not imply that competence ratings causally determined the changes in voting behavior. In fact, it might very well be that voters change their voting intentions for reasons unrelated to the competence of the incumbent and then adjust their competence ratings in order to reestablish congruence between planned behavior and existing attitudes. That is, voters might have already altered their voting intention before receiving information on the policy outcome under question.

Research on dissonance avoidance strongly suggests that individuals strive for consistency between behavior and attitudes and that changes in attitudes are as likely to be the cause of changes in behavior as changes in behavior are a cause of changes in attitudes ([Festinger, 1957](#); [Lord, Ross and Lepper, 1979](#)). Observational equivalence might furthermore be particularly pronounced in survey research: because of the artificial situation created by the survey, respondents face strong incentives to appear coherent in how they answer questions. This implies that over the course of a panel survey voters might mindfully report changes in voting behavior, but adapt competence ratings to this planned behavior simply to appear coherent to the interviewer of the survey ([Krosnick, 1999, 1991](#)).

3 Research Design

Observational equivalence creates great difficulties for empirical research. Without further information, the observed statistical relationship between voters' competence changes and their voting behavior changes will be the same, regardless of whether the causal effect runs from $X \rightarrow Y$ or from $Y \rightarrow X$. That is, no statistical test can reveal the direction of the causal claim because both causal models yield the same observed joint probability distribution between these two variables (for discussions of this problem see in particular [Lenz, 2012](#)).

In order to establish more valid causal inferences, I follow the approach by [Lenz \(2012\)](#) and rely on panel data with at least *three* panel waves (see also [Sekhon, 2004](#)). In particular, I measure voters' competence ratings and voting behavior (and intentions) at three points in time:

- (i) Wave 1: after the election at t and thus before an event of considerable importance has taken place,
- (ii) Wave 2: after the event has taken place at t' but before the upcoming election at $t + 1$,
- (iii) Wave 3: after the election at $t + 1$, with voters having decided about the electoral fortunes of the incumbent.

To test for the unconditional competence effect, I examine whether changes in competence ratings between the first and second interviews (t to t') are statistically related to changes in voting behavior between the second and third interview (t' to $t + 1$) while statistically controlling for changes in voting intentions between t to t' . That is, I estimate the following regression model ([Lenz, 2012](#); [Sekhon, 2004](#)):

$$v_3 = \Delta_{c21}(c_2 - c_1) + \beta_1 c_1 + \Delta_{v21}(v_2 - v_1) + u_3 \quad (3.1)$$

In this model v indicates a respondents' voting behavior (or intended voting behavior) measured at three points in time during the electoral cycle. Note that for easier reference, I refer to the first point of measurement, which is after the first election, as wave 1 (sub-scripted by a 1), the panel wave that takes place after voters have observed the decisive event under question as wave 2 (sub-scripted by 2), and finally the second election as wave 3 (sub-scripted by a 3). Furthermore, c indicates

3.1 Methodological Challenges and Solutions

a voter's competence ratings measured at two points in time: after the first election (wave 1, c_1) and as change between the first wave and second wave ($c_2 - c_1$). The main dependent variable is thus measured in wave 3 (while controlling for its lagged change between wave 1 and 2) and the main independent variable is measured as the change in competence ratings between wave 2 and wave 1 (its effect is estimated as Δ_{c21}).

The idea behind controlling for $\Delta_{v21}(v_2 - v_1)$, is to block the influence of changes in voting intentions that happen prior to the event that is expected to alter voters' competence ratings. In particular, voters might change their voting intentions for many reasons: some might change their ideological leanings or important variables measuring their social background might change. Furthermore, parties themselves might change, for example by changing the head of the party or important policy positions that affect voters' intended behavior. All these changes could happen before voters have to rethink their competence ratings; the key approach thus is that measuring lagged changes in the dependent variables blocks the influence of changes in other substantial variables, even if all these variables are not measured or known to the researcher.⁴

Note furthermore that equation 3.1 is estimated for past incumbent-voters (or past challenger-voters) alone, that is, I estimate this regression model only for the subset of voters who indicated in wave 1 that they voted for the party entering office at the first election. The value of v_3 thus obviously implies whether a voter switched at the second election or whether his or her voting behavior remained the same as at the past election. Therefore, I implicitly control for past voting behavior (v_1), which might be an important factor in determining the process of altering past competence ratings.

Finally, the following chapters will show that most voters have a clear opinion on the incumbent's competence in wave 1. That is, incumbent-voters uniformly rate the competence of the incumbent positively while past challenging voters uniformly

⁴Ideally, I would use a four panel wave approach and measure respondents' changes in voting intentions shortly before they observe the event that is expected to alter their competence ratings. That is, to measure prior changes in the dependent variable in a panel wave before the changes in the independent variable take place. For most panel studies available, this is however not possible, either because there are not two panel waves available before the event takes place or because the interview took place too early.

3 Research Design

agree that the incumbent is not competent. This implies that there is almost no variation within these voting groups regarding their past competence assessments (c_1). Including this variable into the regression model thus usually makes no great difference to the estimation of the effect size. For greater clarity of the underlying approach, I nonetheless show c_1 in equation 3.1.

Bias Due to Confounding

A second methodological challenge is related to the impact of so-called common causes. The unconditional competence effect aims at identifying the causal effect of holding dissonant competence ratings on a voter's propensity to alter voting behavior at the upcoming election relative to a counter-factual scenario in which the same voter holds congruent competence views. Experimentally speaking, the dissonance or congruence between updated competence ratings and past behavior serve as treatment condition and changes in voting behavior relative to the last election are considered as outcome variable. However, for observational data it might be that third variables have a confounding effect on the relation between voters' changes in competence ratings and their changes in voting behavior. That is, these variables might equally impact voters' propensity to alter existing competence ratings as well as their vote choice and thus transmit statistical associations between these two variables, even in the absence of a causal effect (Pearl, 2009; Morgan and Winship, 2014). A common cause is thus a (set of) variables that causally determines both variables for which a causal effect is to be explored ($X \leftarrow Z \rightarrow Y$).

In absence of a controlled randomized experiment, in which voters' treatment selection is determined by an external factor, answering this challenge depends on the quality of the causal model that captures the assumptions about the underlying data-generation process (Pearl, 2009; Morgan and Winship, 2014). That is, a researcher has to derive from domain knowledge which variables operate as common causes. In this thesis I focus on three sets of variables that might introduce a statistical association between the independent and depended variables:

- (1) As argued in the theoretical section, political predispositions and preferences are likely to shape voters' information-processing as well as their propensity to alter past voting behavior. In particular, the stronger a voter supports the

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party he or she chose at the last election, the less likely a voter is to hold dissonant competence views; at the same time such voters are less likely to alter past voting because they prefer this past choice for many other reasons. I partly address these differences by focusing on variation within past voter groups, but I control for past preference strength as well. Party preferences reveal underlying support for each party that does not become evident in voters' electoral choice alone. It thus measures variation even within the subset of voters with the same past voting behavior.

- (2) I control for voters' political sophistication. This follows from well-established findings in political psychology that voters' capacity (or willingness) to reject dissonant information depends on their political sophistication (Zaller and Feldman, 1992; Zaller, 1992; Lodge and Tabor, 2005; Campbell, Converse and Stokes, 1960). In particular, more politically interested voters are more prone to block or counter-argue dissonant information because they are more likely to create a mental link between the implication of the new information for their political preferences (see for example axiom 2 of the response-accept-sample model of Zaller and Feldman (1992); Zaller (1992)).⁵ Furthermore, politically interested voters are more likely to hold clearly structured political preferences and might thus be less likely to switch voting behavior between elections. I therefore additionally control for variables measuring voters' general political sophistication.
- (3) I control for voters' general standard of living. Because policy outcome shocks are often more threatening for the living standard of individuals with lower income, it might be that these voters react stronger to the same piece of information and are more likely to alter past competence ratings. Furthermore, variables indicating the social background of a respondent might also affect their attachment to a particular party and thus their willingness to alter past voting behavior. For example, voters working in unionized sectors might be less threatened by a macro-economic shock than voters that are prone to become unemployed in the aftermath of a recession. At the same time, voters organized

⁵Because respondents are asked to rate the competence of the incumbent, this link should, however, appear more or less obvious, even to less politically interested voters.

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in trade-unions usually have strong political ties and tend to remain with the same party.

Note that the impact of these latter two variables (living standard and political sophistication) operate via preference strength. Their impact should thus be less important once prior political preference strength is controlled for in the regression model, assuming that political sophistication and living standard have no direct impact on voters' behavior. In the following chapters I thus present statistical models with and without measures of these two variables to account for their potential direct impact on the main dependent variable. Furthermore, it should be noted that I assume that general living standard and political sophistication are time-invariant and thus do not change substantially over the electoral cycle. In the following sections I nonetheless provide evidence from regression models that measure these two variables at later panel waves. The full regression model thus takes the following form in which p_1 measures voters' past political preferences for the incumbent, s_1 indicates a set of variables measuring political sophistication, and l_1 indicates a voters' living standard at the beginning of the electoral cycle:

$$v_3 = \Delta_{c21}(c_2 - c_1) + \beta_{c1}c_1 + \Delta_{v21}(v_2 - v_1) + \beta_{p1}p_1 + \beta_{s1}s_1 + \beta_{l1}l_1 + u_3 \quad (3.2)$$

3.1.4 Variation of Acceptable and Viable Alternatives

The main interest of this thesis, however, is to understand how the outlook of having to vote for a different party undermines electoral accountability. Empirically, this is related to identifying two causal effects: the effect of acceptability and of viability on retrospective accountability. To experimentally identify this effect, a researcher would thus have to randomly vary whether an alternative to a voter's past behavior is acceptable (or viable) or not. Obviously, this is very difficult, if not impossible. However, following [Eggers \(2014\)](#) and [Eggers and Spirling \(2016\)](#) it might be possible to perform an observational study that mimics this experimental ideal. This design relies on unique features of the party system of Great Britain: The main idea hereby is to use variation in the competitiveness of political parties between constituencies

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to simulate the counter-factual of encountering an acceptable or viable alternative.⁶

Two features of the political system of Great Britain are essential for this research design: Firstly, party competition in Great Britain has traditionally been structured between three parties: the center-left Labour party, the center-right Conservative party, and the Liberal Democratic party taking an ideologically middle position between these other two parties (Budge et al., 2007). For Scotland and Wales, the Scottish National Party (SNP) and Plaid Cymru (PC) take similar middle-ground position between the two most dominant political parties in Great Britain. This implies clearly structured party preferences among supporters of the Tories and Labour; as I will show repeatedly over the next chapters, most Labour voters clearly prefer the Liberal Democrats, Plaid Cymru, or the Scottish National Party over the Tories.⁷ The same is true for supporters of the Conservative party, who to a large extent prefer these smaller political parties over Labour. In the language of the past chapter it can thus be said that both Labour and Tory voters treat LD, PC, or SNP as *acceptable* alternative. However, most Labour voters do not see the Conservative party as acceptable alternative and vice versa.

Secondly, there is important variation in which parties are competitive across constituencies. Great Britain employs a majoritarian first-past-the-post political system in each of its (currently) 632 constituencies (excluding 18 constituencies in Northern Ireland). However, each party's chances of winning a constituency differ greatly from constituency to constituency. In particular, many constituencies are characterized by competition between two parties or by the absence of competition. That is, some constituencies are so-called safe seats for parties, in which the chances of another party winning the constituency race are slim. Other constituencies are battlegrounds between two British parties (often called marginal seats). Importantly, the type of battleground varies as well. Some constituency races are structured between Labour and Tories, between Labour and one of the smaller parties, or between the Tories and one of the smaller parties. The key idea behind the research design developed by Eggers (2014) is to use this variation to simulate the presence

⁶Note that in the following I restrict all analysis to Great Britain, thus ignoring political competition in Northern Ireland. This is related to the fact that political competition in Northern Ireland generally differs from the political competition in England, Scotland, and Wales.

⁷In the following empirical chapters I provide extensive evidence for this claim, using voters' reported preferences for each party.

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or absence of acceptable or viable alternatives.⁸

In particular, I define five constituency types based on the actual voting results of the previous election:⁹

- (i) Conservative-only: these are all constituencies in which only the Tories have a realistic chance to (re-)win this seat (the safe seats for the Tories). Based on actual voting behavior at the last election, these are constituencies in which the Conservative party had a lead of 10 percentage points or more over the second most successful party, regardless of which party came second. I use 10 percentage points as cut-off following the convenience in research on British politics (Pattie and Johnston, 2010; Norris and Wlezien, 2005). In the following chapters I provide evidence that the results remain robust when altering this cut-off.
- (ii) Labour-only: these are constituencies in which Labour won the last election by more than 10 percentage points and thus represent the safe seats for Labour.
- (iii) Conservative-other battlegrounds: these are districts in which the Conservative party and one of the smaller parties have a realistic chance of winning the constituency race. The smaller party is in most cases Lib Dem, however for some Scottish and Welsh constituencies SNP or PC play a similar role. I define this type as constituencies in which these two parties were within 10 percentage points, while the third most successful party trailed by more than 10 percentage points. This implies that Labour is unlikely to win a seat in this kind of constituency. Note that in these constituencies, the winner at the last election t could either be the Tories or one of the smaller parties. For the logic of this research design, this is, however, inconsequential: what matters is that an acceptable alternative to the Tories is available.

⁸It should be noted that I extend the research design in two ways: firstly, I include safe seats to account for the effect of viability. Secondly, I also include the Scottish National Party and Plaid Cymru which play a similar role in the respective party system in Scotland and Wales. Finally, also adapt the way the constituency types are defined in order to meet my substantive research interest. The key idea of using as-if randomized variation of the political competition remains however the same.

⁹I exclude constituencies in which three parties have a chance of winning the seat, because the trade-off for voters between the acceptable alternatives is less clear. These three-party battlegrounds are rare anyways for the elections I study in this thesis.

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- (iv) Labour-other battlegrounds: this constituency type is defined the same way as the previous one, with the expectation that competition is structured between Labour and one of the smaller parties.
- (v) Labour-Conservative battlegrounds: in these constituencies Labour and Tories are within 10 percentage points, while third parties trail by more than 10 percentage points. Competition is thus between the two main British parties.

Research Design for Defection from Incumbent

I start with scenarios in which the policy outcome shock suggests that voters might defect from the incumbent. In this case, I focus on past incumbent-voters holding dissonant views and how their reaction is moderated by the constituency type. Depending on the national incumbent under question, which is either Labour or the Conservative party, I re-define the five constituency types into three broader constituency types. For example, if the party in power is the Conservative party, I focus on past voters of the Tories and code the following three types:

- (a) Conservative only (type a): this kind of constituency is defined in the same way as above and captures the idea that a voter holding dissonant views faces *no* viable alternative.
- (b) Other challenging parties are viable, but Labour is not (type b): this type combines constituencies in which other parties hold a safe seat (which is rare) *and* constituencies which are a battleground between one of these other challengers and the Tories. The idea here is that a voter who previously voted for the Tories could now defect to a challenger other than Labour. To preserve cases, I include Labour-other battlegrounds in this constituency type as well, following the logic that voters face a viable challenger that is not Labour.¹⁰
- (c) Labour is viable, but no other challenger (type c): this combines constituencies in which Labour holds a safe seat *and* constituencies which are a battleground

¹⁰I also present results if Labour-other battlegrounds are excluded. Generally, only few respondents are available for this constituency type, simply because past Tory voters are least likely observed in a constituency in which Labour and one of the other parties are strong, but the Tories are not.

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between Labour and Tories. The idea here is that if a voter is planning to abandon the Tories he or she faces Labour as only viable alternative.

If Labour is in government, I focus on past Labour voters and partly revise this coding in the following way: (a) only Labour is viable, (b) Labour and one of the other parties are viable, but the Tories are not, and (c) Labour and Tories are viable (but no other party is). Combining the constituency type in which a voter lives, which determines whether a party has a realistic chance of winning, *and* voters' structured party preferences, this approach allows for clear expectations regarding voters' propensity to alter past voting. In particular, I estimate the following regression equation among past incumbent-voters that hold dissonant views:

$$v_3 = \beta_{tb}(\text{type } b) + \beta_{tc}(\text{type } c) + \Delta_{v21}(v_2 - v_1) + \beta_{p1}p_1 + \beta_{s1}s_1 + \beta_{l1}l_1 + u_3 \quad (3.3)$$

The variables for equation 3.3 are the same as before, note however that this regression model is estimated for the subset of past incumbent-voters holding dissonant views. Therefore, changes in competence ratings no longer appear on the right-hand side of this equation. Type b and type c refer to the constituency types defined above and differences are estimated relative to the baseline category of type a (in which no challenger is viable). Expectations are as follows: vote-switching among voters holding dissonant views should be lowest in constituencies in which their past choice is the only viable party and higher in districts where one challenger (regardless of which party this is) is viable. That is, β_{tb} and β_{tc} should be statistically significant different from zero. This provides evidence that viability constrains democratic control, because voters living in the first type of constituency clearly have an incentive to alter past voting – they no longer think their past choice is competent – but refrain from having the incumbent pay the costs of the outcome shock because they are unwilling to support a challenger that is unlikely to win.

Furthermore, β_{tb} should be significantly lower than β_{tc} . This would indicate that vote-switching is easier in constituencies in which voters (holding dissonant view) are more likely to switch if they face an acceptable challenger, rather than a challenger they might perceive as the worse of two evils. For example, if voters are more likely to defect from the Tories (their prior choice) if they face Lib Dem as viable

alternative than when they face Labour as only viable alternative, there is strong evidence that democratic control is limited by voters' party preferences.

Research Design for Defection from Challengers

The research approach needs to be slightly adapted when focusing on defection from the challenger parties in response to a positive outcome shock. In this case I analyze the behavior of past challenger-voters as well as past non-voters and their decision to reward the incumbent, once they conclude that the incumbent is competent. Because Great Britain usually has no coalition governments, voters face no variation regarding the acceptability of the incumbent. Unlike past incumbent-voters who can punish the incumbent by voting for *one* of multiple challenging parties, past challenger-voters face no such choice. Past challenger-voters nonetheless face the dilemma that their vote might not reward the incumbent, if they live in an area in which this party is not viable.

I thus define two constituency types for the study of the behavior of past challenger-voters: (a) districts in which the incumbent is viable and (b) constituencies in which the incumbent is not viable. If, for example, Labour is in government, I recode constituency types (i) and (iii) as constituencies in which Labour is not viable and the remaining constituencies as constituencies in which it has a realistic chance of winning (either because the constituency is a Labour-Tory battleground, a Labour-other battleground, or a Labour safe seat). If voters in these two constituency types (viable or not) differ, there is strong evidence that the propensity to reward an incumbent might be mitigated by the reasoning that a voter's choice might not make a difference.

In order to assess the effect of acceptability I rely on voters' past voting behavior. In particular, past Conservative voters should have a harder time altering past voting in favor of Labour than past supporters of one of the challengers. This is again a result of the structure of most British voters' party preferences. Furthermore, I include prior non-voters and their willingness to turn out to reward the incumbent government. Based on existing literature it is less clear what to expect: on the one hand, non-voters might be most likely to alter past political behavior (or more precisely: non-behavior), because their party preferences might be weaker. On the

other hand, these voters might generally not believe in the merits of democratic control and thus abstain further, even if they think the incumbent is competent. Their analysis thus opens up a neglected and understudied aspect of democratic control.

3.2 Measurement Choices and Data Description

3.2.1 Data Set Description

The theoretical model and research design of this thesis necessitates panel data. In particular, it requires measurements of past voting behavior, past preference strength, incumbent competence assessments before and after a policy shock, and voters' electoral response at the upcoming election. The British Election Panel Study offers a uniquely rich set of data spanning an entire electoral cycle, i.e. asking voters after an election at t , during, and after the following election at $t+1$. This is a second reason to focus on Great Britain: not only does the political system of Great Britain allow for a unique research design, many of its elections are also covered by an extensive set of panel data. This allows me to track the perceptions, preferences, and behavior of past incumbent or past challenger-voters over the entire electoral cycle and analyze why some of these voters refrain from acting in accordance with the retrospective voting rule.

In particular, I use British Election Panel Study data from three electoral cycles: between 1992 and 1997, between 1997 and 2001, and between 2005 and 2010. These three electoral cycles were accompanied by substantial policy outcome changes which might have challenged the past competence perceptions and, consequently, voting behavior of British voters. It is these unexpected but potentially decisive events that I leverage in the research design of this thesis.

In particular, between 1992 and 1997 I focus on the events surrounding Black Wednesday in 1992. In 1992 the Conservative party entered office for the third consecutive time, however, shortly after its re-election, a substantial drop of the pound sterling occurred that forced it to withdraw from the European Exchange Mechanism (a financial facility it joined only two years earlier). I show that this event had a profound effect on the competence perception of the governing Conservative

party. Thus, in this chapter I focus on how past supporters of the Conservative party, i.e. voter who chose the Tories in 1992, altered their voting behavior in 1997 and how the outlook of having to vote for the Labour party or one of the smaller challenging parties affected their vote-switching behavior.

Between 2005 and 2010 I focus on the incumbent Labour party and the effects of the international financial and banking crises starting in 2008. I again show that a considerable subset of past Labour voters (i.e. citizens who voted Labour into office in 2005) altered their previously positive competence ratings of the Labour party, once the substantial policy outcome shock related to the financial crisis became visible. I then proceed to show how their electoral response nonetheless was moderated by the type of constituency they live in and thus the supply of a viable or acceptable alternative. As for the electoral cycle between 1992 and 1997 the focus of this chapter thus is on past incumbent-voters and their decision to punish the incumbent in response to a negative policy outcome shock.

In the final chapter for the electoral cycle between 1997 and 2001, I take a different perspective: in 1997 Tony Blair and his reformed Labour party took office for the first time. Over the following years, the economy improved substantially and Labour managed to deliver on several campaign issues. I thus focus on past supporters of the challenging parties, that is, voters who voted for the Tories, one of the smaller parties, or abstained in 1997 and aim to understand how their competence assessment of Labour developed as well as why their voting behavior changed or did not change in 2001. In this chapter the focus is hence on past challenger-voters and their decision to reward the party in power in response to a positive change of policy outcomes.

3.2.2 Variable Description

This thesis studies retrospective voting in a dynamic framework. That is, it analyzes voter behavior between two elections and their competence and fact perceptions before and after decisive policy changes. Because of this dynamic setup, it is important to note that each variable is measured at different points in time and thus take different roles in the subsequent statistical models. In the following section I briefly discuss the main measurement choices regarding each variable and at which point

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during the election cycle it is measured. Because the incumbent in question differs in the following empirical chapters (in two elections Labour is the incumbent, in one election it is the Tories) and the question wording slightly differs between the panel surveys available, I provide detailed coding decisions and the distribution of variables in the appendix of each country-chapter. Here, I nonetheless give an overview of when and how each variable is measured. It should also be noted that the choice of each time point is obviously of great importance and the panel waves do not always optimally match with the turn of events during the electoral cycle. In the appendices of each chapter I provide additional evidence that shows that the results are robust to different points of measurement.

Voting Behavior and Party Preferences

Voting behavior is the main variable of interest. I measure voting behavior at three points in time: firstly, in a panel wave right after the election that brings the incumbent into office. I use measurement to identify the subset of past incumbent-voters (or past challenger-voters). Secondly, I measure voting intentions in a panel wave after the event under question (e.g. the outbreak of the financial crisis or Black Wednesday) has taken place. Because I only focus on one past voter group, I recode this variable as 1 if a voter indicates that he or she plans to vote for another party or plans to abstain and 0 if the past choice is still the planned choice. Thirdly, I measure voting behavior at the panel wave that takes place after the second election ($t + 1$) has taken place. At this point, I am thus able to record whether a voter actually altered past behavior (coded as 1) or remained with his or her past choice (coded as 0).¹¹

The main dependent variable is whether a voter alters past voting behavior or not at election $t + 1$ relative to his or her voting behavior at t . This is the main quantity for retrospective models of democracy. However, in the following chapters I will also analyze how voters change their underlying party preferences between the two elections. That is, I measure voters underlying support also at three points in time: after the first election, after the competence shock, and after the second

¹¹This is another great advantage of panel data: because voters report their actual or intended vote choice in the past, they are not able to retrospectively adjust their answer to appear coherent to the interviewer which might plague cross-sectional surveys with recall-questions.

election. Party preferences are measured using a feeling-score question on a 1-5 or 1-10 scale.¹² Change in party preferences are measured as linear difference between the first and second wave. If party preference is the dependent variable of interest, I thus control for the initial party support in wave 1 as well as for prior changes in incumbent support between wave 1 and wave 2.

Using two different dependent variables has two advantages: firstly, using the fine-grained party preferences allows me to make a direct reference to [Figure 2.2](#) and to analyze whether voters' party preference developed in a similar way as anticipated by the theoretical model. I defined the unconditional competence effect as the length of the arrow in [Figure 2.2](#). This reflects the main stipulation of retrospective voting models that, if voters blame the party in office, their support for this party will decline subsequently ([Fiorina, 1978](#); [Key, 1966](#); [Ferejohn, 1986](#)). However, this does not imply that these voters will actually switch votes at the upcoming election. Even if voters move downwards in this preference space, some might refrain from actually switching votes, because the challengers are still a less attractive choice (i.e. these voters remain located above the indifference line). The analysis of party preferences might thus reveal that voters actually respond to valence shocks by adapting their party preferences, even if these changes do not suffice to cause them to actually alter voting at the next election. From a researcher's perspective, the use of party preferences as additional dependent variable allows to understand changes in underlying support that might not become visible by the rather crude tool of voting ([van der Brug, van der Eijk and Franklin, 2007](#)).

A second advantage of analyzing party preferences is that vote choice alone provides no information about how a voter thinks or changes to think about the challenging parties ([van der Brug, van der Eijk and Franklin, 2007](#)). However, the theoretical model of this thesis essentially revolves around voters' view of not only the incumbent, but also of the challengers. Using party preferences for these challengers is thus not only important to assess the validity of the research design, but

¹²The BEPS adapted the way it asks respondents about their underlying party support in the 2005–2010 panel survey. In the 1992–1997 and 1997–2001 respondents were asked: “How strongly do you feel about the [...] party?” with answer categories ranging from: “Strongly in favour, in favour, neither in favour nor against, against, strongly against”. In 2005–2010, respondents had to answer the following question: “On a scale that runs from 0 to 10, where 0 means strongly dislike and 10 means strongly like, how do feel about the [...] Party?”. This is unfortunate, however for the purpose of this thesis the differences seem only marginal.

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also allow me to track how voters perceived the remaining alternatives over the course of the electoral cycle.

Incumbent Competence Perception

I measure voters' perception of incumbent competence after the initial election (wave 1) and after the outcome shock has become visible (in wave 2). I then use the changes between wave 2 and wave 1 as main independent variable. In all three panel data sets measures of voters' competence perceptions are available. In particular, for the electoral cycle between 1992 and 1997 and between 1997 and 2001 I rely on the following question ([Heath and Curtice, 1998, 2002](#)): "On the whole, would you describe the [Conservative or Labour] Party nowadays as a party that is capable of being a strong government or not capable of being a strong government?" with an additional answer category for neither or both. This question thus provides the most general assessment of voters' valence perception of the party in power. For the 2005–2010 elections I focus on a more policy-specific question: "How well do you think the present government has handled the economy in general?" with answer categories ranging from "very well, well, neither well nor badly, fairly badly, very badly".

One of the central arguments of this thesis is that an analysis of retrospective voting should not necessarily rely on voters' factual perceptions, but their competence assessments. While the first might inform the latter, the competence of the incumbent is what is supposed to drive the voting behavior in retrospective accounts of politics. In the following chapters I describe the distribution of voters' factual perceptions in greater detail, e.g. of the state of the economy, as well as their competence assessments and how these variables change together. I consequently measure voters' factual perceptions at the same panel waves as the competence perceptions.

Constituency Type

For the acceptability and viability effect I focus on voters who actually changed their initial competence ratings, i.e. who fulfill the necessary condition of vote-switching. Within this subset I then analyze variation based on the constituency type. That is, the constituency type is the main independent variable for the analysis of these

voters. Constituency types are defined as above and measured based on official voting results in the constituency a voter reports to live in. The constituency of a voter is measured at election t (i.e. in wave 1), because it is often not available for the election at $t + 1$. This implies that if voters move to different constituencies between elections, (random) error is introduced in the estimation process. For the 1992–1997 and 2005–2010 an additional complication arises because of electoral boundary reforms between each of the two elections. Lacking a more detailed specification of the living area of a voter (i.e. a ward or some other lower level below the constituency), I exclude respondents from constituencies whose boundaries changed between two elections. I address these issues in greater detail in each of the country chapters and provide additional evidence for the robustness of the results if different constituencies are excluded.¹³

Further Variables of Importance

Finally, I need to include several control variables. I use a wide array of variables measuring the political sophistication of a respondent. Depending on the availability of these questions, I focus on self-reported general political interest, media usage, and, although only available for one data set, actual political knowledge. Furthermore, I focus on the living standard of a respondent using their income, education, self-perceived living standard, and, if available, class status. I measure most of these variables at the first panel wave, that is, immediately following the first election. I also assume that most of these variables are time-invariant and I thus do not include changes in these variables.

¹³One particularly powerful research design would be to leverage the fact that some voters change their constituency types because of the constituency boundary reform (as suggested by randomization approaches based on geography, see [Sekhon and Titunik, 2012](#); [Keele and Titunik, 2016](#)). In this case, voters' constituency type would be assigned even closer to the ideal of a randomized experiment. Unfortunately, such detailed measurement of voters' living area and whether the ward they live in has been moved or not by the constituency boundary reform is not available.

3.2.3 Discussion of Research Design Assumptions

Voter Knowledge

One central assumption behind this approach is that voters are informed about the type of party competition in the constituency they live in. In particular, voters' expectations about which party is likely to win their constituency should reflect the official voting results of the previous election. A measure for this subjective probability is only available for the panel data set between 2005 and 2010 (yet, it seems reasonable to assume that, if voters knew the pattern of party competition in 2005 or 2010, they would be equally informed in 1997 or 2001). Respondents' subjective probabilities of each party winning their constituency were asked in May/April 2005 (wave 2 of the BES), in March/April 2010 (wave 7 of the BE), and finally in April/May 2010 (wave 8 of the BES) using the following question: "On a scale that runs from 0 to 10, where 0 means very unlikely and 10 means very likely, how likely is it that the [...] Party will win the election in your local constituency?" (Clarke et al., 2010).

Table 3.1 shows the average of these questions for Labour, Tories, and Lib Dem depending on constituency type.¹⁴ Bold entries mark cells in which a high value is expected. It becomes obvious that voters on average have a clear understanding of their constituency type. For example, among voters living in constituencies which I defined as "Labour only" the average expectation of Labour winning these constituencies is 7.7 (2005) and 6.7 (2010). The average expectation for Tories and Lib Dem (which according to my definition are unlikely to win these constituencies) are 2.7 (Tories) and 2.4 (Lib Dem) for 2005 and 3.3 and 2.4 five years later. The same pattern can be observed in constituency types "Tories only" and "Other only".¹⁵ In battleground constituencies, voters expect that two parties have a realistic chance of winning and, even more importantly, these two parties match my definition of the constituency type. For example, in "Labour-Tories" constituencies

¹⁴Constituency type here is defined as above using ten percentage points as cut-off. I show voters' expectations regarding Lib Dem but not the other smaller challenging parties, because usually Lib Dem is the largest of these three parties. Values for wave 8 are not shown as they closely resemble values from wave 7.

¹⁵However, because some of these "other" constituencies might contain the Scottish National Party or Plaid Cymru, it is not surprising that the average expectation is slightly lower for Lib Dem than for Labour or Tories in their safe seats.

Table 3.1: Expectations Regarding Constituency Winner, 2005–2010

March/April 2005			
Constituency type	Labour	Tories	Lib Dem
Labour only	7.7	2.7	2.4
Tories only	2.5	7.7	2.5
Other only	2.7	3.5	6.5
Labour-Tories	6.1	4.9	2.7
Labour-other	6.2	2.6	4.1
Tories-other	1.9	5.7	5.4

March/April 2010			
Constituency type	Labour	Tories	Lib Dem
Labour only	6.7	3.3	2.4
Tories only	1.7	8.3	2.3
Other only	1.9	3.9	6.5
Labour-Tories	4.5	5.8	2.3
Labour-other	4.5	2.3	5.1
Tories-other	1.5	6.3	5.1

Note: The BEPS asked respondents the following questions “On a scale that runs from 0 to 10, where 0 means very unlikely and 10 means very likely, how likely is it that the [...] Party will win the election in your local constituency?” This table shows the arithmetic means of voters living in a certain constituency type for the likelihood of Labour, Tories, or Lib Dem winning their constituency. Bold entries mark values that are expected to be high, based on the reasoning behind the constituency type coding. Constituencies are coded based on the scheme defined above. These questions are only available for the 2005-2010 British Election Panel Study.

Source: (Clarke et al., 2010)

voters rate their respective chances of winning 6.1 and 4.9 (Lib Dem: 2.7) in 2005, while in “Labour-other” districts these probabilities are 6.2 and 4.1, respectively. It seems thus reasonable to assume that voters are informed about each parties’ relative chance of winning the constituency race based on the information of the last election.

Party Preferences and Constituency Type

A second important assumption is related to the regional pattern of party preferences. It is well known that British voters, in general, have structured party preferences and, typically, Labour voters prefer Lib Dem over the Tories and vice

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versa. However, the validity of this research design would be threatened if the structure of this party preferences would vary between constituencies, e.g. if past Tory voters in constituency type a had different party preferences than past Tory voters in constituency type b or between type b and c. Voters might then be less likely to switch in one type than the other, because they hold stronger or weaker party preferences. This assumption can however be empirically tested: in each of the following empirical chapters I present evidence that this is generally not the case. Rather, voters' party preferences are remarkably similar between the constituency types. I am thus confident that differences between constituencies in vote-switching can be attributed to the regional variation of which parties are competing and not varying party preferences across constituencies.

A related assumption states that voters do not self-select the constituency they live in based on their planned voting behavior at the upcoming election. That is, that there are no common causes of voters' living area and their decision to alter voting between two elections. Although many individuals choose their living area deliberately, the strength of this research design derives from that the fact the constituency type a voter lives in usually does not play an important role when deciding where to live. Because I focus on events that take place during the electoral cycle, it seems even more credible to assume that voters made this decision without reference to their behavior at the upcoming election. Additionally, the evidence presented in the country-appendices shows that, while voters in constituencies might be different, their political preferences are structured very similarly.

Panel Attrition

A final concern is related to the research instrument of this study. While panel survey data provide great advantages over cross-sectional surveys in order to assess the direction of the causal claim and controlling for common causes, estimates might suffer from panel attrition. Respondents need to be willing to participate in the survey several times over multiple years and it might very well be that the proportion of respondents that decides to drop-out of the sample is substantially different from the respondents who remain in the sample. For the estimation of effect sizes, panel

attrition is challenging because it introduces so-called selection bias, in particular if the dependent variable is responsible for inclusion in further panel waves.¹⁶ I try to address this concern empirically and estimate models for why voters decide to stay in the panel or not. Although panel attrition takes place, I find no evidence that prior incumbent- or challenger-voters, or voters with dissonant or congruent competence ratings are more likely to do so. I am thus confident that panel attrition is not damaging the results of the following chapters.

Summary

To summarize, this thesis focuses empirically exclusively on Great Britain. The reason behind this case selection is driven by three advantages: firstly, it allows me to observe voters' decision-making in a real-world setting while at the same time creating credible manipulation of which party is viable or acceptable. For most political systems other than Great Britain this is simply not possible. For example, in most proportional electoral systems voters face no or only little incentive to take the characteristics of their constituency into account. This implies that there is no variation in the local viability of the challengers they face. Other majoritarian political systems do not provide the unique setup of party competition that is typical for Great Britain, which means that there is no systematic variation in which party is acceptable or not. Furthermore, my focus on Great Britain allows me to study voter decision-making in a real-world setting and thus overcomes the shortcomings of experimental approaches in which voters either face hypothetical and

¹⁶In particular, if one is interested in identifying the causal effect of $X \rightarrow Y$ and sample selection is determined by the values of Y , bias could be introduced even in the absence of an unobserved common cause. That is, even if no backdoor paths between the treatment X and the outcome Y exist, the effect estimate between X and Y can be biased. This is because sample selection follows the same logic as conditioning on a descendent of a collider variable which introduces a statistical association between the variables that determine the values of X and Y (here, Y is a collider variable between $U_x \rightarrow X \rightarrow Y$ and $U_y \rightarrow Y$ where U_x and U_y is a set of variables that determine the value of X and Y , respectively). By having to subset the data by the descendent of this collider, i.e. S , a new statistical association is created between $U_x \leftrightarrow U_y$ (a phenomenon also called Berkson's paradox). Thus, if the causal process takes the following form $X \rightarrow Y \rightarrow S^*$ and S is unintentionally conditioned on because of heterogeneous survey selection, X and Y might be correlated even if there is no true causal effect between these two variables. Note, however, that if selection is determined by the value of X , but not Y , selection bias will not cause a biased estimate.

3 Research Design

highly abstracted parties or more or less credible manipulations of their views of parties.¹⁷

A second advantage of this research focus on Great Britain is that several British elections are covered by extensive panel data. As argued in this section, panel data are of great importance to create valid inferences regarding the unconditional competence effect as well as the other two effects. Furthermore, because these panel surveys were repeatedly carried out by the same national election study, there is a great continuity in the survey questions available, the question wording that is used, and the sampling strategy and mode of interview employed; this further increases confidence in the validity of comparisons between different panel studies.

A final advantage of focusing on Great Britain is, ironically speaking, that many British elections are preceded by major policy outcome changes. This implies that British voters have a good reason to rethink past competence assessments and past voting behavior, because their past view is challenged by new information. This creates a further unique opportunity to study the impact of retrospective assessments on voter behavior.

¹⁷It should be noted that in most experiments it is obviously not possible to directly manipulate voters' party views; rather most experimental designs manipulate an additional variable and then observe voters' hypothetical voting behavior and party views.

Part III

Empirical Analyses

4 Black Wednesday and New Labour: How the Tories Lost Office in 1997

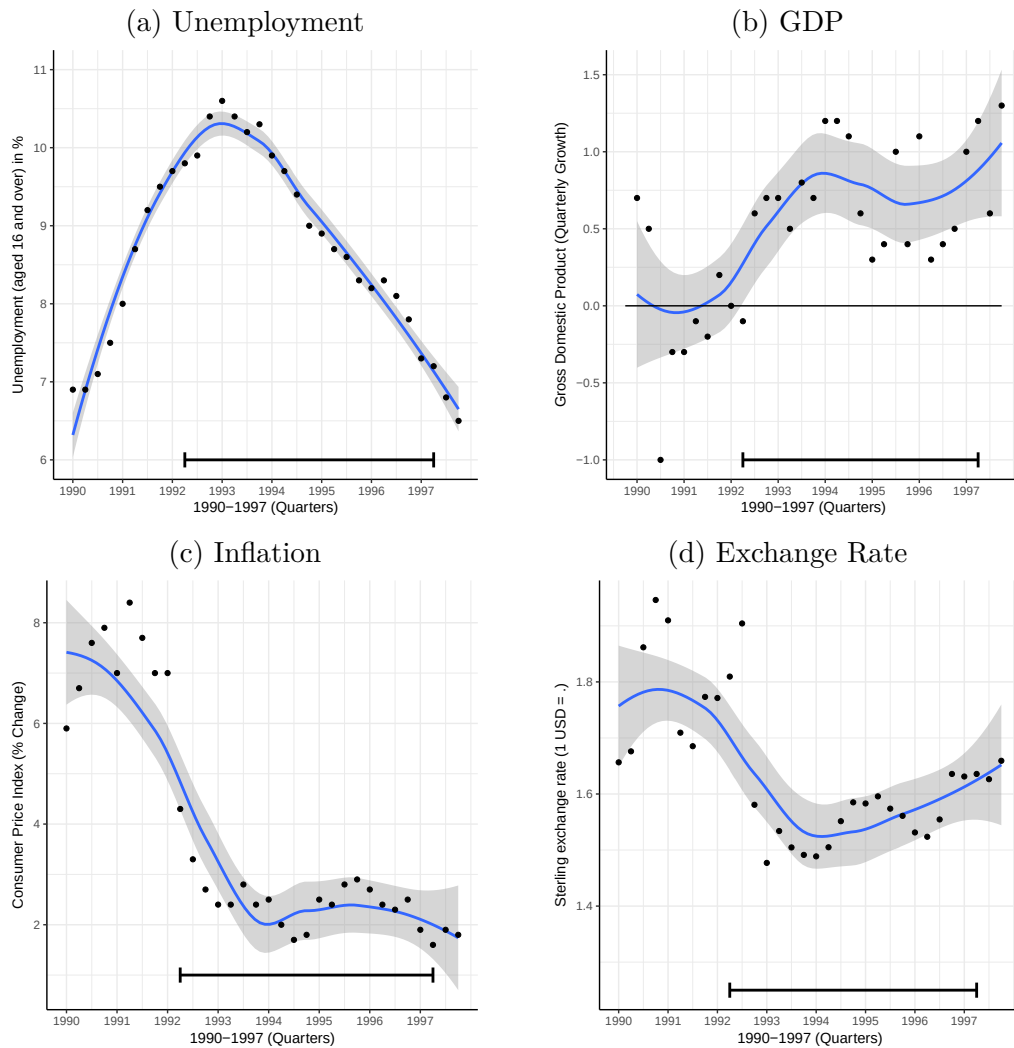
4.1 Introduction

The general election of 1997 was a pivotal election in the recent history of Great Britain. For the first time since 1979, the governing Conservative party failed to win a majority: the Tories lost almost 12 percentage points of the popular vote and almost half their seats in Westminster (their worst defeat since 1906). The challenging Labour party, on the other hand, landed a decisive victory. By winning 43% of the popular vote, Labour entered government, which it managed to hold until 2010. For many commentators, 1997 thus marked the end of Thatcherite and the beginning of New Labour policies ([Butler and Kavanagh, 1997](#); [Budge et al., 2007](#)). The election, however, was also a success for the Liberal Democrats. Although marginally losing votes compared to 1992, the Lib Dems managed to double their prior representation in parliament to 46 seats, which – at the time – marked the highest seat share achieved by a party other than Labour or the Tories since World War II.

At first glance it thus seems obvious that in 1997 British voters “threw the rascals out”. From a standpoint of retrospective (economic) voting theory, however, these substantial losses pose a decisive challenge: The Conservative party lost under remarkably *positive* economic circumstances. In fact, the development of the economy between 1992 and 1997 provided voters with little reason to punish the incumbent. As shown in [Figure 4.1](#), several relevant indicators show that macroe-

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Figure 4.1: Macroeconomic Output in Great Britain, 1990–1997



Note: The vertical bar represents the electoral cycle starting in April, 1992 and ending in April, 1997. Blue lines are lowess-smoothers.

Source: Office for National Statistics

conomic performance increased substantially between 1992 and 1997. When the Tories re-entered office in 1992, the economy had been in recession for the past two years, which caused a severe increase in unemployment.¹ However, soon after the

¹Many political scientists have argued that the world-wide recession in the early 1990s was partly responsible for the defeat of George Bush in the 1992 US-presidential election against Bill Clinton ([Hetherington, 1996](#); [Lenz, 2012](#)).

Conservatives re-entered office in 1992, economic circumstances lightened and the economic recovery would last until the general election in 1997. This leads to the main question of this chapter: why did the incumbent Conservative party lose so many voters, when the economy was actually doing quite well?

In this chapter I argue that understanding this discrepancy between what economic voting theory suggests – voters rewarding the Tories for the positive changes in economic circumstances – and voters' large-scale defection from the Tories in 1997 might be understood by applying the theoretical framework developed in part I of this thesis. In particular, two core arguments deserve special attention:

- Firstly, it is necessary to understand the process by which voters update prior economic perceptions, on the one hand, and how they rate the (economic) competence of the incumbent party, on the other hand. I argue in this chapter that, although most voters correctly recognized that economic circumstances improved after 1992, many voters rated the *competence* of their prior choice negatively. In particular, after Black Wednesday and Great Britain's forced retreat from the European Exchange Rate Mechanism in September 1992, many voters of the Conservative party became dissatisfied with the party's competence in office. I also show that these negative assessments persisted until the general election of 1997 and I argue that they were partly responsible for the losses of the incumbent in this election.
- Secondly, it is of great importance to analyze the supply of viable and acceptable alternatives with which the incumbent might be replaced. The main idea of this thesis is that voters' willingness to hold the incumbent accountable might be undermined by their view of the challenging parties. If voters are unwilling to vote for these parties, either because they are not attractive enough based on other factors a voter deems relevant (acceptability) or because their chances of winning office are low (viability), retrospective accountability might be constrained. In this chapter I argue that the 1997 general election was outstanding in this regard: in particular, the substantial changes of Labour, Britain's main political alternative to the Tories, after Tony Blair became head of the party in 1994 might have turned this (already viable) party into an acceptable alternative for many previous Tory voters. I thus argue

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that the rise of New Labour allowed voters to pay the incumbent the electoral costs of Black Wednesday.

This chapter is structured as follows: In the first section I show how the theoretical framework of part I of this thesis can be applied to the general election of 1997. That is, I firstly show that while voters were capable of recognizing the improvement of economic circumstances, a substantial share of prior incumbent-voters started to rate the competence of the Tories negatively. I then show how voters' views of the Labour party changed after 1994, when Tony Blair re-modeled his party into New Labour. In the second section I analyze which voters distanced themselves from the Tories in 1997: I firstly find that voters who were dissatisfied with the Tories after Black Wednesday were significantly more likely to punish the incumbent than prior voters of this party who remained satisfied (the unconditional competence effect). I then show that this effect was driven by voters living in constituencies in which Labour had a realistic chance of winning the seat, compared to constituencies in which (a) no challenger was viable and (b) a challenger other than Labour was viable. I take this as evidence that (New) Labour's increasing attractiveness was an important factor in shaping the outcome of the 1997 election.

4.2 Applying the Theoretical Framework

4.2.1 The Black Wednesday: A Competence Shock

The first cornerstone of the theoretical framework developed in this thesis is to understand (1) how voters perceived the economy and (2) how they assigned credit and blame for macroeconomic changes to the party in government. Distinguishing between voters' perception of the economy, on the one hand, and how they rate the competence of the incumbent, on the other hand, is crucial (Duch and Stevenson, 2008). From a normative standpoint various scholars argue that the latter quantity should inform voters' decision-making (Key, 1966; Fiorina, 1978; Ferejohn, 1986; Duch and Stevenson, 2008) and it is usually assumed that economic fact perceptions inform voters' competence attributions. These quantities, I argued in the theoretical section of this thesis, need however not be the same: voters might, for example, think that macroeconomic output declined, yet value the effort and policies of the party in

4.2 Applying the Theoretical Framework

office on preventing worse; voters might also observe that economic circumstances have changed to the positive but no attribute these changes to the competence of the incumbent (Bisgaard, 2015).

On September 16, 1992 (three months after re-entering office) the Conservative government was forced to withdraw the pound sterling from the European Exchange Rate Mechanism (ERM). Great Britain had joined the ERM in October 1990 and thereby agreed to keep the pound sterling within specified bands around a central rate relative to the *Deutsche Mark*. During 1992, however, various internal and external events caused a downward pressure on the pound sterling.² On September 15, 1992 several international investors started a massive sell-off of GBP, expecting that the British government would intervene to keep the pound sterling above its lower bound. After having repeatedly increased interest rates, Great Britain was ultimately forced to leave the ERM the next day, effectively devaluing its currency (Budge et al., 2007, 163-164).³ The sharp and unexpected increase in interest rates negatively affected the housing market and citizens' capacity to pay their mortgages; the British Treasury thus estimated the cost of Black Wednesday at £3.4 billion.

How did voters respond to Black Wednesday? Great Britain was in fact the only country that had to leave to ERM, after having joined the agreement only two years earlier. This was particularly challenging as Great Britain was holding the Presidency of the European Communities at the same time. Furthermore, several commentators argued that the fact that international investors could in principle determine the monetary policy of a country was particularly damaging to the reputation of the government. Various scholars thus hypothesized that "this crisis destroyed public confidence in the Conservative's capacity to handle economic affairs" (Budge et al., 2007, 163).

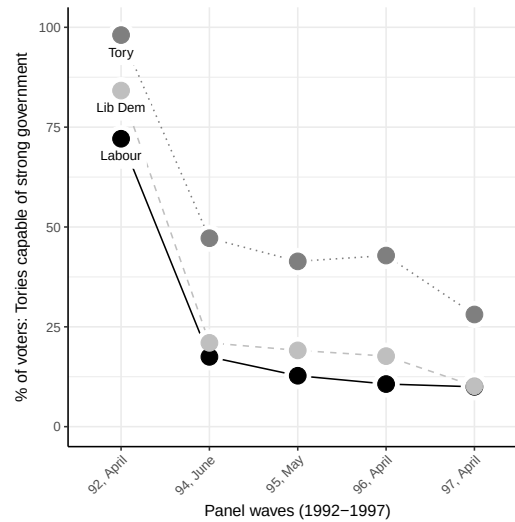
Figure 4.2 shows the development of whether the Conservatives are capable of

²At the beginning of 1992 the German central bank decided to increase interest rates as a response to rising levels of inflation due to increased public spending in the aftermath of German unification. Furthermore, various commentators argued that the central rate of the GBP (relative to the *Deutsche Mark*) was set too high to sustain, given the much higher level of inflation and weaker economic growth in Great Britain. A third reason was the devaluation of the US-Dollar, in which many British exports were priced. These factors pressured the GBP towards its lower bound at the beginning of 1992.

³See also the large difference in the pound sterling to US dollar exchange rate between the first and third quarter of 1992 in Figure 4.1

4 Black Wednesday and New Labour: How the Tories Lost Office in 1997

Figure 4.2: Valence Perceptions of the Conservative Party, 1992–1997



Note: The BES asked respondents the following question: “And on the whole, would you describe the Tories as capable of being a strong government”? This plot shows the percentage of 1992 Tory, Labour, Lib Dem voters who answered this question positively. The size of each dot indicates the number of respondents answering each question, the percentage of which answered the question positively is shown on the y-axis. Note that this question was not asked in May, 1993, October, 1995 and October, 1996.

Source: [Heath and Curtice \(1998\)](#)

providing a strong government (which I take as a measure of its competence) at various points between 1992 and 1997.⁴ For each panel wave, the dots indicate the percentage of 1992 Labour, Tory, and Lib Dem voters that indicated that the Tories were competent. For example, in April 1992 almost 100 percent of the Tory voters of 1992 agreed that the Tories were capable of being a strong government, compared to roughly 75 percent of the Labour voters. Between April 1992 (after the election but before Black Wednesday) and 1994 there is an obvious and substantial discontinuity: average approval of the Tory government drops from roughly 85 percent in 1992 to roughly 30 percent in 1994. This “valence shock” appears regardless of a

⁴Unfortunately, the British Election Panel study does not directly ask respondents to rate the macroeconomic competence of the incumbent during and after Black Wednesday. This question thus measures a broader conception of competence and captures voters’ general valence perception of the Tories. However, it seems plausible to assume that respondents’ more specific economic competence assessments play a major role in shaping their general valence assessment of the Tories.

4.2 Applying the Theoretical Framework

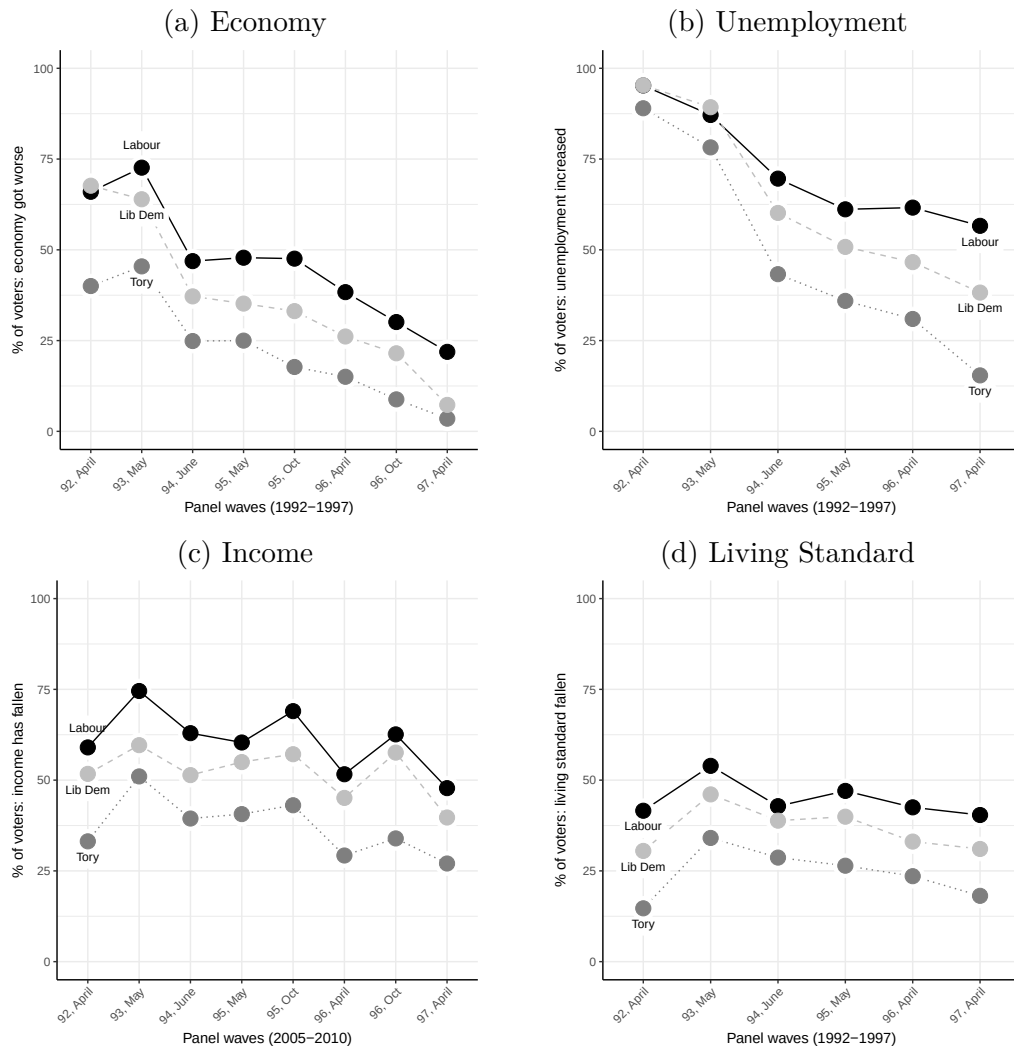
voters' prior partisan leanings; yet, it is the significant drop among prior incumbent-voters that is most important for the re-election chances of the Tories. Among prior Conservative voters almost 50 percent re-evaluated their initially very positive assessment of the Tories and no longer believed that their prior choice was able to form a strong government. Although there is no way to directly assess the impact Black Wednesday had on these substantial changes, it seems plausible to attribute a large portion of these changes to the events surrounding Britain's retreat from the ERM.

One decisive feature of voters' competence perception is that it remained stable between 1994 and 1997. In other words, Black Wednesday not only affected voters' assessment of the competence of the party in power, it also had a persistent effect and in the eyes of many voters the Conservative party never recovered from this early shock. This is particularly important as most voters clearly noticed that economic circumstances changed positively after 1993. In [Figure 4.3](#) I show how voters perceived their state of the economy as well as their personal financial situation over the election cycle: The left upper panel shows the percentage of voters who thought that the economy in general got worse during the last year (for each year between 1992 and 1997), conditional on which party a respondent chose in 1992. The right upper side shows the percentage of voters who thought that unemployment increased since the last election, again sub-set by prior voting behavior. The dots indicate the percentage of voters in each group who said that the economy got worse or that unemployment increased.

Responding to the actual development of the British economy, voters adjusted their initially pessimistic perceptions of the economy and arrived at positive evaluations in 1997. Across all relevant prior voter groups, most voters correctly recognized that the national economy was recovering and that unemployment was sinking. Most importantly, prior Tory voters held the most positive views regarding the state of the economy. This is important for two reasons: firstly, [Figure 4.3](#) shows that voters were largely correct in re-evaluating the state of the economy; this finding resonates with recent research that, given a clear enough economic signal, voters' factual perception tends to be less prone to biased learning ([Parker-Stephen, 2013](#); [Chzhen, Evans and Pickup, 2014](#); [Bisgaard, 2015](#)). In this sense, voters were not as unresponsive to new information regarding the state of the economy as various

4 Black Wednesday and New Labour: How the Tories Lost Office in 1997

Figure 4.3: Perceptions of Unemployment and Economic Circumstances, 1992–1997



Note: The BES asked respondents whether they think that the British economy improved (a), that unemployment in Britain decreased (b), that their household's income increased (c), and that their standard of living improved. This plot shows the percentage of 1992 Tory, Labour, Lib Dem voters who answered each of these question positively. The size of each dot indicates the number of respondents answering each question, the percentage of which answered the question positively is shown on the y-axis. Note that voters' perception of unemployment and living standard were not asked in October, 1995 and October, 1996. For details on the question wording and coding see the appendix.

Source: [Heath and Curtice \(1998\)](#)

scholars argue (see [Converse, 1964](#); [Zaller, 1992](#); [Bartels, 2002](#); [Gerber and Huber,](#)

2010). Secondly, voters' perceptions of the economy obviously gave them no reason to re-think prior voting. Based on their perceptions between 1992 and 1997 and from a standpoint of retrospective voting, most Tory voters should have stayed with the Tories. This is why the distinction between voters' view of the economy and their competence assessment is important.

The two lower panels of [Figure 4.3](#) show voters' perception of their own financial and economic situation, in particular their living standard and income. As for the two upper plots, each dot indicates the percentage of voters whose income or whose living standard has fallen. Like voters' macroeconomic perceptions, egocentric evaluations are clearly responsive and are adapted to the general economic circumstances: between 1992 and 1993 (immediately after Black Wednesday) many voters reported that their living standard as well as their income had fallen. However, it also becomes obvious that over the entire electoral cycle, the perceived personal financial situation of most remained stable and returned to its baseline level of 1992. Personally, most voters – and in particular most former Tory voters – did not report that they were worse off in 1997 than they were in 1992. Thus, while neither socio- nor egocentric perceptions provided previous Tory voters with a clear reason to abandon their prior choice, their perceived competence of the Tories clearly did.

As argued in part I, the key to understanding retrospective voting behavior might not lie in voters' factual perception, but might be found when looking at voters' competence attributions ([Duch and Stevenson, 2008](#); [Bisgaard, 2015](#)). In this sense, it is important to note that voters' fact perception and blame attributions might differ. This seems to be the case in 1997: while most voters correctly learned that general and personal economic conditions increased over the electoral cycle, a substantial portion of previous Tory voters altered their previously positive perception of the performance capacity of the Conservatives. The main goal of the following sections is thus to show that the fact that the Tories never recovered from the consequences of Black Wednesday provides the necessary condition of the substantial losses of the Tories in 1997.

4.2.2 New Labour: An Acceptability Shock

The second cornerstone of this thesis is that retrospective voting crucially depends on the supply of an acceptable alternative to the party in power. By “acceptable” I mean whether a voter could, in principle, imagine to voting for a certain party. Acceptability depends on various factors a voter deems relevant in politics, e.g. the policy stance and ideological background of a party, its leader, performance in office, or any other labels and images a voter attaches to this party (Lau and Redlawsk, 2006).⁵ As argued in part I, acceptability places an important constraint on retrospective voting. Prior supporters of the incumbent might blame the economic record, yet refrain from actually supporting the challenging party, if its policies, ideological stance, perceived competence, or any other factor renders this party a less attractive choice (van der Brug, van der Eijk and Franklin, 2007). In this sense, many voters might stick with the “lesser of two evils” (Groenendyk, 2012).

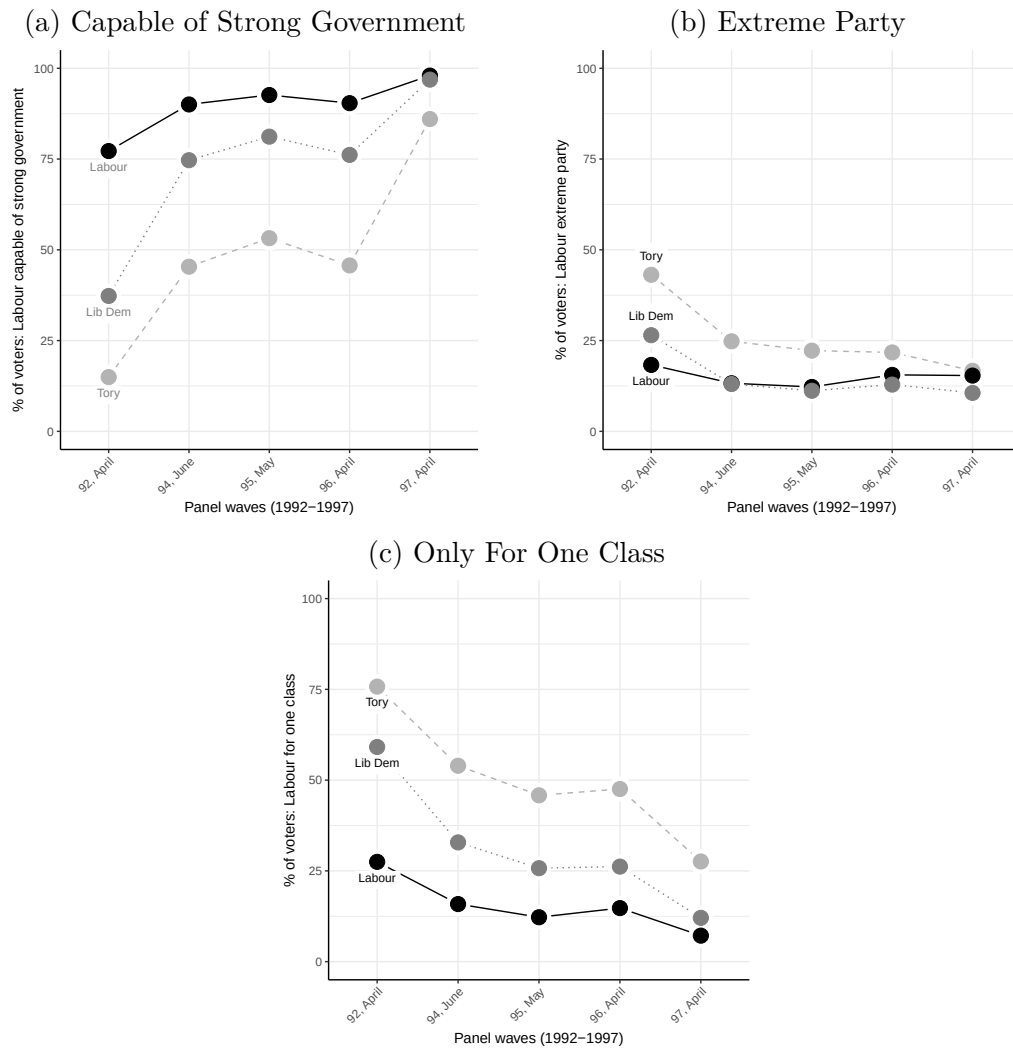
The 1997 election offers a unique opportunity to understand this relationship between electoral accountability and voters’ general party preferences. For between 1992 and 1997 not only the economy and voters’ competence assessment of the Tories changed; one of the major developments during this period of time was the reconfiguration of the main challenging party in Britain: the emergence of New Labour. In May 1994, John Smith (leader since 1992) suddenly died of a heart attack and on July, 21 1994 Tony Blair was selected as new leader of the Labour party. This marked the end of traditional socialist principles and rang in a period of re-positioning towards more centrist policies. Figure 4.4 shows how voters thought about Labour shortly before and after Tony Blair’s selection in July 1994.⁶ Until

⁵I thus make no assumption regarding the level of political sophistication of voters. For some voters parties might appear as not acceptable based on complex spatial reasoning, yet they might also appear non acceptable because a voter follows affect-laden labels attached to this party (Lodge and Tabor, 2013). In both cases the consequence remains the same.

⁶In 1994 95 percent of respondents were interviewed between June 1 and July 31 and 46 percent were interviewed before Tony Blair was selected as head of Labour. It is thus slightly surprising that many voters altered their view of Labour before Blair was selected. However, this might simply reflect that Tony Blair and his plans for Labour were already popular before he became head of the party. In fact, the two most promising candidates running for the position of party leader were Tony Blair and Gordon Brown. Although Gordon Brown was initially favoured, he willingly did not run for office given Blair’s popularity in the polls. Unfortunately, questions on competence are not available for 1993. It is thus not possible to establish empirically whether voters might have changed how they think about Labour before John Smith died or even in

4.2 Applying the Theoretical Framework

Figure 4.4: Perceptions of Labour, 1992–1997



Note: The BES asked respondents the following questions: (a) “And the Labour party nowadays, is it capable of being a strong government?”, (b) “[...] is it extreme?”, (c) “[...] is it good for one class?”. This plot shows the percentage of 1992 Tory, Labour, or Lib Dem voters who answered each of these questions positively. The size of each dot indicates the number of respondents answering each question.

Source: [Heath and Curtice \(1998\)](#)

then, Labour was seen by many voters as a traditionally socialist party, with its

response to Black Wednesday. Polls collected during this period, however, suggest that voters first became less satisfied with the Tories and then started to feel more positive towards Labour ([BBC-News, 2005, April 15](#)).

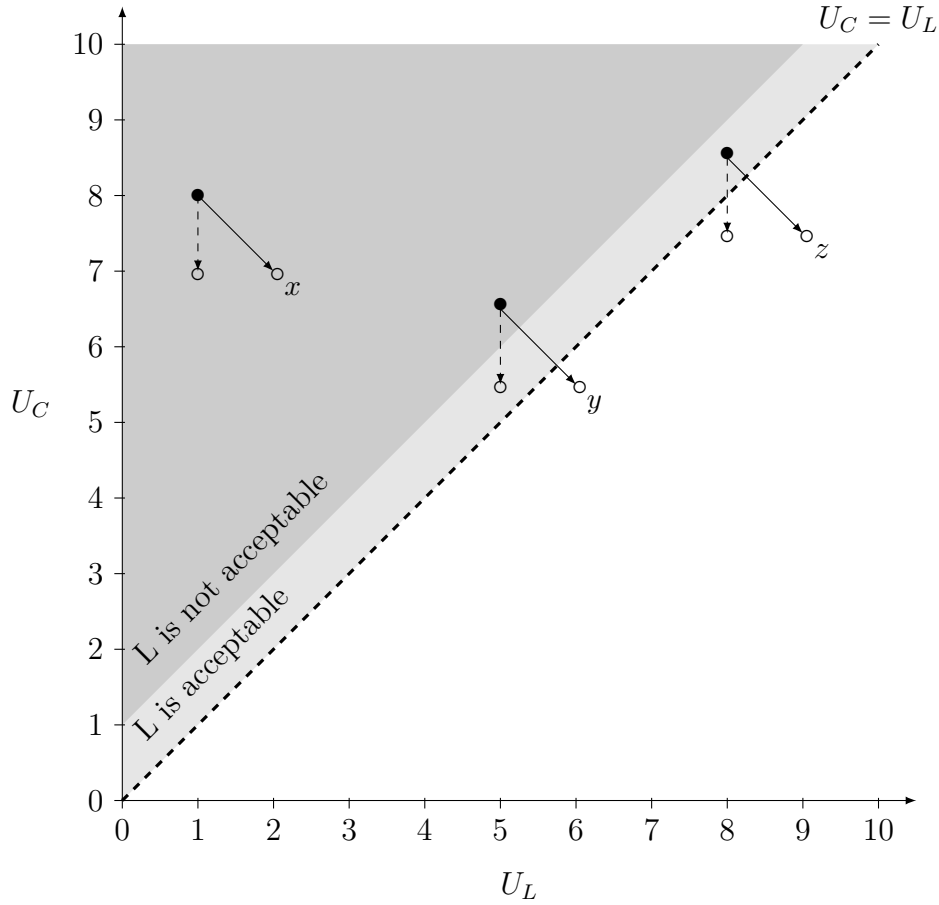
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main focus on working class voters. In particular, Clause IV of the party's constitution stated "the common ownership of the means of production and exchange" as main aim of the party. In an influential speech in 1995, Tony Blair abandoned this policy and, together with a renewed focus on issues such as education and fiscal responsibility, Labour re-established itself as "New Labour", targeting young, urban middle class voters (Johnston et al., 2000). Figure 4.4 shows that to voters Labour appeared more capable of providing strong government, less extreme, and caring about more than one class after 1994. Most importantly for the argument of this chapter, a large segment of prior Tory voters registered these changes as well. In other words, the largest opposition party in Britain might suddenly have become acceptable for many prior Tory voters.

The main goal of this chapter is to show that the selection of Tony Blair and the consequent reformation of Britain's main opposition party indicates an "acceptability shock", which – in combination with the "valence shock" affecting Tories' approval ratings – provided the basis of New Labour's landslide victory in 1997. The profound changes of Labour allowed voters who blamed the Conservatives for its economic record to actually change support in 1997. This is a major difference to, for example, the general election in 1992, in which many voters might have refrained from punishing the Tories for the economic downturn, because they regarded Labour as not acceptable. In this sense prior Conservative voters might have been able to pay the incumbent the costs of governing, because they found a substitute to their prior choice. In this chapter I thus aim to show that voters' capacity to *hold incumbents accountable increases if the opposition party becomes acceptable*.

In the Theory section (see Figure 2.3), I briefly discussed how the overall level of polarization and retrospective voting might be related. Figure 2.2 shows in more detail how the theoretical framework accounts for strategic changes of parties between elections. As before, a voter's location in this preference space indicates whether a party is acceptable or not; negative "valence" (or "competence") shocks are indicated by a downward arrow in this space. This illustrates that voters think less favourably about the Tories in 1997, because voters doubt the Conservative party's economic competence. The changes of Labour before the 1997 election, however, provide an additional source of movement in this space. This "acceptability shock" is indicated

Figure 4.5: Voting Decisions in the British Party System, 1992–1997



Note: U_i refers to the underlying preference a voter has for the incumbent Conservative party and challenging Labour. Voters in gray areas rank C highest; in the white area L is more popular. The thick dotted line indicates equal utility between L and C (indifference). Full dots refer to the location of a voter in 1992 and hollow dots refer to preferences in 1997. A vertical shift denotes an in- or decrease in preferences for C , a horizontal shift refers to an in- or decrease in support of L . Voters pick the highest ranked alternative and alter prior voting behavior if they cross the indifference line.

Source: adapted from [Groenendyk \(2012\)](#)

by the full arrows which move horizontally as well as vertically (and thus contrast with the dashed downward arrow which are expected if Labour remained as attractive as before). A voter such as x is expected to stick with the Tories. Although he or she thinks less favourably of the Tories and more positively about Labour compared to the previous election, the incumbent still appears like the more attractive

choice. A voter z is expected to punish the Tories and move to Labour. However, this punishment effect arises regardless of the re-positioning of Labour. This voter already was nearly indifferent between both parties and the “valence shock” suffices to alter prior voting. The difference that is introduced by New Labour is best understood by looking at voter y : this voter thinks less favourably about the Tories. However, it is the rising attractiveness of Labour that causes this voter to actually update prior voting. Had the challenging party not changed significantly, this type of voter might have refrained from punishing the Tories (dashed arrow). However, due to the re-positioning of Labour, the Tories no longer appear like the lesser of two evils and this voters is expected to switch support in 1997.⁷ Voters like y thus might have been the reason why the Conservatives lost so dramatically in 1997.

4.3 Empirical Analysis

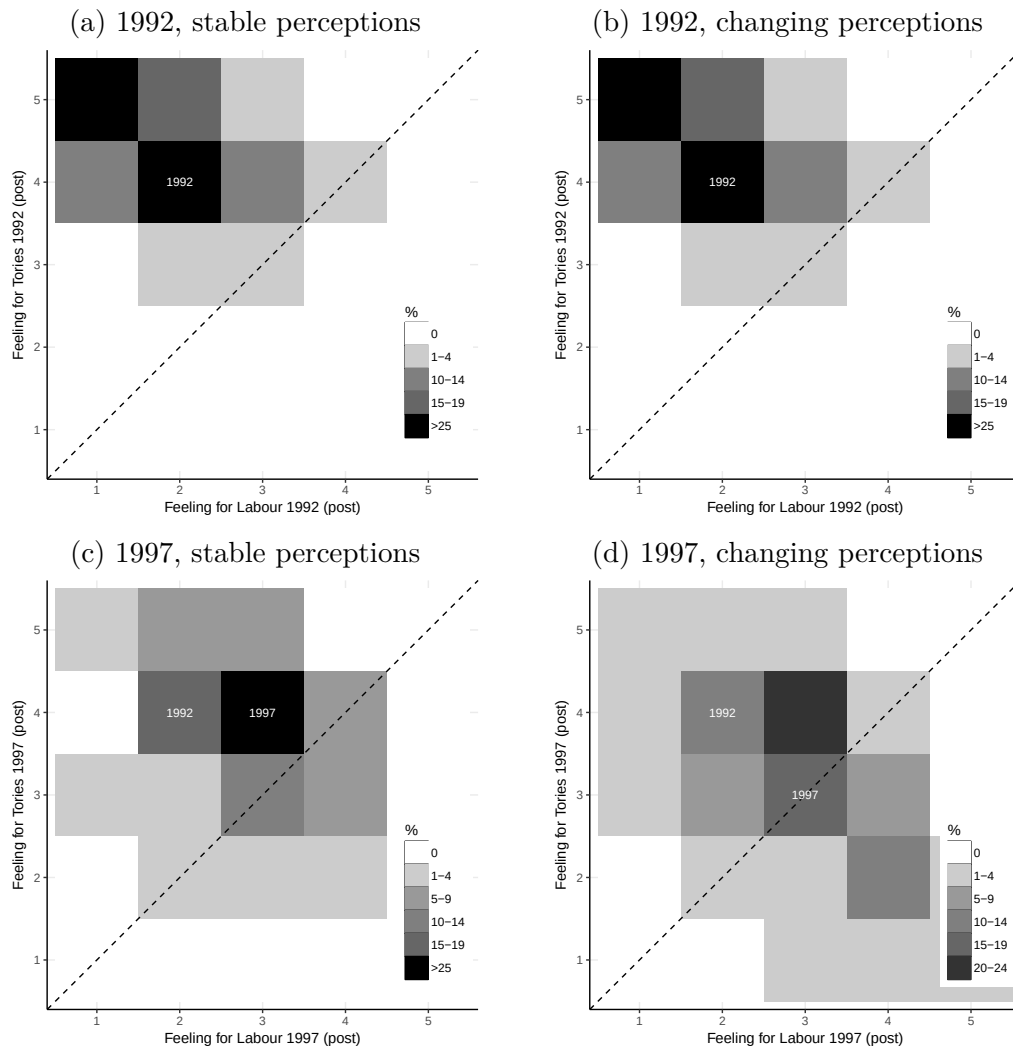
4.3.1 The Unconditional Competence Effect

I start by assessing the unconditional competence effect. This measures whether prior incumbent-voters who became dissatisfied with the Tories’ performance in office acted differently in 1997 than voters who remained satisfied with their prior choice. The unconditional competence effect thus estimates the impact of the valence shock irrespective of the acceptability and viability of the challenging parties. I use this effect as a baseline to better understand the impact of acceptability and viability on electoral punishment. The main idea is that if most voters who blame the Conservatives actually switch in 1997, there is strong evidence that electoral accountability is not dampened by voters’ preferences regarding the challenging parties. On the other hand, if this effect turns out to be marginal, an analysis of these two factors might shed light on the limits of retrospective voting.

In [Figure 4.2](#) I show that roughly 50 percent of the Tory voters of 1992 updated

⁷At this point it should be noted that I do not refer to New Labour in strictly spatial terms (i.e. its policy changes). Although it was certainly important that Labour changed its position on several policies, other factors might have been equally important in creating the appeal of New Labour. The selection of the young and charismatic Tony Blair certainly played a large role, as did a general shift in how Labour communicated, which helped to brush away its image as old-fashioned. Because of this indeterminacy, I rely on the general preferences of a voter towards each party and not a single component of these preferences.

Figure 4.6: Joint Preferences for Labour and the Conservative Party, 1992–1997



Note: The BES asked respondents in 1992 and 1997 how they feel about the Conservatives and the Labour party on a 1-5 like/dislike scale (“strongly against” to “strongly in favour”). Each plot shows the joint distribution of these two variables for 1992 (top) and 1997 (bottom) with grey shades indicating the percentage in each cell. Voters who did not blame the Tories after 1994 are shown on the left side (‘stable’); voters with changing perceptions are shown on the right side (‘changing’). The median of each distribution is highlighted by “1992” and “1997”, respectively.

Source: [Heath and Curtice \(1998\)](#); based on ([Eggers, 2014](#))

their earlier view of the capacity of the Tories to provide strong government in 1994 and no longer thought that their prior choice was capable of doing so. In the following I use this change between 1992 and 1994 as the main *independent*

4 *Black Wednesday and New Labour: How the Tories Lost Office in 1997*

variable, which is coded as 1 if a respondent changed his or her prior response and 0 if respondent behavior remained stable relative to its value in 1992 (see the Appendix for coding details). I focus on two different dependent variables: (a) party preferences in 1997 and (b) actual vote choice in 1997.⁸

Figure 4.6 shows voters' preferences for the Tories and Labour in 1992 (top) and 1997 (bottom), measured on a 1-5 like/dislike scale among voters who chose the Tories in 1992 (high values indicate strong support for a party). The idea behind Figure 4.6 is to directly mimic the expectations developed in Figure 4.5. The two plots on the left side show the preferences of voters whose perceptions of the Tories remained stable between 1992 and 1994 (voters who still think that the party in power is competent); the plots on the right side show the preferences of voters who altered prior perceptions and thus thought the Tories are incompetent after 1994. The two top plots show voters preferences for Labour and Tories in 1992; the two lower plots show preferences for both parties in 1997 among the same voters. Thus, plot (a) shows how voters who did not change their competence ratings in 1994 felt about Labour and Tories in 1992. Plot (b) shows how voters who did change their competence ratings in 1994 felt about these two parties. These two plots show how voters thought about Tories and Labour *before* they observed Black Wednesday. The distribution in 1992 is important for the validity of the comparison between voters with stable and changing perceptions, as both groups might already have been different in 1992; it thus serves as a baseline for the unconditional competence effect.

Plot (c) and (d) show voters' party preferences in 1997 and thus after the general election. The respective distributions highlight the unconditional competence effect: the more voters in plot (d) differ from voters in plot (c), the stronger the impact of the past competence shock. The competence effect is thus visualized by (the difference between) the differences in plots (a-c) and plots (b-d). In all four plots the coloring indicates the percentage of voters in each party-preference cell, i.e. graph (a) shows that more than 25 percent rated Labour at 1 and the Tories at 5 (meaning very low support for Labour and very strong support for the Tories). In every plot,

⁸As stated in previous chapters, party preferences and vote choice are different sides of the same coin, where the first essentially provides a more fine-grained measure of the second. See Section 2 for a discussion of why using both variables is important.

each uni-variate median is indicated by “1992” and “1997”, respectively.⁹ In the two bottom panels, the median for 1992 is additionally shown for easier reference. As for [Figure 2.2](#), the dotted line indicates indifference between both parties, with voters located above this line preferring $C > L$.

A comparison between plot (c) and (d) (relative to their respective baseline values in 1992) reveals that voters who changed their view of performance capacity of the Tories were clearly more likely to reduce support for this party than voters whose perceptions remained stable. For example, the area of this preference space, in which voters with strong preferences in favor of the Tories over Labour are located, becomes significantly less densely populated in plot (d) than in plot (c). In a similar vein, many voters in plot (d) are located below the indifference line in 1997, which indicates that their preferences for the Conservatives over Labour had effectively changed; in plot (c) however, this trend is substantially weaker, implying that voters’ preferences remained comparatively stable between 1992 and 1997. A comparison of the median preferences furthermore indicates that voters with changing competence attributions reduced support for the Tories by roughly one scale point (on a 1-5 point scale), while voters with stable views remained virtually unchanged in their support for the Tories.¹⁰ Overall, [Figure 4.6](#) strongly supports the notion of an unconditional competence effect.

There are, however, two important concerns with the evidence presented in [Figure 4.6](#): First, the association between changes in preferences and changes in competence might result from the influence of confounding variables (i.e. variables affecting both the exposure variable as well as the outcome of interest) and, secondly, there are concerns regarding reversed causality (i.e. respondents might first alter the outcome variable and then adjust their treatment status). In order to mitigate the impact of these two concerns, I rely on the temporal structure of the data and use the lagged values and lagged changes of the dependent variable in the following

⁹Given the scale of the variable the median seems like a more suitable summary measure. The arithmetic means for each graph are: (a) Tory = 4.38, Labour = 1.81; (b) Tory = 4.24, Labour = 1.82; (c) Tory = 3.82, Labour = 2.74; (d) Tory = 3.17, Labour = 3.05 and thus support a similar interpretation.

¹⁰There is also a clear increase by roughly one scale point in favor of Labour in both groups, which indicates that Labour might have turned into an acceptable alternative for many prior Tory voters. I will turn to this important aspect of the 1997 general election in the next section.

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regression models.

The main *independent* variable in all four models is (as before) whether a respondent changed his or her view of the competence of the Tories between 1992 and 1994 (indicated as Δ Competence Tories_{94–92}).¹¹ Ideally, I would measure competence changes in 1993 and thus shortly after Black Wednesday. This question, however, is not available for this panel wave. In models 1 and 2 of Table 4.1 the *dependent* variable is voters' preferences for the Tories in 1997 (after the general election), measured on a 1-5 scale with high values indicating strong feelings towards this party.¹² In both models I control for prior preference strength (Feeling Tories₉₂), which is measured on the same 1-5 feeling scale. The idea behind this approach is that prior preferences for the party in power might act as a powerful confounding variable, in that it might have an impact on whether a voter is willing to perceive the competence of this party negatively and will also determine the value of this variable in 1997.¹³ It is thus necessary to statistically adjust for this variable. Furthermore, I control for changes in preferences between 1992 and 1994 (Δ_{w3-w1} Preferences_C).¹⁴ The idea here is to account for all time-varying variables that might have changed between 1992 and 1994. For example, voters might have changed their issue position on an important topic and thus perceived the Tories less positively in 1994 than two years earlier. When re-interviewed in 1994, the same voter might have wanted to appear consistent within the interview and thus also may have changed his or her view of the competence of Labour. That is, voters might have changed the dependent variable before changing the independent variable. In order to block the influence of these time-varying variables I thus control for prior changes in the dependent variable between 1992 and 1994. In model 2 I control for additional variables. These variables and their coding are described in the appendix. My approach hereby is to sequentially include each of these variables and record their effect on the treatment effect. Model 2 represents a model with all control variables included

¹¹The distribution of this variable can be read off Figure 4.2.

¹²This variable has already been used on the y-axis in Figure 4.6.

¹³In Chapter 7 I analyze the treatment selection process and the role of prior preferences in more detail.

¹⁴As noted in the appendix, preferences are not asked in wave 2 (1992). However, I rely on a similar question which measures how strongly a voter leans towards the Conservative party. The results are robust if changes in this variable between wave 1 and wave 2 are included in the regression model.

(thus, the drop in observed respondents).

In models 3 to 5 the *dependent* variable is reported vote choice in 1997, coded as 1 if a respondent altered vote choice (i.e. he or she chose Labour, Lib Dem, another party, or abstained) and 0 if a respondent reported to have voted again for the Tories. Note that all models include only prior Tory voters; the dependent variable in the last three models thus can be interpreted as vote-switching. Regarding lagged changes I follow the same approach as before and include voting intentions in 1993 (model 3 and 4) and 1994 (model 5).¹⁵ These are coded as 1 if a voter indicated he or she currently plans to vote against the Tories in the next general election and 0 if he or she intends to stick with the Tories. I furthermore include prior preferences for the Tories (Feeling Tories₉₂) and in model 4 I include a series of additional control variables. All models are estimated as OLS models; results remain the same if an ordinal (model 1 and 2) or logistic regression model (model 3 to 5) is used.

Model 1 and model 2 support the finding shown in [Figure 4.6](#): Voters who started to doubt the competence of the Tories reduce their support for this party by roughly .20 scale points (on a 1-5 point scale). This is a substantial impact, given that the statistical model in [Table 4.1](#) accounts for the prior value of support for the Conservative party (Feeling Tories₉₂) as well as prior changes in feeling for this party until 1994 (Δ Feeling Tories₉₄₋₉₂). I am thus confident to conclude that the events surrounding Black Wednesday and its impact of voters' perception of the competence of the Tories affected the standing of this party negatively among its prior supporters.

Models 3-5 partly support the idea of an unconditional competence effect on vote-switching: In models 3 and 4, in which I use changes in voters' voting intentions between 1992 and 1993, I find a statistically significant competence effect of substantial magnitude. Based on these estimates, the Tories lost roughly eight percentage points due to voters doubting the Tories' performance capacity. This is an effect of considerable size, given that the party overall lost 12 percentage points between 1992 and 1997. This effect, however, drops to roughly two percentage points and is thus indistinguishable from the null hypothesis, if I control for prior changes in

¹⁵Model 3 and 4 thus leverage a four-wave panel test in which I measure changes in the dependent and independent variables in two different waves. Note also that Black Wednesday and its economic effects were visible before the 1993 panel wave.

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Table 4.1: OLS-Regression: Unconditional Competence Effect, 1992–1997

	Dependent variable				
	Preferences Tories ₉₇	Voting Switching ₉₇			
	Model 1	Model 2	Model 3	Model 4	Model 5
Δ Competence Tories _{94,92}	-0.202** (0.072)	-0.204* (0.082)	0.076* (0.037)	0.076+ (0.042)	0.020 (0.037)
Feeling Tories ₉₂	0.673** (0.062)	0.640** (0.070)	-0.075* (0.032)	-0.075* (0.035)	-0.067* (0.031)
Δ Feeling Tories _{94,92}	0.462** (0.037)	0.451** (0.041)			
Δ Voting Intention _{93,92}			0.414** (0.040)	0.410** (0.043)	
Δ Voting Intention _{94,92}					0.399** (0.038)
Additional Controls		✓		✓	
Observations	600	513	604	524	671
R^2	0.339	0.355	0.216	0.236	0.195
Adjusted R^2	0.336	0.332	0.212	0.215	0.191

+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses)
Note: model estimated among 1992 Tory voters

voting intentions until 1994 (Δ Voting intentions_{94–92}). This, however, does not necessarily imply that voters' changes in competence perceptions were not responsible for the losses of the Tories: First, model 5 leverages a very conservative test, in that it rules out that changes in the independent and dependent variable occur during the same period of time. Secondly, and more importantly, the unconditional competence effect might mask that the electoral response of voters was contingent on the supply of an acceptable and viable alternative. That means that within the group of voters who became dissatisfied with the Tories' competence there might be important heterogeneity regarding their view of the challenging parties. I thus turn now to the analysis of which voters were willing to punish the incumbent and which voters were not.

4.3.2 The Effect of Acceptability and Viability

In this final section I turn to which voters were driving the losses of the incumbent party. To this end I exclusively focus on voters whose competence perception of the governing party changed between 1992 and 1994 and thus had a reason to re-think prior voting behavior. The goal is to understand what factors held them back from moving away from the Tories and supporting one of the challenging parties. In particular, I focus on whether the prospect of having to vote for Labour (in order to punish the ruling Conservative party) limited voters' electoral response in 1997.

As argued in the previous section, the general election of 1997 might have been different in this regard, as the Labour party changed profoundly after 1994, when Tony Blair became new head of the Labour party. In this sense, Labour might have turned into an acceptable alternative for many previous Tory voters. This change in party preferences in favor of Labour is already visible in [Figure 4.6](#). Recall that this plot shows the joint preferences for Labour and Tories among supporters of the Conservative party in 1992. Focusing on plots (a) and (b), it becomes obvious that most of these voters have had clear-cut preferences in favor of the Tories (their prior choice) over Labour: most voters were located in the upper-left corner, which indicates that they strongly preferred the Tories, but had only little sympathy for the Labour party. This preference strength is also indicated by the median of the joint distribution, which is at 4 (Tory) and 2 (Labour) and thus reflects the general pattern of party competition in Great Britain of the 1980s and early 1990s.

In 1997, however, these preferences change substantially: not only does voter support for the Tories decrease (as discussed in the previous section), support for Labour also significantly increases. In plots (c) and (d) median support for Labour increases by approximately one scale point (on a 1-5 scale).¹⁶ This increase in support happens independently of whether a voter became dissatisfied with the competence of the Tories between 1992 and 1994 (plot d) or not (plot c). For the argument of this chapter this is an important finding, because it reflects a general growth of support for Labour among all prior Tory voters.¹⁷ It is also important

¹⁶The important difference between plots (c) and (d), as shown in the past section, is obviously that support for the Tories diminishes in plot (d), but not in plot (c).

¹⁷Recall also the analysis in the previous section, in which I show that voters clearly changed their view of Labour with regard to its class-focus, extremeness, and general performance capacity.

to note that Labour is the only challenging party for which voter support increases: [Figure 4.8](#) (shown in the Appendix) depicts the same information as [Figure 4.6](#), but with voters' preferences for Lib Dem instead of Labour on the x-axis. It shows that average support for the Liberal Democrats (the second most important challenging party in Great Britain at that time) increases only marginally. In both plots for 1997, median support for the Liberal Democrats remains virtually the same as in 1992. Thus, while Lib Dem was clearly more preferred by most prior Tory voters in 1992, the support for Labour increased substantially between 1992 and 1997. Having established that Labour became an acceptable alternative, I now ask whether voters would have acted differently if Labour had not transformed into New Labour?

Research Design

To understand this question I rely on the multi-party nature of the party system of Great Britain ([Eggers, 2014](#)). This approach relies on the fact that the chances of winning a seat differs substantially in many constituencies of Great Britain. Many British constituencies are, in fact, dominated by one party that is unlikely to be replaced by a challenging party. Other constituencies are battlegrounds between Labour and Tories, while a smaller amount of constituencies are races between the Tories and the Liberal Democrats.¹⁸ In some constituencies, prior incumbent-voters will thus have the best chance of replacing the Tories by voting for Lib Dem and in other constituencies, Tory voters of 1992 will have the best chance of replacing their prior choice by voting for Labour.¹⁹ In particular, I define three constituency types:

- Only Tories are viable: these are constituencies in which only the Tories have a realistic chance of (re-)winning this seat. Based on actual voting behavior in 1992, these are districts in which the Tories had a lead of 10 percentage points or more to the second most successful party (regardless of it being Labour

These perception changes thus seem to have translated into a more favourable rating of Labour.

¹⁸For Scotland and Wales I include the Scottish National Party (SN) and Plaid Cymru (PC), which play a similar role as Lib Dem.

¹⁹Including Lib Dem in the analysis does not only have methodological advantages. As mentioned in the introduction, Lib Dem doubled its prior seat share in Westminster by winning majorities in constituencies previously held by the Tories. Thus, in 1997 the British party system clearly was no two-party system and including the Liberals in the empirical analysis is of major importance in understanding the dynamics of this political system.

or Lib Dem). In the Appendix I show that the results are robust to using a different cut-off.

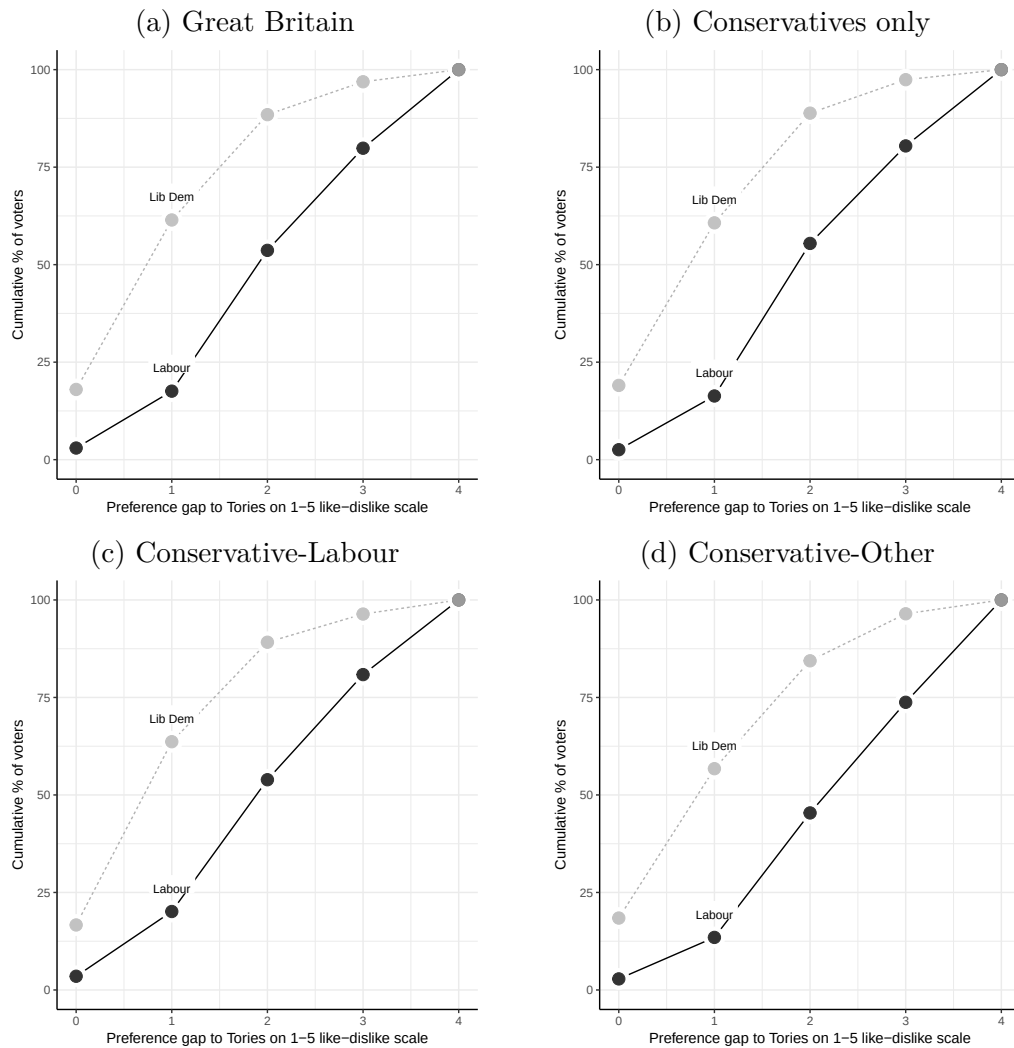
- Labour-Conservative battlegrounds: these are constituencies in which both Labour and Tories have a realistic chance of winning, but third parties (e.g. Lib Dem) are unlikely to win this seat. This type thus comprises constituencies in which Labour held a maximally 10 (percentage) point lead over the Tories or vice versa. I also add safe seats of Labour. These are constituencies in which Labour is the only viable party (i.e. they led by more than 10 percentage points in 1992 over any other alternative). The logic behind combining Labour-Tory battlegrounds and Labour safe seats is that in both constituency types Labour but no other challenging party is viable. A prior Tory voter could thus replace his or her prior choice with Labour.
- Other-Conservative battlegrounds: this constituency type is defined in the same way as Labour-Conservative battlegrounds, only with Labour replaced by Lib Dem. I also include constituencies in which the Scottish National Party or Plaid Cymru have a realistic chance of winning. Tories and one of these smaller challenging parties are within maximally 10 percentage points, while Labour has no realistic chance of winning. I also include constituencies which are safe seats for one of these smaller parties, although these are rare. The idea behind this coding is, again, that voters unhappy with the Tories could replace this party with one of the smaller, more centrist challengers, while most voters in these constituencies will regard Labour as not viable.

The idea behind this approach is that prior Tory voters generally prefer Lib Dem (or SN and PC) over Labour. [Figure 4.7](#) shows the average party preference gap between the Conservative party and Labour (black lines) or Lib Dem (gray lines) for Great Britain and each constituency type defined above. The x-axis measures how much more a 1992-Tory voter prefers the Tories over the two challenging parties on a 1-5 like/dislike scale. Thus, this variable ranges from zero (both parties are equally attractive) to 4 (a voter is “strongly in favour” of the Tories but “strongly against” the challenging party).²⁰ The y-axis shows the cumulative percentage of respondents

²⁰There are respondents who rate Lib Dem more positively than Tory, although they voted for

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Figure 4.7: Preferences for the Challenging Parties in Constituency Type, 1992–1997



Note: The BES asked respondents how they feel about the Conservatives, the Labour party, or the Liberal Democrats on a 1-5 like/dislike scale (“strongly against” to “strongly in favour”). In each graph the black line shows the cumulative percentage of voters who rate the Labour party at a certain interval to the Tories in 1992. The gray line shows the percentage for voters’ ranking of Lib Dem relative to the Tories. If voters preferred one challenger over the Tories I recode this to 0. The scale on the x-axis thus reads as: 0 = both parties are rated the same (or challenger is preferred over Tories), 1 = Tory is rated one unit above the challenger, and so on. Preferences are measured in wave 1 (April 1992).

Source: [Heath and Curtice \(1998\)](#); based on [\(Eggers, 2014\)](#)

the Tories. I recode these respondents to zero for easier interpretation. The main implication

who rate each pair of parties within a certain range. For example, in plot (a) roughly 20 percent of Tory-voters in Great Britain rated Lib Dem as favourably as the Tories (so the preference gap becomes essentially zero); furthermore, roughly 40 percent rated Lib Dem one unit below the Tories on a 1-5 like/dislike scale or are indifferent. However, roughly five percent of 1992-Tory voters rate Labour as high as the Tories and only 20 percent rate these two parties within one scale point or fewer. In Great Britain as a whole, prior Tory voters thus see Lib Dem as their second-most preferred party. For the validity of this research design it is, furthermore, important that voters' preference structure does not depend on the constituency type. Plots (b) - (d) of [Figure 4.7](#) thus show the party preference gap for 1992-Tory voters living in a constituency in which only the Tories are viable (b), in which Labour, but no other challenger is viable (c), or in which Lib Dem is viable, but Labour is not (d). It becomes obvious that party preferences are remarkably similar.²¹

This pattern is present in all election studies in this thesis and the general expectation based on this pattern is that moving to Lib Dem should be easier than moving to Labour. That is, one would expect that a Tory-voter, who after Black Wednesday thinks the incumbent is incompetent, would rather replace this party with Lib Dem than with Labour ([Eggers, 2014](#)). This implies that more voters should be following the retrospective voting rule in constituencies in which Lib Dem is viable (because Lib Dem is an acceptable alternative) than in constituencies in which Labour is viable, because voting for Labour is – in terms of the theoretical framework of this thesis – not acceptable. The 1997 general election, however, is a special case in this regard: with the selection of Tony Blair, Labour might have become an acceptable alternative to many 1992-Tory voters. I visualize this change in [Figure 4.9](#) in the appendix. This figure shows the same information as [Figure 4.7](#) but preference gaps are now measured in 1995 (after Black Wednesday and the selection of Tony Blair).²² There are two striking patterns: First, roughly half of the

that these respondents feel positively about Lib Dem but not about Labour is obviously not affected by this coding decision.

²¹The arithmetic means for the preference gap between Tories and Labour are: UK = 2.46, Cons only = 2.45, Cons-Lab = 2.42, Cons-other = 2.64. The arithmetic means for the Tories and Lib Dem are: UK = 1.35, Cons only = 1.33, Cons-Lab = 1.34, Cons-other = 1.43. Differences are not statistically significant.

²²Results look similar when I measure preferences in 1994 during the selection process of Tony Blair. Here I use measurements from 1995, so voters have observed most of the chances of the

past Tory voters indicate they are indifferent between their last choice and one of the challenging parties. That is, the gap in preferences between Tories and either Lib Dem or Labour has become zero. Note that this decrease in preference strength most likely reflects the decrease in support for the Tories in response to the events surrounding Black Wednesday. Secondly, Labour is now almost equally attractive as Lib Dem. About 75 percent of past Tory voters indicate they rate the Lib Dems as high or only one unit below the Tories; yet, this proportion is almost equally large for the preferences between Tories and Labour. As argued before, there is thus strong evidence that for many Tory voters of 1992 Labour has become an acceptable alternative.

Expectations regarding the amount of vote-switching should thus be adapted. Voters might be as willing to move away from the Tories in constituencies in which Lib Dem, a party that already was acceptable in 1992, is viable as in constituencies in which Labour is viable, because it *became* acceptable after 1994. I therefore expect that vote-switching among prior Tory voters, who no longer think that this party is competent, should be lowest in “Conservative only” constituencies and be substantially higher in both constituency types that include a viable challenger, regardless of whether this challenger is Labour or one of the smaller parties. If this is the case, there is strong evidence that in 1997 voters were no longer repelled by the prospect of having to vote for Labour.

Empirical Results

In [Table 4.2](#) I show the results of three regression models with vote-switching in 1997 as dependent variable (coded as 0 if a voter picks the Tories again and 1 if he or she votes for another challenger or abstains).²³ The main independent variable is the constituency type (as defined above), with voters in constituencies in which only the Tories are viable as reference category. Note that all three models are estimated

Labour party.

²³This coding does not rule out that voters living, for example, in Other-Conservative constituencies actually voted for Labour and not for Lib Dem. I opted for this approach for efficiency reasons and to avoid the loss of additional respondents. In constituency type Labour-Conservative, however, Labour is the mode category and in constituency-type Other-Conservative it is the Liberal Democrats. Below I discuss a slightly different approach to this problem that relies on all past Tory voters, regardless of how they rate the party's competence.

only for voters who changed their mind on the competence of the Tories until 1994 and who thus have a reason to punish the Conservative party.²⁴ In model 1 I only include constituency type as main independent variable. In model 2 I control for prior support for the Tories (Feeling Tories₉₂) and lagged changes in voting intentions (Δ Voting intentions₉₄₋₉₂), coded in the same way as for the unconditional competence effect. Results remain the same if changes in voting intentions between 1992 and 1993 are used (although the p-value increases to 0.14 due to the reduced sample size). Effect size is also unaffected when I recode voting intentions in 1994 into more categories (stay with Tories, move to Labour, move to other challenger, plan to abstain). For model 3 I reduce the sample to drop Scottish constituencies (leaving England and Wales). This is because the boundaries of several constituencies in Scotland were redrawn before the general election of 1997, which might have moved voters to different constituency types between 1992 and 1997. For easier interpretation I again estimate all models via OLS and note that effects remain statistically below a p-value of .10 if a logit specification is used.

In all three models I find a substantially large effect for voters living in Conservative-Labour constituencies: These voters are on average nine to ten percentage points more likely to move away from their prior choice than voters whose viability set is limited to the Tories only (the reference category). The results are obviously not strong from a statistical standpoint and fail to reach conventional levels of significance (all p-values are however below .1). It is nonetheless important to note that [Table 4.2](#) offers a very conservative test with high internal validity and a clear manipulation of the main independent variable. It also introduces a considerable amount of noise due to the coding of the constituency types, which reduces the efficiency of the estimate. Secondly, it is important to note that the effect sizes are of substantial magnitude when it comes to shifting support between two elections: An average loss of ten percentage points due to the characteristics of the constituency is a very powerful indication that the supply of the political alternative shapes voters' retrospective voting behavior.

Interestingly, voters were not more likely to punish Tories in constituencies with

²⁴I also estimated the interaction between competence changes between 1992 and 1994 and constituency type. Main and interaction effects are in the expected directions, although not statistically significant.

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Table 4.2: OLS-Regression: Constituency-Specific Effect, 1992–1997

	Dependent variable: Voting Switching ₉₇		
	Model 1	Model 2	Model 3 (England only)
Constituency Type ₉₂	Reference Category: Cons Only		
- Cons-Lab	0.110 ⁺ (0.056)	0.086 ⁺ (0.051)	0.097 ⁺ (0.058)
- Cons-Other	0.004 (0.086)	0.009 (0.079)	-0.095 (0.126)
Δ Voting intentions _{94–92}		0.383** (0.051)	0.353** (0.058)
Feeling Tories ₉₂		-0.107* (0.043)	-0.063 (0.049)
Constant	0.448** (0.039)	0.666** (0.191)	0.498* (0.217)
Observations	361	358	285
R^2	0.012	0.183	0.156
Adjusted R^2	0.006	0.174	0.144

⁺ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses)
Note: model estimated among 1992 Tory voters who report in 1994 that this party is not competent.

one smaller party as viable alternative than areas where the Tories were the only viable alternative. This matches the actual outcome of the 1997 election in which Lib Dem and the smaller challenging parties increased their vote share only marginally (Lib Dem, in fact, lost one percentage point relative to 1992). It is thus not surprising to find that in the BEPS sample only few previous Tory voters switched in constituencies in which these parties had a chance of winning a seat. However, it also highlights an obvious drawback of my approach: Because smaller parties such as Lib Dem were not particularly strong in 1992, the amount of constituencies in which these smaller parties are strong, but Labour is not is limited. Therefore, the amount of respondents in this type of constituency is also small. Findings regarding vote-switching in these constituencies are thus weaker from a statistical standpoint.

In order to partly mitigate this problem I estimate a multinomial logit model among all 1992 Tory voters. The dependent variable is coded as 0 if a voter reports

that he or she voted for the Tories in 1997, 1 if a voter chose Labour, and 2 if a voter chose one of the smaller challengers. Constituency type is, as before, the main independent variable. The main advantage of this approach is that it preserves roughly half of the respondents, while its obvious disadvantage is that it does not distinguish between voters who have a reason to switch (because they think the incumbent is incompetent) and voters who have no such reason. However, in the previous section I established that voters who think the Tories are incompetent are more likely to switch votes; thus, these two findings might be combined to form a more complete picture of the constituency-specific effects.

The results of this model are shown in [Table 4.5](#) in the appendix. I find that the probability to select Labour over the Tories (base outcome) increases statistically significantly only between Tory-only and Labour-Conservative battlegrounds. That is, if I could move one 1992 Tory voter from a constituency in which only the Tories are viable to a constituency in which Labour and Tories are competing for a seat, this voter's probability of defecting to Labour would increase. I find no statistically significant effect for the other comparisons. Thus, it seems that there is evidence that the losses of the Tories were driven mainly by voters living in areas where Labour was viable.

I tackle this problem also from another perspective: in [Table 4.6](#) I present evidence from two OLS-regression models of all voters who in 1992 did *not* vote for Labour (i.e. these voters chose the Tories, Lib Dem, SNP, or PC, or abstained). The dependent variable is coded as 1 if one of these voters actually votes for Labour in 1997 and 0 if a voter chooses a party other than Labour. That is, I model defection to the main challenger (i.e. Labour) in 1997. The main independent variables are:

- Changes in perceived incumbent competence coded as 1 if a voter revised his or her beliefs from competent to incompetent and 0 if a voter remains convinced that the Tories are competent. Additionally, I include the lagged value of this variable from 1992.
- Past voting behavior with four categories (voted for the Conservatives, voted for the Liberal Democrats, voted for one of the smaller challengers, or abstained.)
- Whether a respondent lives in a constituency in which Labour is viable using 10

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percentage points as cut-off. For this variable I thus combine the constituencies in which Labour holds a safe seat, Labour-Conservative battlegrounds, other-Labour battlegrounds, and constituencies in which three parties are viable into one category. The second category combines constituencies in which only the Tories, only one of the smaller challengers are viable and Tory-other battlegrounds. This variable thus indicates whether Labour has a realistic chance of winning or not.

- Prior support for Labour measured on a 1-5 like/dislike scale.

In model 1 I include all variables in a linear fashion, in model 2 I estimate the interaction between past voting behavior and changes in incumbent competence. In both models I find that prior non-Labour voters are more likely to move to Labour in 1997 if they revised their verdict regarding the competence of the Tories. This suggests that the competence shock related to Black Wednesday cost the Conservatives not only votes among their own supporters, but also caused a general movement to Britain's main opposition party. Furthermore, I find that voters in constituencies in which Labour is unlikely to win a seat in 1997 are roughly 10 percentage points less likely to move to Labour than voters in constituencies in which Labour is viable. Most importantly, I find no evidence that prior supporters of the Conservative party are less likely to move to Labour than 1992 voters of Lib Dem, other parties, or non-voters. This is remarkable, because moving to Labour should be easier for supporters of Lib Dem or other challengers than for Tory voters, given the evidence of their preference strength I presented in this chapter. Overall, both additional analyses increase my confidence that 1992-Tory voters were no longer repelled by voting for a party in 1997 that in 1992 certainly appeared as a not acceptable choice to many Conservative voters.

4.4 Conclusion

The general election of 1997 was preceded by two major events: First, the incumbent Conservative party was confronted with the events surrounding Black Wednesday. As many commentators argued before, the sudden and unexpected forced retreat from the European financial facility caused a competence shock for the incumbent

Conservatives and I present strong evidence that this competence shock was indeed partly responsible for the large losses of the Tories in 1992. The second major event before the 1997 election was the profound change of Labour after Tony Blair became head of the party. I argue and show empirical evidence that Labour indeed became more popular among 1992 Tory voters and turned into an acceptable alternative for many of these voters.

The main idea of this chapter was to combine these two events. In particular, I argue that while the competence shock in the aftermath of Black Wednesday provided voters with the necessary condition to hold the incumbent accountable, the emergence of Labour provided these voters with an acceptable alternative. Jointly, these two shocks provide the basis of the landslide victory of Labour and the crushing defeat of the Tories. I bolster this argument by showing that 1992 Tory voters were most willing to move away from their prior choice in constituencies in which Labour (but no other challenging party) had a realistic chance of winning. I take this as evidence that voters were not repelled by the outlook of supporting a foremost socialist and left-leaning party and thus of the accountability-enhancing effect of New Labour. In particular, this chapter aimed to show that electoral accountability might increase, once the strongest challenger becomes acceptable.

Ideally, I would compare voters' reaction in 1997 to their voting in the 1992 general election. This election was preceded by a major economic recession (see [Figure 4.1](#)), yet the incumbent Conservative party managed to survive. One obvious reason why the Tories did not loose office in 1992 could then be that Labour was not yet an acceptable alternative. Unfortunately, the panel data available for the 1987–1992 cycle do not include the main variables that are of interest for this question and lack panel waves between the two elections. However, I will try to partly address this question in the following chapter in which I study the electoral response of 2005 Labour voters to the 2008 financial crisis when at the same time confronted with the rising attractiveness of the (now challenging) Conservative party under David Cameron.

4.5 Appendix

4.5.1 Data and Variable Description

This chapter uses data from the 1992–1997 British Election Panel Study (Heath and Curtice, 1998). The BEPS conducted eight waves of interviews between the general election of 1992 (9 April, 1992) and the general election of 1997 (1 May, 1997). Table 4.3 gives an overview of the fielding period as well as the mode of interview. In the following, I also give an overview of the coding of variables used in the regression models presented in this chapter and from which panel wave they are taken.

Table 4.3: Overview of Panel Waves, 1992–1997

Panel wave	Field time	Modus
Wave 1	after general election, April 9 1992	f2f (& self-completion)
Wave 2	after local elections, May 6 1993	phone (& postal)
Wave 3	after EP elections, June 9 1994	f2f (& self-completion)
Wave 4	after local elections, May 4 1995	f2f (& self-completion)
Wave 5	after party conference season, October 13 1995	phone (& postal)
Wave 6	April 1996	f2f (& self-completion)
Wave 7	October 1996	phone (& postal)
Wave 8	after general election, May 1 1997	f2f (& self-completion)

Voting behavior and intentions

Voting behavior is measured after the general election of 1992 (wave 1) using the following question: “Which party did you vote for in the general election?” For most analyses in this chapter I use only respondents that indicate that they vote for the Conservative party. I measure changes in voting intentions in 1993 (wave 2) using the following question: “And if there were an election tomorrow, which political party do you think you would be most likely to support?”. I recode this variable as 1 if a voter reports a different party, reports to that he or she plans to abstain, or that he or she is currently undecided; it takes the value 0 if a respondent remains with the Conservative party. This measures changes in voting intentions after Black Wednesday but before the death of John Smith.

I measure this variable also in wave 4 (1994), where a slightly different wording was used: “If there had been a general election on the 9th of June [the date of the European Parliament election], which political party do you think you would have been most likely to have voted for, or do you think you would not have voted?”. I again assign respondents whose voting intentions do not differ from their voting behavior in 1992 a value of 0 and a value of 1 if they report that they intend to vote for a different party, are undecided, or plan to abstain.

I finally measure voting behavior in 1997 (the main dependent variable) in wave 8 using the same question as in 1992. Here I also code respondents who report to stick with the Conservative

party as 0 and respondents who moved to one of the challengers or abstained as 1.

Party preferences

Party preferences are measured on a 1-5 like/dislike scale using the following question: “How strongly do you feel about the Conservative party?” with answer categories ranging from “Strongly in favour, in favour, neither in favour nor against, against, strongly against”. High values indicate strong support. I measure this variable in wave 1, wave 3, and wave 8 and use the linear difference between wave 3 and wave 1 to account for changes in response to Black Wednesday. Unfortunately, this question is not available for wave 2, so I rely on the following question: “Taken altogether, how strongly or weakly do you lean toward [the Conservative party]” with answer categories “Very strongly, fairly strongly, neither strongly nor weakly, fairly weakly, very weakly”. This question was asked after respondents first indicated that they lean towards this party. Measures for this variable are available for wave 1 and wave 2 (but not for wave 8). Both variables are strongly correlated (Pearson’s $r = .47$), so it seems reasonable to use both variables to measure the underlying concept of party preferences.

Incumbent competence perceptions

The main independent variable is how voters perceive the competence of the Conservative party. Lacking a more specific question on the economic competence of this party, I rely on the following question: “And on the whole, would you describe the Conservative party nowadays as capable of being a strong government?” with answer categories “capable of strong government” and “not capable of strong government”. I exclude respondents who indicate “neither or both” or do not answer this question (in 1992 and 1994 this accounts for roughly 3 percent of past Tory voters). Whether this category is included or added to one of the other two categories has no substantial effect. I measure this variable in wave 1 (before Black Wednesday) and in 1994 (after Black Wednesday). However, because 97 percent of 1992 Tory-voters indicate that the Tories are capable of strong government, values of wave 3 are identical with changes between wave 3 and wave 1. I thus use the values in wave 3 as main independent variable with the interpretation that a respondent who in wave 3 reports that the Tories are “not capable of strong government” has consequently changed his or her view from wave 1. For the same reason I do not include the lagged value of this variable in the regression model of the unconditional competence effect.

Factual perceptions

I measure respondents’ factual perception in several ways. First, I use two variables for voters’ sociotropic retrospective economic perceptions and two questions for their egocentric retrospective economic perceptions:

- (a) “Looking back over the last year or so, would you say that Britain’s economy has got stronger / *got weaker* / or, stayed about the same?”

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- (b) “Since the general election would you say unemployment has gone up or fallen” (with answer categories “*Increased a lot*”, “*Increased a little*”, “Stayed the same”, “Fallen a little”, and “Fallen a lot”).
- (c) “Looking back over the last year or so, would you say your household’s income has *fallen behind prices* / kept up with prices / or, gone up by more than prices” (three answer categories)
- (d) “Since the general election would you say your own standard of living has”: “Increased a lot”, “Increased a little”, “Stayed the same”, “*Fallen a little*”, and “*Fallen a lot*”).

I combine the questions with five answer categories into three categories (“increased, stayed the same, decreased”). For [Figure 4.3](#) I use the percentage of 1992 Tory-voters that indicates a negative development (marked by italics above). All four variables are measured in all panel waves (except for unemployment and living standard which are not available in wave 5 and 7). In the regression models I also control for the value of each variable in wave 3 and wave 1.

Constituency type

I measure a voter’s constituency in wave 1 (`oopcs92`). The reason I use constituencies from 1992 is that the Boundary Commissions’ Fourth Periodical Review decided to redraw several constituencies in 1995 (mostly in Scotland). Because of this decision 1997 constituencies of respondents from Scotland are not available in the data set. Comparing respondents’ constituency number in 1992 (`opcs92`) and 1997 (`opcs97`) in England and Wales reveals, however, that these constituencies remained stable. I thus use the 1992 constituencies and exclude Scotland for some models to account for the impact of the new constituencies. Constituency types are coded as indicated in the text. Following [Eggers \(2014\)](#), I use only the three strongest parties per constituency and calculate their three-party vote share. Constituency types are then defined based on these numbers.

Political sophistication

I control for variables that might affect voters’ information processing. For this purpose I measure voters’ media consumption and their attention to politics in the media, self-reported political interest, factual knowledge, and their education. All variables are measured in wave 1. Media consumption is a dichotomous variable coded 1 if a respondent reports that he or she “regularly reads one or more daily morning newspapers” and zero otherwise. Attention to politics in the media is measured with the following question: “Leading up to a general election, a lot of articles in the newspapers are about politics and the election campaign. How much attention do you generally pay to these articles: a great deal, quite a bit, some, a little, or none” which was asked among those respondents who reported to read a newspaper. I recode this variable into 6 categories where 0 = reads no newspaper and the values 1-5 reflect to (reversed) amount of attention. I tested regression models including discrete or continuous versions of this variable and found no changes in the effect estimate of the unconditional competence effect.

Political interest is not measured in wave 1, but is available for most of the later waves with the question wording: “How much interest do you generally have in what is going on in politics?” with answer categories ranging from “none at all” to “a great deal” on a 1-5-point scale. Political interest is highly stable over time and results are highly robust to different points of measurement.²⁵ I also control for factual political knowledge using eleven true/false questions available in wave 1. I combine all correct answers and assign a score ranging from 0 to 11. Furthermore, I control for whether a respondent has passed any school qualifications or not and the age they finished their highest education (excluding respondents who currently are in full-time education).

Social background

I control for whether a respondent is male or female and several social-economic background variables which are all measured in wave 1. First, I control for the household’s income quartile. Second, I include self-perceived class using the following question: “Do you ever think of yourself as belonging to any particular class?” which I recode into three categories (“no class”, “yes, working class”, and “yes, middle class”). I also include a dummy, indicating whether a respondent is in a trade-union or not and whether a respondent in wave 1 faces difficulties in repaying a mortgage: “How are you and your household coping with your mortgage these days?” with answer categories “no mortgage”, “not really difficult” and “difficult” (combining the answer categories “a bit difficult” and “very difficult”).²⁶

Table 4.4 gives an overview of when each variable is measured. (√) indicates that a slightly different question wording is used for a variable. Table 4.4 also highlights the model structure: The main dependent variables, either voting behavior or party preferences for the Conservative party, are the only variables measured in wave 8 (after the general election), in wave 3 (after Black Wednesday), and in wave 1 (after the 1992 general election). All remaining variables are measured in wave 1 and wave 3 (or wave 2).

Table 4.4: Overview of Variables Measurement, 1992–1997

Variable	Panel wave							
	1	2	3	4	5	6	7	8
Voting behavior	√	√	√					√
Party preferences	√	(√)	√					√
Incumbent competence	√		√					
Factual perceptions	√		√					
Constituency Type	√							
Political sophistication	√	(√)						
Social background	√							

²⁵Factual knowledge, political interest, and attention to politics are positively correlated with a Pearson’s r at around .3.

²⁶Note perceived social background is also captured in the two retrospective egocentric questions.

4.5.2 Robustness checks

In this section I provide several robustness checks and additional information on the causal estimates of this chapter.

Figure 4.8 shows the joint preferences for the Conservative party and the Liberal Democrats among 1992 Tory voters. Plots on the right side show respondents' preferences for both parties in 1992 (a) and 1997 (c) if competence perceptions remain stable between 1992 and 1994. These voters thus have no reason to update their prior preferences according to the retrospective model of democracy. Plots on the left side show respondents who rate the Tories as competent in 1992 but as incompetent in 1994. Plot (b) shows their preferences in 1992 and plot (d) visualizes their preferences in 1997. The main implication of these plots is two-fold: First, voters with changing competence views rate the Tories less positively in 1997 than voters with stable competence ratings. Second, the preferences for Lib Dem are stable between 1992 and 1997 in both treatment groups. Thus, unlike voters' view of Labour, which clearly changed after 1994, Lib Dem was rated similarly in 1992 and 1997.

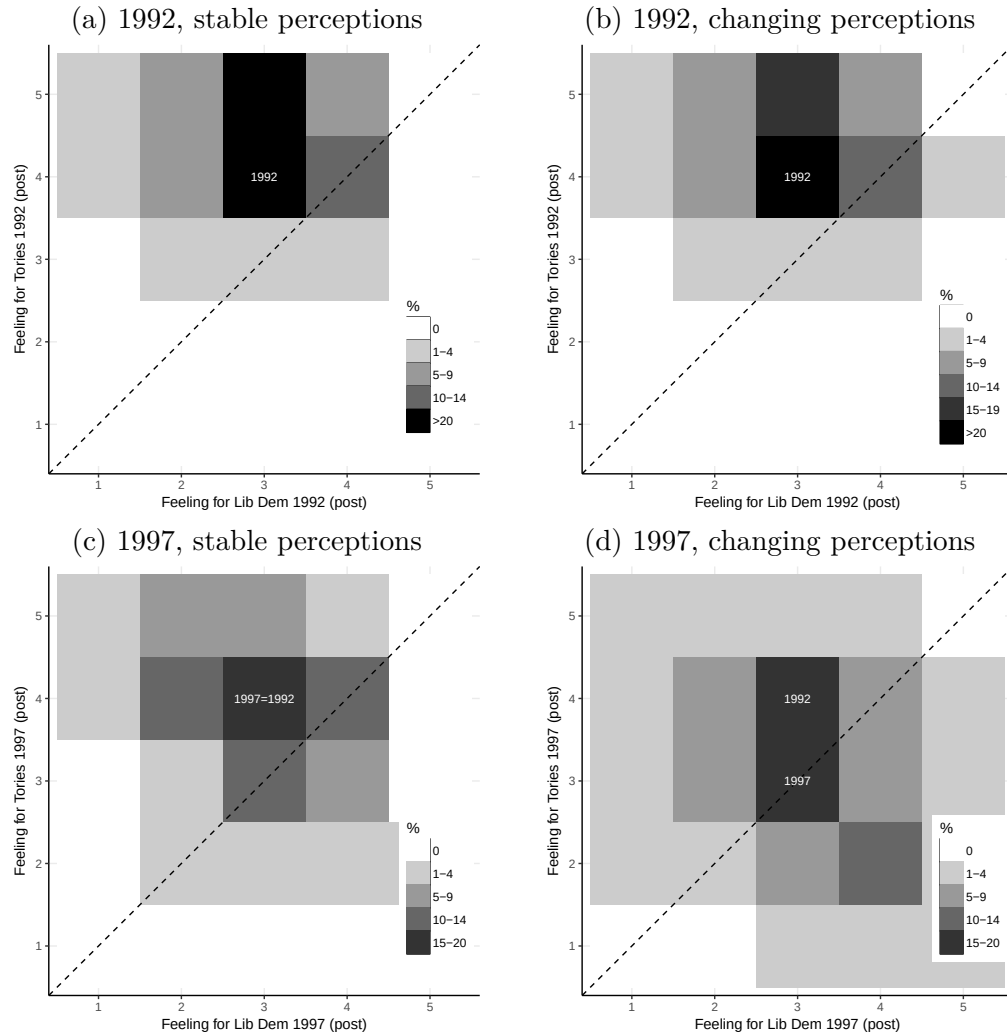
Figure 4.9 shows the preference gap between the Tories and Labour (black line) and Tories and Lib Dem (gray line) based on voters' reported preferences in 1995.

Table 4.5 shows the results of a multinomial regression model among all 1992 Tory voters. The dependent variable has three categories: 0 = stick with Tories (base outcome), 1 = move to Labour, 2 = move to one of the smaller challengers or abstain. The main independent variable is a voter's constituency type with "Cons only" as reference category. Both models control for prior feelings for the Tories ($\text{Feeling Tories}_{92}$). Model 1 includes changes in voting intentions between 1992 and 1993; model 2 uses changes in voting intentions between 1992 and 1994.

Figure 4.10 shows the results of the same regression model as for Table 4.2 if a different cut-off is used. The cut-off varies between 5 percentage points and 30 percentage points. Each dot shows one coefficient of each regression model. Effect estimates are not substantially affected by this variation.

Table 4.6 shows results from a regression model in which I estimate the propensity to defect to Labour in 1997, given that a voter chose the Tories, a smaller challenging party, or abstained in 1992. For a detailed discussion, see the description in the text.

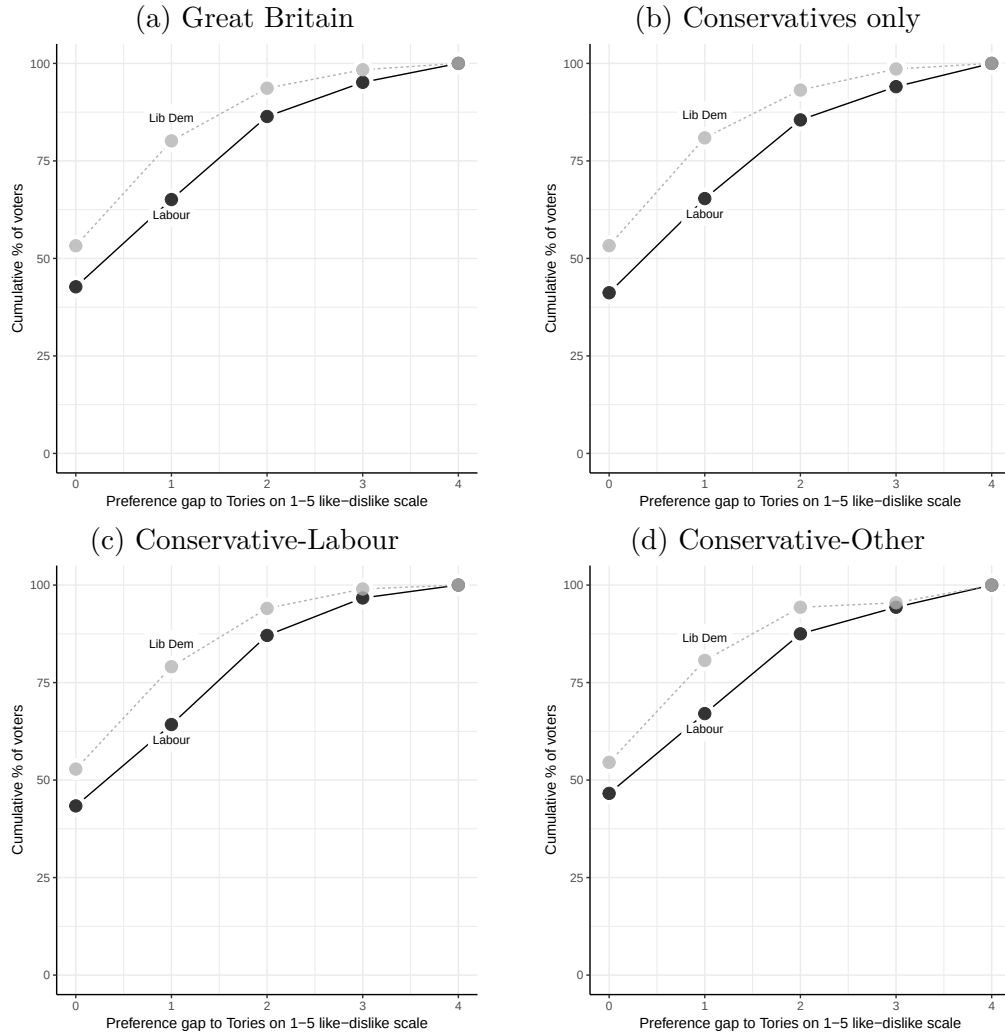
Figure 4.8: Joint Preferences for Lib Dem and the Conservative Party, 1992–1997



Note: The BES asked respondents in 1992 and 1997 how they feel about the Conservatives and the Liberal Democratic party on a 1-5 like/dislike scale (“strongly against” to “strongly in favour”). Each plot shows the joint distribution of these two variables for 1992 (top) and 1997 (bottom) with grey shades indicating the percentage in each cell. Voters who did not blame the Tories after 1994 are shown on the left side (“stable”); voters with changing perceptions are shown on the right side (“changing”). The median of each distribution is highlighted by “1992” and “1997”, respectively.

Source: Heath and Curtice (1998)

Figure 4.9: Preferences for the Challenging Parties and Constituency Type in 1995



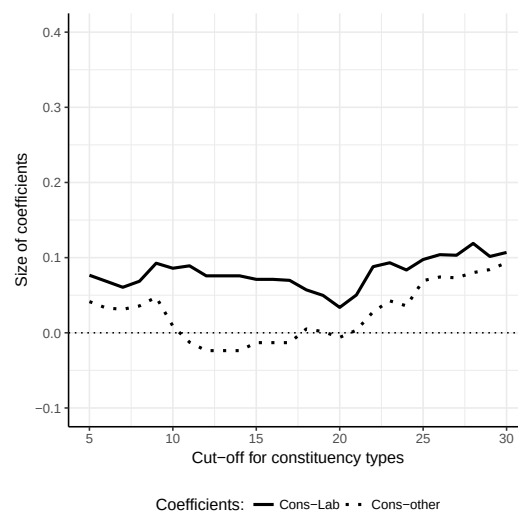
Note: The BES asked respondents how they feel about the Conservatives, the Labour party, or the Liberal Democrats on a 1-5 like/dislike scale (“strongly against” to “strongly in favour”). In each graph, the black line shows the percentage of voters who rate the Labour party at a certain interval to the Tories in 1992. The gray line shows the percentage for voters’ ranking of Lib Dem relative to the Tories. If voters preferred one challenger over the Tories I recode this to 0. The scale on the x-axis thus reads as: 0 = both parties are rated the same (or challenger is preferred over Tories), 1 = Tory is rated one unit above the challenger, and so on. Preferences are measured in wave 3 (June 1995).

Source: Heath and Curtice (1998); based on (Eggers, 2014)

Table 4.5: Multinomial Logit: Constituency-Specific Effect among all 1992 Tory voters, 1992–1997

	Dependent variable: Vote-Switching ₉₇	
	Model 1	Model 2
Voting for Labour vs. sticking with Tories		
Constituency type ₉₂	Reference Category: Cons only	
- Cons-Lab	0.733*	0.758**
	(0.290)	(0.272)
- Cons-Others	0.038	0.098
	(0.468)	(0.417)
Δ Voting intentions _{93,92}	2.179**	
	(0.289)	
Δ Voting intentions _{94–92}		1.925**
		(0.282)
Feeling Tories ₉₂	-1.069**	-0.896**
	(0.250)	(0.234)
Constant	1.681	0.932
	(1.070)	(1.020)
Voting for challenger/abstaining vs. sticking with Tories		
Constituency type ₉₂	Reference Category: Cons only	
- Cons-Lab	0.108	0.198
	(0.211)	(0.207)
- Cons-Others	0.091	-0.008
	(0.305)	(0.297)
Δ Voting intentions _{93,92}	1.648**	
	(0.206)	
Δ Voting intentions _{94–92}		1.723**
		(0.199)
Feeling Tories ₉₂	-0.344 ⁺	-0.151
	(0.178)	(0.176)
Constant	0.122	-1.013
	(0.793)	(0.797)
Observations	635	678
<i>BIC</i>	1092.576	1175.559
⁺ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses)		
Note: model estimated among 1992 Tory voters		

Figure 4.10: Robustness of Model 2 OLS-Regression Results to Different Cut-Offs, 1992–1997



Note: This plot shows the coefficient for model 2 of [Table 4.2](#) for the comparison between Cons-only and Cons-Lab constituencies (solid line) and between Cons-only and Cons-Others (dotted line) when a different cut-off is used. Each lines shows the estimated coefficient when the value on the x-axis is used as cut-off for the constituency type.

Source: [Heath and Curtice \(1998\)](#)

Table 4.6: OLS-Regression: Moving to Labour, 1992–1997

	Dependent variable: Vote-Switching ₉₇		
	Model 1	Model 2	Model 3
Δ Competence Tories _{94,92}	0.082** (0.024)	0.085** (0.030)	0.085** (0.024)
Voting ₉₂	Reference Category: Tories		
- Lib Dem	0.049 (0.030)	0.011 (0.054)	-0.001 (0.037)
- other	0.035 (0.044)	0.186 ⁺ (0.096)	0.060 (0.067)
- abstain	-0.015 (0.038)	-0.000 (0.058)	0.067 (0.055)
Constituency Type ₉₂	0.090** (0.023)	0.091** (0.023)	0.082** (0.030)
Δ Competence Tories _{94,92} $\times$ Lib Dem		0.047 (0.062)	
Δ Competence Tories _{94,92} $\times$ other		-0.182 ⁺ (0.106)	
Δ Competence Tories _{94,92} $\times$ abstain		-0.025 (0.074)	
Constituency Type ₉₂ $\times$ Lib Dem			0.118* (0.055)
Constituency Type ₉₂ $\times$ other			-0.040 (0.084)
Constituency Type ₉₂ $\times$ abstain			-0.147* (0.073)
Competence Tories ₉₂	-0.112* (0.048)	-0.118* (0.048)	-0.102* (0.048)
Feeling Labour ₉₂	0.107** (0.013)	0.107** (0.013)	0.110** (0.013)
Constant	-0.028 (0.060)	-0.024 (0.060)	-0.042 (0.060)
Observations	1190	1190	1190
R^2	0.125	0.128	0.133
Adjusted R^2	0.119	0.120	0.126
⁺ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses)			
Note: model estimated among 1992 non-Labour voters.			

5 The International Financial Crisis and the End of New Labour in 2010

5.1 Introduction

The main focus of this chapter is on the international financial crisis of 2008 and its impact on the British general election in 2010. The global banking crisis of 2008 is one of the most decisive economic events in recent history. The collapse of Lehman Brothers, an American investment bank, in September 2008 sent shockwaves through the highly interdependent global banking system. Despite a wide array of monetary and fiscal policies, which were employed to prevent a possible collapse of the world financial system, this banking crisis caused a severe economic downturn in most European countries. The so-called Great Recession would last at least until 2010 and would cause a severe increase in unemployment in most European states. In many countries using the Euro the banking crisis and Great Recession later also spiraled into a sovereign debt crisis.

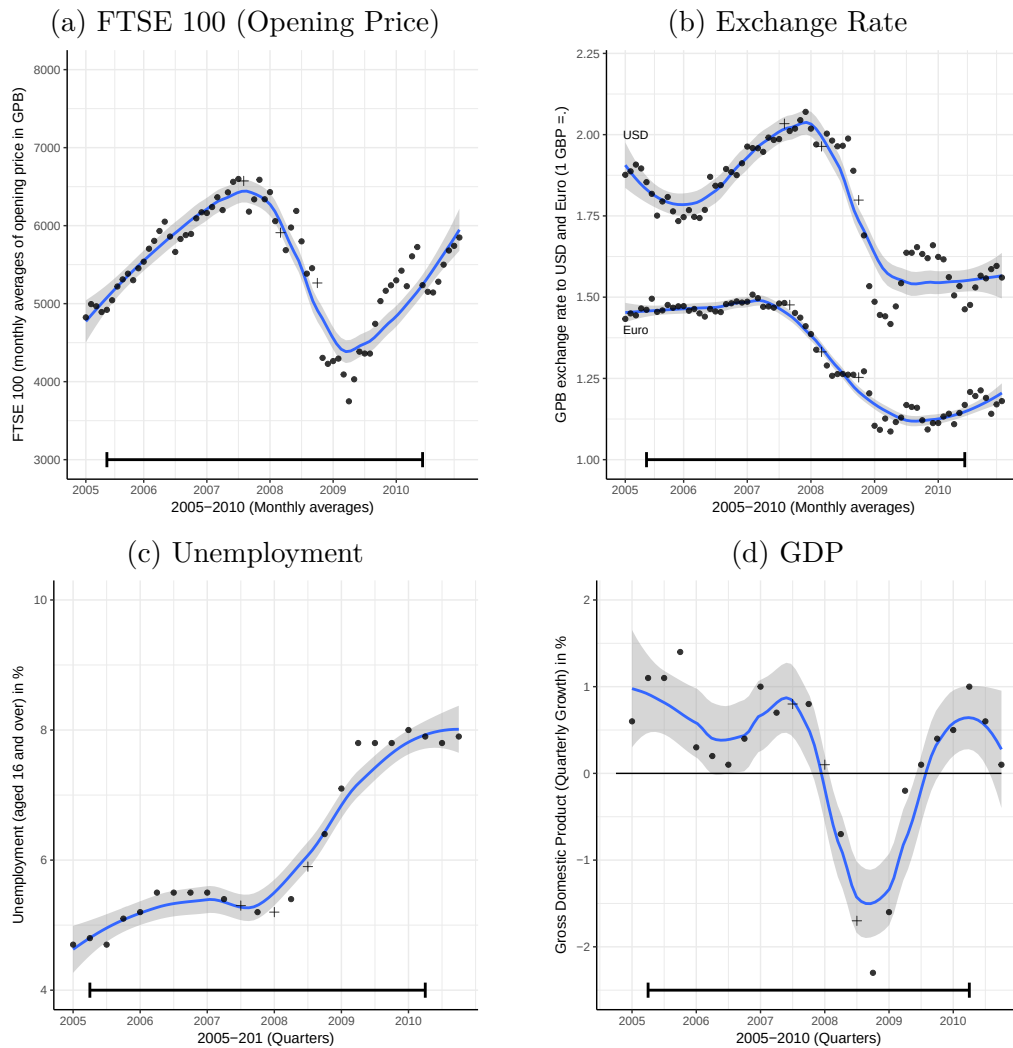
Great Britain, like most European economies, was affected particularly negatively by the global financial crisis. In fact, Great Britain was one of the first countries in which signs of a looming crisis became visible, when the British Northern Rock bank had to request security from the Bank of England in September 2007. This forced the Labour government, led by Gordon Brown since 2007, to nationalize Northern Rock bank in February 2008. As shown by [Figure 5.1](#), this failed however to prevent a serious economic downturn in the first quarter of 2008. Furthermore, after the collapse of Lehman Brothers, the downward trend of macroeconomic output in-

tensified and the British economy was in recession until late 2009. Over the course of the Great Recession, unemployment increased sharply and, when finally stabilizing, remained at a high level after 2010. During 2008 and 2009, the British pound sterling also came under severe downward pressure relative to the US Dollar and Euro, which led several European and British politicians to discuss the possibility of Great Britain joining the Euro.¹

How did British voters respond to this substantial economic downturn at the general election in 2010? Like the general election of 1997, the election of 2010 proved to be a turning point for the political system of Great Britain for various reasons: First, for the first time since entering office in 1997, the incumbent Labour party failed to win a majority of seats in parliament. Labour lost almost six percentage points (winning 29 percent of the voting population in total) and lost 91 seats in Westminster, one of the worst defeats in the party's history. Secondly, the 2010 general election also marks one of the largest national swings between Labour and the Conservative party in the history of Great Britain: The Conservative party, led by David Cameron, won more than 36 percent and was thus the clear winner of the 2010 election. Surprisingly, however, the Tories failed to win a majority in the British parliament. Although the Tories won more votes than Labour in 2005 (which then sufficed for a strong majority), its 306 seats were not enough to secure a majority. Thirdly, with Lib Dem winning 23 percent of the popular vote and 57 seats, the party system of Great Britain had never been split so equally between three parties since 1923. This led David Cameron to form a coalition government with the Liberal Democrats, which thereby entered government for the first time in the party's history. The general election of 2010 is thus often seen as the end of New Labour, in particular as its most prominent figures, Tony Blair and Gordon Brown, resigned as leaders of Labour in 2007 and 2010, respectively.

¹In an interview in December 2008, José Barroso, then the President of the European Commission, said that “people who matter in Britain” were considering joining the Euro due to the financial crisis and that the entry of the UK into the Euro was “now closer than ever before” ([EU-Observer, 2008, December 1](#)). The office of the Prime Minister Gordon Brown, however, denied that there had been a policy-change regarding the status of Great Britain ([BBC-News, 2008, December 1](#)). In February 2009, Monetary Policy Affairs Commissioner Joaquín Almunia said “The chance that the British pound sterling will join [the Eurozone]: high.” ([Reuters, 2009, February 2](#)).

Figure 5.1: Macroeconomic Output of Great Britain, 2005–2010



Note: In all graphs the vertical bar represents the electoral cycle starting in May 2005 and ending in May 2010. Blue lines represent lowess-curves with 95 confidence intervals. Figure (a) and (b) show the monthly averages of the daily opening price of the FTSE 100 and the exchange rate of GBP, respectively. Figure (c) and (d) show GDP growth and unemployment rates per quarter. + indicates the collapse of Northern Rock, its nationalization, and the collapse of Lehman Brothers.

Source: Office for National Statistics, Google Finance

At first sight the general election of 2010 seems like a strong case for “successful” accountability, in that voters might have punished the incumbent Labour party for the financial crisis. From the standpoint of the theoretical framework of this thesis

5 The International Financial Crisis and the End of New Labour in 2010

there are, however, two important reasons to ask *why the financial crisis caused voters to punish the party in power*.

The first reason for this question is related to the nature of the financial crisis itself. One of the cornerstones of the framework developed in part I of this thesis has been the distinction between voters' factual perception of the state of the economy and how they rated the (economic) competence of the party in power. I argued that these quantities need not be identical. There are, in fact, good arguments why voters might *not* have blamed the party in power for the economic downturn: unlike, for example, the events surrounding Black Wednesday in 1992, which were linked to direct actions of the government, the banking crisis of 2008 was largely exogenous to the efforts and policies of Labour. The banking crisis started with the breakdown of the sub-prime housing market in the United States and many analysts linked its impact to excessive risk-taking by financial institutions and the failure or absence of financial regulations in the US.² In this sense voters might have blamed financial institutions, political actors in other countries, or political decisions made in the past, but not necessarily the current Labour government (Bisgaard, 2015). If this were the case, why should voters have punished Labour for the financial crisis?

The second reason to ask why voters might have seen a reason to punish Labour for the crisis is related to voters' views of the challenging parties. The main idea of this thesis is that prior Labour voters who think that their past choice is incompetent need to find an acceptable and viable alternative. I argued that the prospect of having to vote for a different party could act as a major limitation of retrospective economic voting, in that voters might accept the "lesser of two evils" and stick with past behavior (Groenendyk, 2012). The substantial losses of the incumbent party in 2010, however, suggest that a significant segment of these voters was willing to support one of the main two challengers and, in particular, the Conservative party. This leads to a second question: *Why were voters (who thought that Labour is incompetent) willing to vote for another party and thus punish the incumbent Labour party?*

Based on the framework of part I there are three reasons to believe that voters in 2010 found it easier to replace their prior choice with an alternative than in previous

²See for example the US Senate's Levin–Coburn Report (Levin and Coburn, 2011) and the report by the Financial Crisis Inquiry Commission (Angelides and Thomas, 2011)

elections.

- A first reason is that voters perceived Labour and Tories, the main alternative to the party in power, more and more as substitutable goods. Starting with New Labour in 1997, Britain’s two main parties have been converging ideologically since the 1990s and early 2000s (as argued by [Green, 2007](#); [Vivyan and Wagner, 2012](#); [Eggers, 2014](#)). This trend might have been particularly accentuated in 2010 when David Cameron fought his first election as leader of the Tories. Various commentators speculated that David Cameron resembled a Conservative Tony Blair, in that he appealed to young, urban middle-class voters. Furthermore, over its years in opposition and particularly after 2006 (when David Cameron became leader) the Conservative party departed from its image and rhetoric developed during the Thatcher-era. In this sense the Tories might have become an *acceptable* alternative for supporters of Labour in the same way as Labour became an acceptable alternative for 1992 Tory voters (studied in the last chapter). If this were the case, voters’ capacity to hold the incumbent accountable could have been related to the increasing similarity between Britain’s main political parties.
- A second reason might be related to the consistent rise of Liberal Democrats between the late 1980s and 2010. Since its establishment in 1988, Lib Dems have traditionally occupied a center-left position between Labour and the Tories, which (in the eye of a former Labour voter) implies that moving to the Lib Dems might be less demanding than supporting the Conservative party ([Eggers, 2014](#)). Due to its strong showing in the general election of 2005, Lib Dem had a realistic chance of winning even more seats in 2010.³ In 2010 the Lib Dems thus were a *viable* alternative in more constituencies as ever before. For prior Labour supporters who became unhappy with Labour’s performance during the financial crisis this might have been very important, as their second preferred party had an increasingly realistic chance of winning a seat in their constituency.

³In 2005 the Liberal Democrats won 18.3 percent (an increase of 3.7 percentage points). I will show later that this increase turned Lib Dem into a viable alternative in many constituencies, in which it had been non-competitive before.

- A final reason could be that previous Labour voters simply ignored which party they would have to vote for if they no longer supported Labour, that is, they moved away “blindly”. If this were the case, voters’ party preference would not limit retrospective accountability.

This chapter is structured as follows: In the first section I start with how voters perceived the state of the economy between 2005 and 2010 and, in particular, after the economic effects of the banking crisis became visible. I then show how prior Labour voters attributed responsibility and how they perceived the economic competence of Labour during and after the banking crisis (in comparison to prior supporters of the challengers). I find that almost all former Labour voters found that economic circumstances worsened substantially and that a significant portion of them started to think that Labour was incompetent in handling economic issues. I also find that voters attributed responsibility for the banking crisis to the Labour government. This is an important step to understand why voters were willing to move away from Labour.

In the second section I analyze which voters (among those who doubted Labour’s competence in handling the economy) moved away from Labour. To this end, I firstly show that negative competence perceptions were indeed partly responsible for Labour’s losses at the general election in 2010. Relying on a three-wave panel test aimed at identifying this unconditional competence effect, I find that changes in competence attributions between 2005 and 2008 affected changes in party preferences and voting behavior between 2005 and 2010, even after statistically adjusting for changes in voting intentions or party preferences before 2008. I then proceed to show which voters were driving these results. I find that citizens living in constituencies in which no challenger is viable (i.e. a Labour safe seat) were least likely to move away. I also find strong evidence that vote-switching was most likely in constituencies in which an alternative other than the Tories had a realistic chance to win a seat and weaker evidence that voters in districts where the Tories had a chance to win the race were willing to switch. I take this as evidence that voters’ party preferences were partly responsible in shaping their response to the financial crisis. In particular, I argue that Labour’s losses were a combination of the increasing appeal of the Conservative party as well as the rising viability of Lib Dem.

5.2 Perceptions of the Financial Crisis and Great Recession

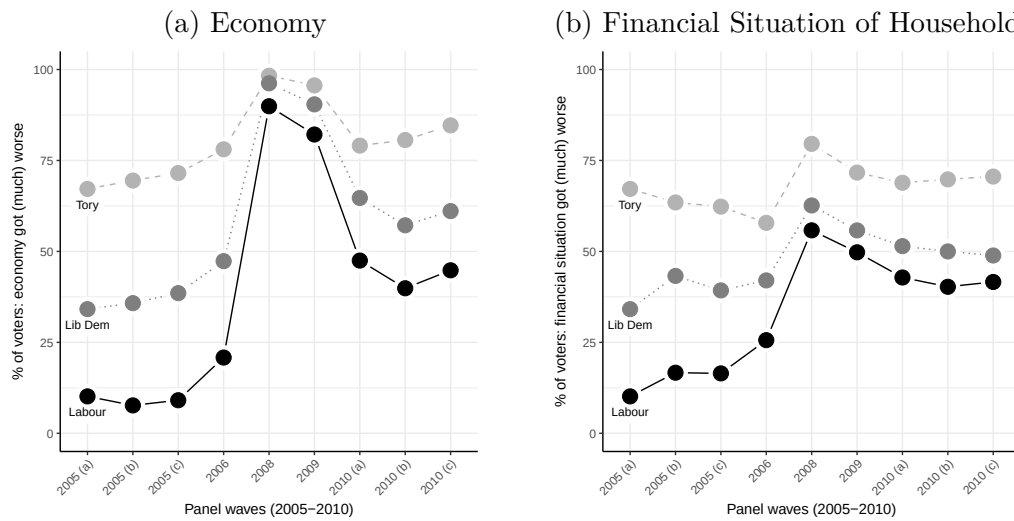
I start with how voters perceived the state of the economy as well as their own financial situation over Labour's last term in office. [Figure 5.2](#) shows how prior Labour, Tory, and Lib Dem voters perceived these two quantities between 2005 and 2010. In both plots the dots indicate the percentage in each voter group that indicated that general and personal economic circumstances have become worse or much worse (which I combine into one category) over the last year. The remaining categories are "Very well", "Fairly well", and "Neither well nor badly" and thus sum up to 100 percent. For example, in 2006 roughly 20 percent of 2005 Labour supporters said that the economy had gotten (much) worse; in 2008 this percentage rises to roughly 90 percent. The upward swing in both figures thus indicates that in 2008 and 2009 the percentage of voters who perceived that the economy and their personal situation *got (much) worse* had increased.

For the purpose of this chapter there are two important patterns in [Figure 5.2](#). Firstly, voters in general are clearly attentive and perceptually responsive to real-world economic changes: Between 2006 and 2008, when the global banking crisis became visible, there is a substantial change in how voters perceived macroeconomic circumstances. Secondly, in 2008 and 2009 there is virtually uniform agreement among all three prior voter groups that economic circumstances had gotten worse. This is remarkable, as prior Labour supporters show no signs of partisan bias in their factual perceptions and are willing to (correctly) report that the state of the economy had become worse over the last years.⁴ Both patterns are observed for voters' egocentric perceptions as well: Voters clearly felt the impact of the financial crisis

⁴The interpretation of the 2010 panel waves is more difficult, as voters were asked to assess the general economic situation over the last 12 months, that is, changes relative to the baseline of 2009. It is not clear how voters interpreted this question and (a) assessed the *change* in 2010 compared to the last year or (b) simply reported the *state* of the economy in 2010. If the first interpretation is correct, it is thus remarkable that still 50 percent of previous voters of Labour indicated that economic circumstances got worse. Furthermore, it is likely that respondents who reported in 2010 that economic conditions had gotten better thought that the overall state of the economy was still in bad shape. Furthermore, an important concern with perceptions in 2010 is that voters at this point might have started to rationalize their prior perceptions to match intended voting behavior (see part I of this thesis as well as [Lenz \(2012\)](#) and [Evans and Pickup \(2010\)](#)).

in their own pocketbook and reported that the financial situation of their household got worse between 2006 and 2008. This increase is particularly accentuated among prior Labour voters, of which more than half reported facing financial problems in 2008. Remarkably, this causes the overall level of partisan perceptual polarization (i.e. the difference between how partisan groups perceive the same environment) to decline.

Figure 5.2: Perceptions of Economic Circumstances and Personal Economic Situation, 2005–2010



Note: The BEPS asked respondents the following questions: (a) “How do you think the general economic situation in this country has changed over the last 12 months?” and (b) “How does the financial situation of your household now compare with what it was 12 months ago?”. This plot shows the percentage 2005 Tory (light gray), Labour (black), Lib Dem voters (dark gray) who answered these question with “badly” or “very badly” (remaining answer categories “Very well”, “Fairly well”, and “Neither well nor badly”).

Source: BEPS 2005–2010 (Clarke et al., 2010)

To return to the main question of this chapter (why voters punished Labour in the aftermath of the financial crisis), it is thus certainly the case that voters took notice of actual economic changes. Furthermore, their perceptions of real-world changes seem not biased in the sense of matching partisan leanings. This is against the expectations of models of *biased* political learning (Kahan, forthcoming; Bartels, 2002; Gerber and Green, 1999), but is in line with previous research showing that partisan bias becomes less dominant when real-world economic signals are unam-

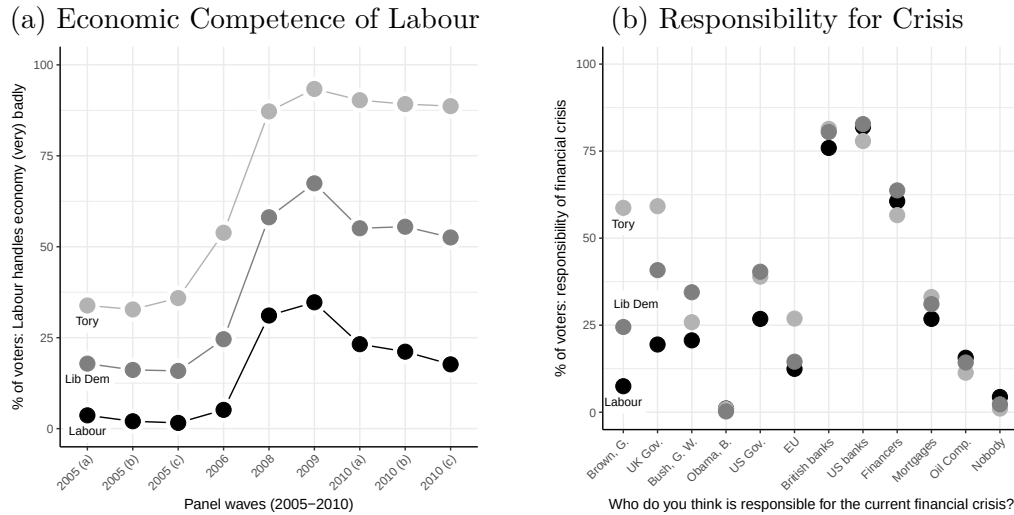
biguous (Parker-Stephen, 2013; Chzhen, Evans and Pickup, 2014; Bisgaard, 2015). This finding, however, does not indicate whether voters actually blamed Labour for the downturn. The obvious question thus becomes: how much of these changes did voters attribute to the party in power and how did they rate the competence of Labour?

I argued in the introduction of this chapter that there are many reasons why voters might not have attributed responsibility for the financial crisis to Labour. On the other hand, there are good reasons for voters to – at least partly – blame Labour for the banking crisis. Labour had been in office since 1997, after which the banking sector of Great Britain increased substantially. It might thus have been perfectly reasonable for Labour voters to blame Labour for not curbing excessive risk-taking in the first place or for enabling the growth of the credit sector.⁵ Furthermore, voters might not only have blamed Labour for the banking crisis itself, but for actions and decision-making in the aftermath of the financial crisis. As argued by Duch and Stevenson (2008), voters are able to form a comparative assessment of their government’s response to an economic shock. Voters might, for example, have observed different responses between their own and the government of other countries. Likewise, they might simply have observed that other countries weathered the crisis better than Great Britain did. If this was the case, voters could have concluded that the Labour government was incompetent in dealing with the consequences of the financial crisis.

The left plot of Figure 5.3 shows how prior Labour, Tory, and Liberal voters rated the economic competence of the party in power. As before, dots indicate the percentage of voters who think Labour is incompetent (prior vote choice is marked by the color of the dots). Figure 5.3 (a) shows two interesting patterns. Firstly, there is strong evidence that the economic shock of the financial crisis caused voters to rethink their prior rating of the economic competence of Labour: between 2006 and 2008 there is a substantial increase of voters who think Labour is incompetent.

⁵In 2009 several commentators, for example, blamed the 1998 decision by Gordon Brown (then Chancellor of the Exchequer) of transferring responsibility for banking supervision to the Financial Services Authority in 1998. According to these critics this “led to the catastrophic failure of UK regulators to anticipate and prevent the banking crisis” (Times, 2009, June 2). While voters almost certainly were not aware of this decision, it serves as an example that voters had a reason to blame the Labour government for policies and decision enacted before the financial crisis.

Figure 5.3: Perceptions of Economic Competence of Labour and Responsibility of Crisis, 2005–2010



Note: The BEPS asked respondents the following question: “How well do you think the present government has handled the economy in general?” The left plot shows the percentage of 2005 Tory (light gray), Labour (black), Lib Dem voters (dark gray) who answered these question with “badly” or “very badly” (remaining answer categories “Very well”, “Fairly well”, and “Neither well nor badly”). The BEPS also asked respondents the following question: “Who do you think is responsible for the current financial crisis?” This plot shows the percentage of 2005 Tory (light gray), Labour (black), Lib Dem voters (dark gray) who named the following actors: Gordon Brown, George W. Bush, The British government, The European Union, Barack Obama, The American government, British banks, American banks, People who took out big mortgages, Oil Companies, International financiers, or “It’s nobody’s fault - it just happened”.

Source: BEPS 2005-2010 (Clarke et al., 2010)

This effect is most pronounced among prior supporters of the Tories and Lib Dem; there is, however, a considerably large subset of prior Labour voters who also think that their prior choice is handling the economy badly.⁶ Roughly 30 percent indicated that Labour is incompetent. Secondly, in comparison to Figure 5.2 the percentage of Labour voters rating the competence of Labour negatively is smaller than the percentage who perceives the state of the economy negatively. This indicates that not all voters who thought the economy is deteriorating related these changes to the policies and efforts of Labour. Nonetheless, it is remarkable that, given the

⁶For the 2009 wave the BEPS included a question on how voters rated the performance of Labour in fighting the financial crisis. The distribution is very similar to voters’ perceived performance of handling the economy in general.

partisan stakes of blaming one's prior choice are much higher in this question than for the question of factual economic perceptions, a large share of voters revised their competence ratings of their prior choice.

There is obviously no way to judge whether these voters were correct in blaming Labour or not; the important point for this chapter, however, is that for these voters a clear incentive existed to punish Labour at the following election. Whether they did and, in particular, which voters did is at the center of the next section.

5.3 The Electoral Impact of the Financial Crisis

I now turn to the political consequences of the financial crisis. In the last section I showed that after 2008 a considerable subset of Labour voters updated their previously positive rating of Labour's economic management. From the standpoint of retrospective economic voting (Key, 1966; Fiorina, 1978), one would expect that these perceived competence changes translated into changes of party preferences and voting behavior in 2010. In this thesis, however, I argue that voters might only be willing to punish the incumbent, if the challengers are either viable or acceptable, that is, voters' electoral response could be undermined by their view of the main challengers. This section thus has two main goals: Firstly, I show how changes in competence evaluations had an influence on voters' party preferences and voting behavior. That is, I compare whether former Labour voters who rated Labour's competence negatively after 2008 acted differently in 2010 than voters whose competence perceptions remained positive. I have called this effect the unconditional competence effect. Secondly, I aim to analyze this effect and study which voters were willing to support one of the challenging parties (what I call the viability and acceptability effect).

5.3.1 The Unconditional Competence Effect

Figure 5.4 shows the joint preferences, measured on a 0-10 scale, of prior Labour voters for Labour and Tories in 2005 (top two plots) and 2010 (bottom two plots). In each plot the percentage of voters in each cell is indicated by the shading of the colors, e.g. in plot (a) more than 10 percent of voters rated Labour at 10 ("strongly

like”) and the Tories at 0 (“strongly dislike”). The arithmetic mean of each variable is signified by “2005” and “2010”.⁷ Plots on the left side show preferences in 2005 (a) and 2010 (c) for 2005-Labour voters whose perceived competence of Labour remained stable (that is, they thought before and after the financial crisis that Labour was competent). The right side shows the same information for 2005-Labour voters whose competence perceptions became negative, i.e. they reported in 2005 that they thought Labour was competent, but in 2008 they thought Labour had become incompetent (see the left figure of [Figure 5.3](#); further coding details are provided in the appendix of this chapter). The two top plots (a,b) show values in 2005. They thus show whether voters who altered competence ratings and voter who did not already differed in 2005. The two lower panels show the distribution of party preferences in 2010: These plots thus show whether voters who changed their competence ratings (d) also changed their preferences for Labour and Tories more than voters with stable competence views (c).

The comparison of interest is between plot (c) and (d) relative to plots (a) and (b): It shows that voters who in 2008 thought that Labour was incompetent (d) also reduced support for Labour in 2010 compared to 2005 (b). The difference between the differences in (a-c) and (b-d) thus indicate the unconditional competence effect and aims to mimic the main theoretical model depicted in [Figure 2.2](#). For example, the upper left corner of this preference space, in which voters with strong preferences are located, becomes significantly less densely populated (indicated by the coloring) and more voters express preferences in the lower ranges of the scale. Several voters are now located below the indifference line which indicates that their preference ordering between Labour and Tories effectively changed over the election cycle and the distribution appears more scattered in 2010 than in 2005.⁸ A comparison of the arithmetic means furthermore shows that these former Labour voters reduced their support for this party by roughly 1.5 scale points. This mimics the downward arrows in [Figure 2.2](#). In contrast, voters whose competence perceptions remained stable decreased their feeling for Labour only marginally (plot c).⁹ The distribution

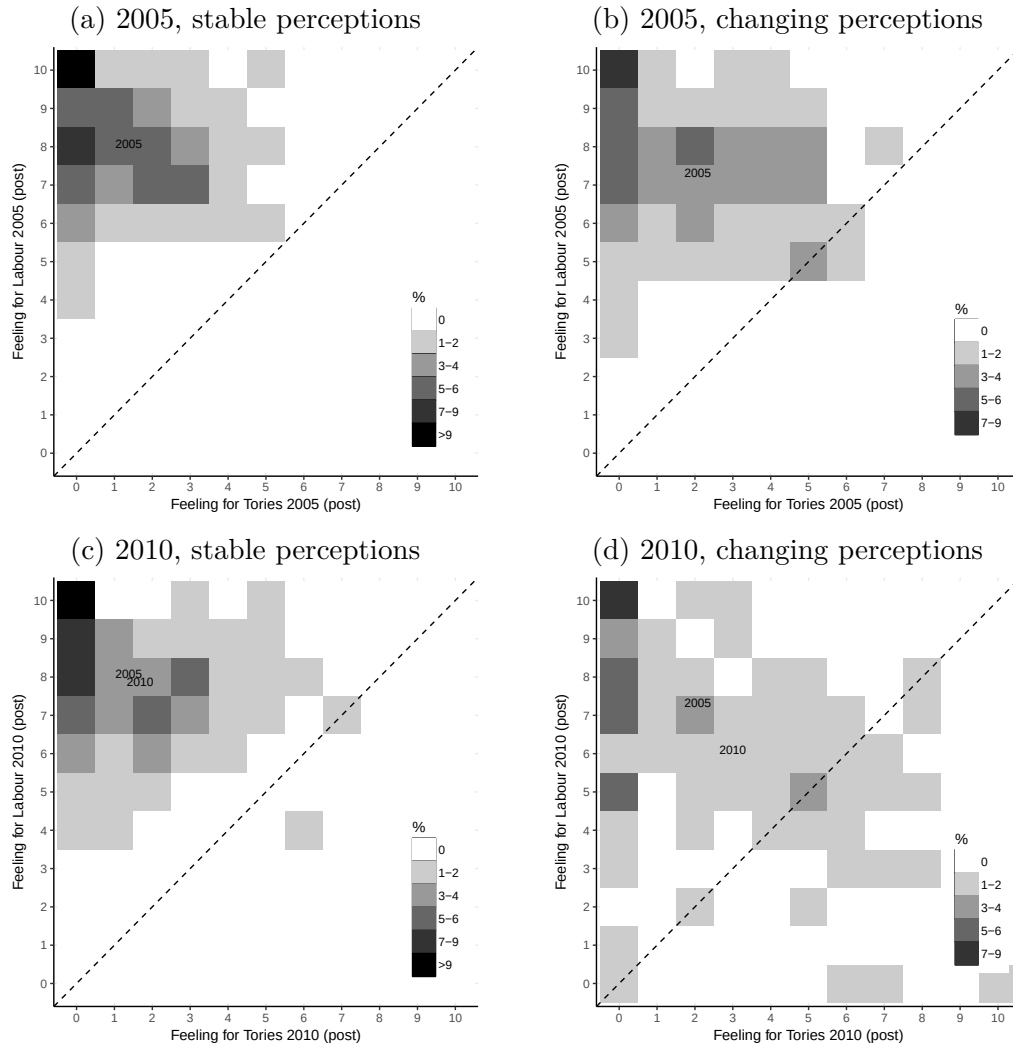
⁷I show the 2005 mean for easier reference in the lower plots as well.

⁸[Figure 5.4](#) also shows that support for the Tories increased over the electoral cycle. I will turn to this change in the next section, when I analyze which voters left Labour.

⁹Note that voters in (d) felt slightly less positively about Labour in 2005, i.e. had weaker preferences to begin with than voters in (c). There is nonetheless much more change in preferences in

5.3 The Electoral Impact of the Financial Crisis

Figure 5.4: Joint Preferences for Labour and the Conservative Party, 2005–2010



Note: The BEPS asked respondents in all nine waves: “On a scale that runs from 0 to 10, where 0 means strongly dislike and 10 means strongly like, how do feel about the ... Party?” Each plot shows the joint distribution of these two variables for 2005 post-election (top) and 2010 post-election (bottom) with grey shades indicating the percentage in each cell. Prior Labour voters whose perception of the performance of Labour remained positive between 2005 and 2008 are shown on the left side (“stable”); prior Labour voters with changing competence perceptions are shown on the right side (“changing”). “2005” and “2010” indicate the bi-variate arithmetic mean for each plot.

Source: BEPS 2005-2010 (Clarke et al., 2010); based on (Eggers, 2014)

the right plot than in the left plot. In chapter 6 I analyze the process of changing perceptions

in plot (c) remains virtually identical to the distribution in 2005 (plot a), with most voters located in the upper left corner (which indicates strong support for Labour and weak support for the Tories). Consequently, most voters remained above the indifference line and the 2005- and 2010 arithmetic means do not change substantially.

Figure 5.4 suggests that, when voters were changing their prior competence perception, they were more likely to punish Labour by reducing support for this party. One obvious concern with this approach, however, is that this relationship might be confounded by variables that explain voters' competence perception as well as their reduced support for Labour. For example, prior research suggests that voters' preference strength for Labour might cause them to avoid or bias inconvenient information (Bartels, 2002; Lenz, 2012); likewise, they are also more likely to have strong preferences in 2010. A second concern is that voters might first have changed their support for Labour (in the years before the financial crisis) and, when re-interviewed in 2008, adjusted their economic competence evaluation to remain consistent, while the financial crisis actually was of little importance to them (endogeneity). To circumvent these problems, I estimate the following regression models shown in Table 5.1.¹⁰

In all four models of Table 5.1 the main *independent* variable is changes in voters' competence perception of Labour between 2005 and 2008, coded as 1 if voters altered prior perceptions and 0 if voters kept their previously positive rating.¹¹ In model 1 and 2 the *dependent* variable is voters' preferences for Labour in 2010 (measured on a 0-10 feeling scale in the post-election wave of 2010); in models 3 and 4 the dependent variable is actual voting behavior in the post-election wave of 2010. It is coded as 0 if a voter chose Labour and 1 if a respondent voted for a different party or abstained. All four models include only prior Labour voters, so the dependent variable for models 3 and 4 indicates whether a voter switched away from Labour or not. I include prior preferences for Labour (measured in wave 3) in all four models and various other control variables (not shown in Table 5.1; see the appendix for more information).¹² I also include prior preference change between wave 3 and

(the treatment selection mechanism) in greater detail.

¹⁰See chapter 3 for a detailed discussion of these identification problems.

¹¹The distribution of this variable can thus be read off of Figure 5.3.

¹²My approach regarding these control variables is to sequentially add more variables and track

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Table 5.1: OLS-Regression: Unconditional Competence Effect, 2005–2010

	Dependent Variable			
	Feeling Labour ₁₀ Model 1	Vote-switching ₁₀ Model 2	Model 3	Model 4
Δ Competence _{08,05}	-1.191** (0.193)	-0.557** (0.186)	0.182** (0.045)	0.103* (0.047)
Feeling Labour ₀₅	0.608** (0.065)	0.727** (0.059)	-0.059** (0.014)	-0.049** (0.014)
Δ Feeling Labour _{06,05}	0.306** (0.055)			
Δ Feeling Labour _{08,05}		0.480** (0.039)		
Δ Voting_06, 05	Reference Category: Labour			
- Other			0.143* (0.058)	
- undecided			0.123+ (0.064)	
Δ Voting_08, 05	Reference Category: Labour			
- Other				0.330** (0.054)
- undecided				0.201** (0.056)
Additional controls	✓	✓	✓	✓
Observations	517	516	519	519
R^2	0.355	0.474	0.193	0.239
Adjusted R^2	0.337	0.459	0.169	0.216

+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses)
Note: Model estimated among 2005 Labour voters.

wave 4 (model 1) and between wave 3 and wave 5 (model 2). Change is measured by subtracting the value of wave 4 from its value in wave 3; a high value thus indicates that support increased for Labour. For models 3 and 4, I include prior change in voting intentions between wave 3 and wave 4 (model 3) and between wave 3 and wave 5 (model 4), with the following categories: reports staying with

the effect estimate of Δ Competence Labour (w5-w3). Models 1-4 show models in which all control variables have been included.

Labour, already indicated to vote for another party, undecided.¹³ The idea behind this approach is to block the influence of all variables that might have changed before voters adjusted their performance evaluation, that is, before the re-interview in 2008, and thus caused voters to alter voting intentions or preferences before they changed competence evaluations.

Table 5.1 shows that changes in competence perceptions (Δ Competence Labour (w5-w3)) have a statistically significant and substantially large effect on changes in preferences and voting. The coefficients in model 1-2 indicate that voters who changed their competence evaluation reduce support for Labour by more than one and half a scale-point, respectively. That is, the negative competence effect in Figure 5.4 prevails, even after taking into account that voters might have decreased their support for Labour before 2008 and endured for the next two years until the election in 2010. Model 3-4 suggest that the prior changes in competence views had a substantial effect on vote-switching: Voters were more likely to punish Labour if they think it is incompetent. For model 4, which takes into account prior updates in voting behavior until 2008 (wave 5), the estimated “political costs” of the financial crisis are roughly ten percentage points: voters who became dissatisfied with Labour’s performance in 2008 are thus more likely to move away from Labour than voters who remained positive. Given that Labour actually lost six percentage points, this estimated loss is of substantial magnitude. Overall, these models suggest that the financial crisis played a substantial role in shaping citizens’ voting behavior in 2010.

I test the robustness of these models against a wide array of models: Firstly, I estimate models 1-4 if competence changes until wave 6 are used and find similar results.¹⁴ Secondly, I include a broad set of control variables which do not affect the effect estimate or its significance. Thirdly, I use respondent responsibility attribution (coded as 1 if a voter is responsible for the financial crisis and 0 otherwise) and respondent perceptions of how Labour handled the financial crisis (with categories

¹³Models 3 and 4 are OLS estimates, they remain however the same when a logit specification is used.

¹⁴It must, however, be noted that the effects of vote-switching (but not for party preferences) are slightly weaker and statistically not significant if I use wave 6. This could reflect the fact that voters had made up their minds in 2009 and thus there is no variation left between 2009 and 2010.

“badly, neither badly nor well, well”) which are available in wave 6. I find weaker but still statistically significant effects. Fourth, I use different coding of Δ Competence Labour (w5-w3) and exclude voters in the “neither” category. The effects remain robust to this specification. All models remain robust when the lagged competence ratings are included (from wave 3), although these vary very little. I am thus confident that these findings are a meaningful depiction of the true effect of the financial crisis on Labour support.

5.3.2 **The Effect of Acceptability and Viability**

I now turn to the final question: Which voters are willing to abandon Labour in response to the financial crisis? One of the key arguments of this thesis is that there are two reasons why voters might be unwilling to abandon their prior choice, even when they have altered their prior competence perceptions of this party: First, it might be that the challenging party or parties are seen as even less attractive choices given that voters’ decision-making might be influenced by other politically relevant factors such as their policies, ideology, party leader, or any other factor a voter deems relevant in politics. In order to hold the incumbent accountable, voters need to accept the differences between the incumbent (their old choice) and the party they would have to vote for if they punish the incumbent. Secondly, it might be that the chances that an acceptable challenger wins the constituency are too small, so that punishing the incumbent appears like wasting one’s vote (viability). Both factors could potentially limit voters’ capacity to hold the incumbent accountable.

To understand these limitations it is firstly important to understand how 2005-Labour voters felt about the Tories and the Lib Dems, Britain’s two main alternatives, and how their chances of winning seats were allocated in 2010. [Figure 5.4](#) shows how previous Labour voters thought about Labour and Tories in 2005 and 2010. The main implication of these graphs is that over the electoral cycle prior Labour voters clearly reduced support for their prior choice if they no longer thought it is competent in handling economic problems. However, there is a second important development: support for the Conservative party increased between 2005 and 2010. This can be seen easily by comparing the arithmetic means for Tory preferences in 2005 and 2010. In both plots of 2010 there is a statistically significant increase of

roughly one half scale point (plot c) and one scale point (plot d). This implies that support for the Conservatives rose over Labour's final term in office, even among 2005-Labour voters who upheld their initial view that Labour was competent.

One potential concern with this interpretation is that it could reflect post-election rationalization of voters, because the popularity of the Tories in [Figure 5.4](#) is measured *after* the 2010 general election and thus after the Tories' victory. In the appendix [Figure 5.7](#) shows, however, that the increase in support for the Tories actually happened before 2008 and most clearly between 2005 and 2006 when David Cameron became new leader of the party. Between 2008 and 2010 and between the pre-election and post-election panel wave of 2010 Tory-support remained stable. Labour voters' increasing support for the Conservatives thus already existed before the financial crisis and intensified during the breakdown of the economy.

The increasing popularity of the Tories is also in clear contrast to average support for the Lib Dems. [Figure 5.6](#) (shown in the appendix) shows the joint party preferences between Labour and Lib Dems among 2005-Labour voters. It thus shows the same information as [Figure 5.4](#) but with Lib Dem on the x-axis instead of the Conservatives. It becomes obvious that support for the Liberal Democrats did not increase between 2005 and 2010, neither among Labour voters who blamed their prior choice nor among Labour voters who thought after 2008 that Labour was competent (the difference in arithmetic means is also not significant). Thus, while Lib Dem remained the more popular choice among former Labour voters, the Tories managed to increase support between 2005 and 2010 (see [Figure 5.7](#)) – and for some 2005 Labour voters the Conservatives might have turned into an acceptable alternative. This would have allowed past Labour voters to punish the party they no longer thought was competent by moving to either the Tories or Lib Dems.

Research Design

In order to understand this final question and to understand which voters were driving the loss of Labour I adapt the research design in the following way (see chapter 3 for a more detailed discussion of this approach). In particular, I define the following three constituency types:

- Only Labour is viable (“Lab only”): these are the “safe seats” for Labour, i.e.

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constituencies in which only Labour has a realistic chance of winning the seat in 2010 given the election results of 2005. Neither the Tories, nor Lib Dems, or any other party could realistically win this seat. I use this constituency type as baseline, with the expectation that voters' inclination to hold the incumbent accountable should be lowest in these areas. I identify Lab-only districts as constituencies in which Labour had a lead of at least 10 percentage points in 2005 over any other party.

- Labour-Conservative battlegrounds (“Lab-Cons”): these are constituencies in which the Tories have a realistic chance to win, but *no other challenging party*. I thus subsume the “safe seats” of the Tories (constituencies in which the Conservative party had a lead of at least 10 percentage points in 2005 over any other political party) and Lab-Con battlegrounds (where Labour and Tories are within 10 percentage points, but no third alternative is within this range and thus has no realistic chance of winning the seat). Lab-Con battlegrounds thus combine constituencies in which Labour or the Tories won in 2005. The expectation is that, because voters have a viable alternative, vote-switching should be higher than in Lab-only districts. However, because voters would have to vote for the Conservative party, some of them might actually refrain from switching.
- Labour-Other battlegrounds (“Lab-Others”): these are constituencies in which other challenging parties have a realistic chance of winning the seat *but not the Tories*. For most constituencies of this type this other challenger is Lib Dem. However, for Scotland and Wales I additionally include the Scottish National Party and Plaid Cymru (this is based on the idea that these two center-left parties take traditionally a middle-ground between Labor and Tories. I subsume constituencies which are safe seats of these challengers and battlegrounds between Labour and these smaller challengers. I exclude three-party constituencies.

The main idea behind this coding thus is to create three groups of voters: one voter group that lives in constituencies with no viable challenger, one that lives in areas with the less popular challenger, and one that lives in constituencies with more

popular challenger.¹⁵ Consequently, vote-switching among 2005-Labour voters who think that Labour is incompetent should be lowest in the first group and highest in the third group. The amount of vote-switching in the second group expresses the constraining effect of having to vote for the Tories: if voters in the second group are (still) repelled by the outlook of voting Conservative, there should be no major difference between this group and the first group. If this were the case, living in a constituency where the Tories are strong would have the same effect as living in constituencies where no challenger is viable. On the other hand, if the amount of switching in the second group is closer to the third group there would be evidence that voting for the Tories is actually acceptable among prior Labour voters and that they treated the Tories as acceptable alternative.

For the validity of this approach it is important that preferences for the challengers do not vary between constituency types. Voters in the first, second, and third group should have the same preferences for each party. Otherwise, the amount of vote-switching cannot be attributed to which party is competitive but to differences in underlying preferences. In [Figure 5.5](#) I show the preferences of prior Labour voters between Lib Dem (light gray) and Tories (dark gray) relative to Labour: On the x-axis I show the preference gap between Labour and each of the other two parties measured in wave 3 (2005) (on 0-10 like/dislike scales). A value of 0 indicates that a voter rates Labour as positively as Lib Dem (or the Tories); a value of 10 indicates that a voter prefers Labour as much as possible over the challenger (i.e. a voter rates Labour at 10 (strongly like) and the other party at 0 (strongly dislike) on the underlying like/dislike scales). On the y-axis I show the cumulative percentage of 2005-Labour voters who rate each party pair at a certain distance. For example, roughly 20 percent of these voters rate Lib Dem as favourably as Labour, but only 3 percent of Labour voters rate Tories and Labour the same way.¹⁶ Plot (a) shows these cumulative percentages for Great Britain as a whole, plots (b-d) show the percentages for each of the three constituency types.

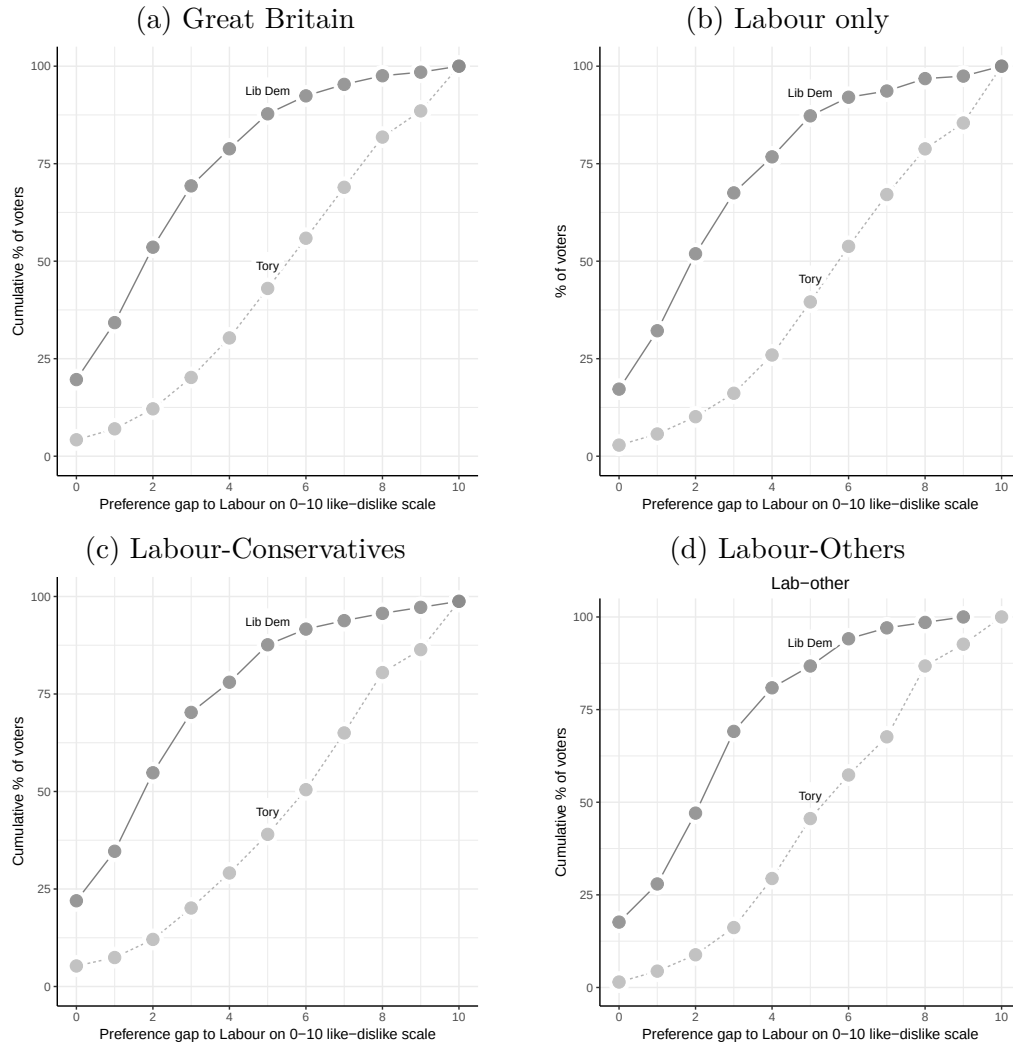
[Figure 5.5](#) shows that Lib Dem is more popular than the Conservatives among 2005-Labour voters. More importantly, preferences do not differ depending on the

¹⁵The main assumption behind this approach is that voters do not deliberately decide in which constituency type they live.

¹⁶There are, in fact, several voters who rate Lib Dem higher than Labour (although they did not vote for the party in 2005). To keep the plots simple I recode these voters to 0.

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Figure 5.5: Preferences for the Challenging Parties in Different Constituency Types, 2005



Note: The BEPS asked respondents how they feel about the Labour, Conservative, and the Liberal Democratic party on a 0-10 like/dislike scale (“strongly against” to “strongly in favour”). In each graph the dark line shows the cumulative percentage of voters who rate the Lib Dems at a certain interval to Labour in 2005. The light gray line shows the cumulative percentage for voters’ ranking of Tory relative to Labour. If voters preferred one challenger over Labour I coded this to 0. The scale on the x-axis thus reads as: 0 = both parties are rated the same (or challenger is preferred over Labour), 1 = Tory is rated one unit above the challenger, and so on.

Source: Clarke et al. (2010); based on (Eggers, 2014)

constituency type. This means that voters' party preferences do not depend on the local structure of party competition. A comparison of arithmetic means furthermore reveals that preferences for Lib Dem, for the Tories, as well as preference gaps are very similar across the constituency types (see also Eggers, 2014).¹⁷

Empirical Results

Table 5.2 shows the results of a regression model in which the constituency type, as defined above, is the main independent variable. Voters living in constituencies in which Labour has a safe seat ("Lab only") serve as baseline. The dependent variable is vote-switching in 2010 and coded as 1 if a prior Labour supporter voted for a party other than Labour or abstained and 0 if a voter chose Labour again.¹⁸ Because I am interested in constraints to retrospective voting, I reduce the sample to all 2005-Labour voters who in 2008 thought that Labour was incompetent (I also estimate models using values of wave 6 (2009) and get very similar results). In model 1 I control for prior attachment to Labour (*Feeling Labour₀₅*) measured on a 0-10 like/dislike scale and for prior changes in voting behavior between wave 3 and wave 4. I code this variable as 0 if a voter indicated to stay with Labour, 1 if a voter planned to vote for a challenging party or to abstain, and 2 if he or she was still undecided. The idea behind this approach is to account for the possibility that voters might have altered their voting intentions before changing their competence ratings. In model 2 I take a more conservative approach and control for prior changes in voting intentions between wave 3 and wave 5. In model 3 I include several control variables which are described in the appendix.

I find a statistically significant and substantially large effect for constituencies in which smaller challengers (but not the Tories) have a realistic chance of winning the race relative to districts in which no party other than Labour is viable. Prior Labour

¹⁷For the preference gap between Labour and Tories the arithmetic means are: Great Britain = 5.87, Lab only = 6.14, Lab-Cons = 5.99, Lab-Others = 5.89. The average preference gap between Lib Dem and Labour is: Great Britain = 2.72, Lab only = 2.87, Lab-Cons = 2.65, Lab-Others = 2.88. None of these differences are statistically significant.

¹⁸This coding does not rule out that voters living, for example, in constituencies where only the Tories are viable actually voted for another party and not for the Tories. I opted for this approach for efficiency reasons and to avoid the loss of additional respondents. In constituency type "Lab-Cons", however, the Tories are the most-often chosen party among the challengers and in constituency type "Lab-Others" it is Lib Dem followed by SN or PC.

5.3 The Electoral Impact of the Financial Crisis

Table 5.2: OLS-Regression: Constituency-Specific Effect, 2005–2010

	Dependent variable: Vote-Switching _{10,05}		
	Model 1	Model 2	Model 3
Constituency Type ₀₅	Reference Category: Lab only		
Lab-Cons	0.170** (0.063)	0.170** (0.060)	0.176** (0.061)
Lab-Others	0.227* (0.105)	0.239* (0.098)	0.283** (0.102)
Feeling Labour ₀₅	-0.055** (0.019)	-0.038* (0.017)	-0.025 (0.019)
Δ Voting _{06,05}	Reference Category: Labour		
- Other	0.178* (0.075)		
- Undecided	0.152+ (0.077)		
Δ Voting _{08,05}	Reference Category: Labour		
- Other		0.369** (0.072)	0.374** (0.074)
- Undecided		0.224** (0.072)	0.239** (0.075)
Observations	248	264	252
R^2	0.129	0.173	0.224
Adjusted R^2	0.111	0.157	0.167
+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses)			
Note: model estimated among 2005 Labour voters who reported in 2008 that this party was not competent			

voters (who thought their past choice was incompetent) in these areas were roughly 23 percentage points more likely to punish Labour than Labour voters living in “Lab only”-constituencies. This provides strong evidence that the outlook of wasting one’s vote can clearly undermine democratic control – a finding that has not yet received much attention in political science research.

I also find a considerably large and statistically significant effect for constituencies in which the Tories are viable (but other challengers are not) relative to ‘Lab only’ constituencies. The difference between “Lab-Cons”- and “Lab-Others”-constituencies

is not statistically significant. This suggests that in 2010, Labour voters were not repelled by the outlook of having to vote for the Conservative party. Apparently, the acceptability constraint did not play a major role in the 2010 general election which seems in line with the rising popularity of the Conservative party during the electoral cycle and, in particular, with the selection of David Cameron as new leader of the party.¹⁹

5.4 Conclusion

In this chapter I analyzed the role of the international financial and economic crisis in losses of Labour in the 2010 general election. This chapter highlights the importance of two theoretical arguments of this thesis: Firstly, it is important to distinguish between factual perceptions of the policy outcome voters observe and their competence assessments of the incumbent. In this chapter I present evidence that, once confronted with a particularly clear economic outcome change, voters almost uniformly agree on the state of the economy. However, voters clearly differ in how to attribute these outcome changes to the competence of the incumbent Labour party.

Secondly, I present evidence that even if 2005 past Labour voters held dissonant competence assessments and some refused to alter past voting. In this chapter I find only evidence that this refusal is related to the outlook of having to vote for a different party. In particular, I find no evidence that voters were particularly repelled by the outlook of having to vote for the Conservatives – a party that traditionally was a non-acceptable choice for many Labour voters. This finding thus mirrors and reproduces the finding from the last chapter in which I found that 1992 Tory voters were not particularly repelled from voting for New Labour. Both findings thus tentatively support the claim that once parties are converging (which they undoubtedly did between the mid 1990s and late 2000s), retrospective voting might become easier. However, there is strong evidence that viability constrained democratic control: in constituencies in which Labour was the only viable party, voters were less likely to hold the incumbent accountable. The still large amount of constituencies of this

¹⁹In the appendix I provide robustness checks for these findings.

type might have saved Labour from an even larger defeat in 2010.

5.5 Appendix

This appendix contains information on (1) the data set and the coding of variables, (2) additional plots to which I refer in the text, and (3) several robustness and specification checks for the regression models reported in this chapter.

5.5.1 Data Set and Variable Description

This chapter uses data from the British Election Panel Study collected between 2005–2010 (Clarke et al., 2010). The BEPS conducted nine waves of interviews over the course of the general elections on May 5, 2005 and May 6, 2010: One round of waves was conducted before, during, and after the election campaign in 2005, one wave was conducted in 2006, 2008, and 2009, respectively, and three waves were fielded before, during, and after the election campaign of 2010. Table 5.3 gives an overview of the fielding period as well as the mode of interview. In the following I also give an overview of the coding of variables and from which panel wave they were taken.

Table 5.3: Overview of Panel Waves and Variables, 2005–2010

Panel wave	Field time	Modus
Wave 1	07/03/05-04/04/05 (pre)	Online (YouGov)
Wave 2	06/04/05-05/05/05 (campaign)	Online (YouGov)
Wave 3	09/05/05-24/05/05 (post)	Online (YouGov)
Wave 4	08/05/06-26/06/06	Online (YouGov)
Wave 5	04/06/08-21/07/08	Online (YouGov)
Wave 5	20/06/09-31/08/09	Online (YouGov)
Wave 7	29/03/10-07/04/10 (pre)	Online (YouGov)
Wave 8	07/04/2017-05/05/10 (campaign)	Online (YouGov)
Wave 9	07/05/10-24/05/10 (post)	Online (YouGov)

Voting behavior and intentions

I measure voting behavior at the 2005 election in wave 3 which was fielded after the election using the following question: “Which party did you vote for in the General Election?” I use this variable to identify prior incumbent (i.e. Labour) voters. I measure changes in voting intention in wave 5: “If there were a General Election tomorrow, which party would you vote for?” I code answers to this question as 1 if a prior Labour voter indicated that he or she planned to vote for another party or to abstain and 0 if he or she planned to vote gain for Labour. Finally, I measure voting behavior after the 2010 general election using the same question wording and coding as for 2005. This is the main dependent variable in the analyses of this chapter.

Party preferences

Party preferences are measured on a 1-10 like/dislike scale using the following question: “On a scale that runs from 0 to 10, where 0 means strongly dislike and 10 means strongly like, how do you feel about the Labour Party?” I measure this variable in wave 3, wave 5, and wave 9 and use the linear difference between wave 3 and wave 5 to account for lagged changes in Labour preferences that might have happened before the financial crisis. Preferences are measured in all nine waves, so I also have other panel waves to analyze the robustness of my results.

Incumbent competence perceptions

For 2005–2010, I rely on a different question to measure incumbent competence than in the other chapters. In particular, I focus on a more specific question regarding perceived economic competence. In all nine waves the BEPS asked the following question: “How well do you think the present government [Labour] has handled the economy in general?” with answer categories “Very well, Fairly well, Neither well nor badly, Fairly badly, Very badly”. I measure this variable in wave 3 (2005-post) and in wave 5 (2008). For robustness I also estimate models using answers from 2009. For easier interpretation I recoded this question into three categories (1 = Well, 2 = Neither well nor badly, 3 = Badly).

The joint distribution in both waves is shown in Table 5.4. I coded the new variable “ Δ Performance change (w5-w3)” based on the following reasoning: 0 = stable, if a respondent reported “Well” in both waves or reported “Well” in wave 5 after having said “Neither” in wave 3 (shown in *italics*). 1 = changed, if a respondent says “Neither” or “Badly” in 2008 and “Well” in 2005 (this coding is shown in **bold**). I excluded respondents who reported ‘neither’ in both waves, as these respondents have no clear incentive to either switch voting behavior or remain with Labour. I also estimated models in which those 243 respondents who say “Well” in 2005 and “Neither” in 2008 are excluded and find similar results.

Table 5.4: Competence Attributions in Wave 3 and Wave 5, 2005–2010

	Wave 5 (2008)	Wave 3 (2005 post)		
		Badly	Neither	Well
Badly	16	61	266	343
	84.21	66.30	26.21	30.46
Neither	3	20	243	266
	15.79	21.74	23.94	23.62
Well	0	<i>11</i>	<i>506</i>	517
	0.00	<i>11.96</i>	<i>49.85</i>	45.91
	19	92	1,015	1,126

Factual perceptions

I measure sociotropic retrospective economic perceptions with the standard question: “Now, a few questions about economic conditions. How does the financial situation of your household now compare with what it was 12 months ago? Has it: Got a lot worse / Got a little worse / Stayed the same / Got a little better / Got a lot better”. Retrospective egocentric economic perceptions are captured by the following question: “Now, a few questions about economic conditions. How does the financial situation of your household now compare with what it was 12 months ago?” with the same 5-point answering scale. I recode both variables into three broader categories and measure them in wave 3 and wave 5.

Constituency type

I measure a voter’s constituency in wave 3 (*apcon201*). Because of the Fifth Periodic Review of Westminster constituencies in 2007 some respondents change their constituency between 2005 and 2010. For constituencies whose name changed between 2005 and 2010, I collected information on old constituencies from which it was created. If voting results were similar in the old constituencies I used an average of these official results to create a measure of the pattern of party competition. If the old constituencies were too dissimilar, I had to exclude respondents from these constituencies from the analysis, because these respondents obviously had no information on how party competition might look like in 2010. Following [Eggers \(2014\)](#), I use only the three strongest parties per constituency and calculate their three-party vote share. Constituency types are then defined based on these numbers.

Political sophistication

I control for variables that might affect voters’ information processing. For this purpose I measure voters’ media consumption, self-reported political and election interest, and their education. Media consumption has three categories (coded 1 for “not at all”, 2 “sometimes”, and 3 “everyday”) and is measured as “How often do you read a daily morning newspaper?”. Media consumption is only available in wave 1 and wave 7 (pre-election waves). I use levels from wave 1 as both variables are reasonably strong correlated (Cramer’s $V = .48$)

Political interest is only available in wave 3: “Let’s talk for a few minutes about politics in general. How much interest do you generally have in what is going on in politics?” with answer categories ranging from “none at all” to “a great deal” on a 1-5-point scale. Interest in the general election is measured with the following question: “How interested were you in the general election that was held on May 5th this year” with categories “Very interested, Somewhat interested, Not very interested, Not at all interested”. Values are reversed so that high values indicate high interest. Furthermore, I include a dummy variable for respondents who finished their highest education at age 18 or younger (wave 1).

Social background

I control for whether a respondent is male or female and several social-economic background variables which are all measured in wave 1. First, I control for the household's income quartile measured in wave 1. Second, I include a dummy indicating that a respondent is in a trade-union or not and whether a respondent's home is paid for or he or she has a mortgage. Finally, I also include a dummy variable measured in wave 7 which measures whether a voter says that his or her MP has been involved in the MP expenses scandal (coded 1 if yes and 0 if not or if a voter does not know).

5.5.2 Robustness Checks

In this section I discuss the robustness of the results and provide additional graphs to which I refer in the text.

Coding of constituency types

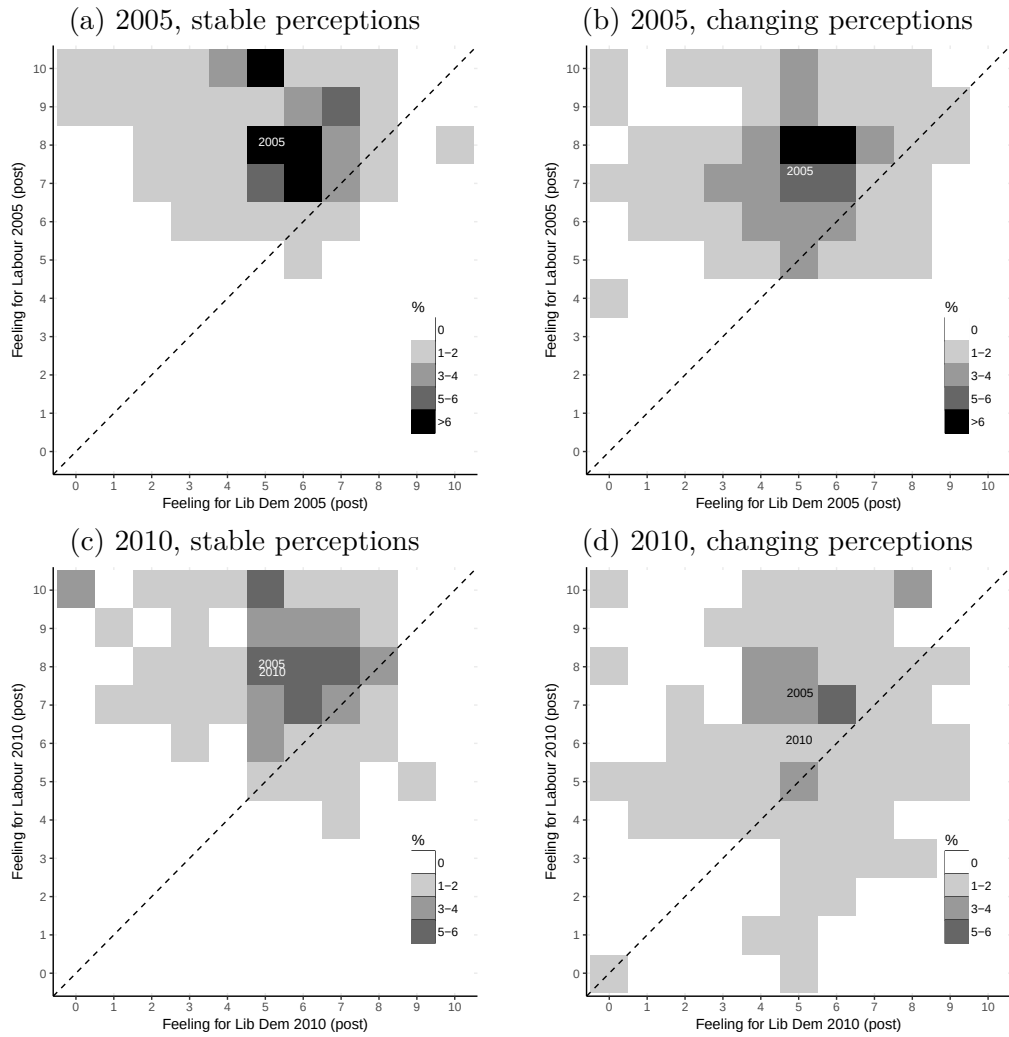
In order to strengthen the results of this chapter I perform a series of robustness checks. First, I estimate regression model 2 of Table 5.2 using different cut-offs which define the constituency type. Figure 5.8 shows the size of both coefficients when the cut-off varies between 5 and 30 percentage points. The solid line shows the size of the coefficient for “Lab only” vs. “Lab-Cons” constituencies and the dotted line shows the coefficient for “Lab only” vs. “Lab-Others” constituencies. It shows that results hold when different cut-offs are used.

Coding of the Dependent Variable

A second concern is that the dependent variable in Table 5.2 is dichotomous and thus does not capture to which challenger party a voter moves. Because I use only the subset of Labour voters who think that the incumbent is incompetent there are not enough observations to use a coding with more categories. To partly mitigate this problem, I use the entire sample of 2005 Labour voters. This approach has the drawback that I include voters who have a reason to punish Labour and voters who have no such reason because they are still convinced that Labour is competent. However, because I established earlier that voters holding dissonant competence ratings are indeed more likely to switch, this approach seems credible to better understand the constraining effect of a voter's constituency type.

In particular, I estimate a multinomial logit model with the following dependent variable: 0 = votes for Labour in 2010, 1 = vote for Tories, 2 = vote for smaller challenger or abstained. I include the constituency type, changes in perceived incumbent competence between wave 3 and wave 5, and prior changes in voting intentions between wave 3 and wave 4 (model 1) and wave 5 (model 2). Table 5.5 shows the results for these two models which generally support the idea

Figure 5.6: Joint Preferences for Labour and Lib Dems, 2005–2010



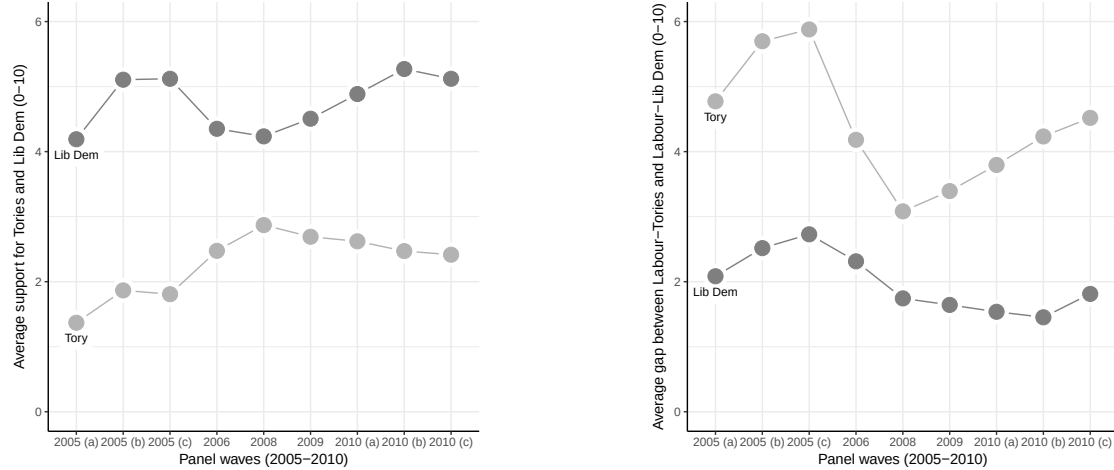
Note: The BEPS asked respondents in all nine waves: “On a scale that runs from 0 to 10, where 0 means strongly dislike and 10 means strongly like, how do feel about the ... Party?” Each plot shows the joint distribution of these two variables for 2005 post-election (top) and 2010 post-election (bottom) with grey shades indicating the percentage in each cell. Prior Labour voters whose perception of the performance of Labour remained positive between 2005 and 2008 are shown on the left side (“stable”); prior Labour voters with changing performance perceptions are shown on the right side (“changing”). “2005” and “2010” indicate the bi-variate arithmetic mean for each plot.

Source: Clarke et al. (2010); based on (Eggers, 2014; Groenendyk, 2012)

that switching to the Tories is statistically significantly more likely in constituencies in which it is viable.

Figure 5.7: Average Preferences for the Challenging Parties: 2005 Labour Voters, 2005–2010

(a) Average Support for Tories and Lib Dem (b) Average Preference Gap Relative to Labour



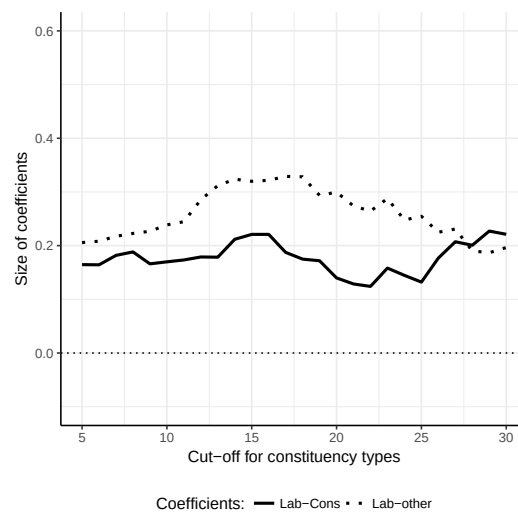
Note: The left plot shows average preferences for the Tories (light gray) and the Lib Dems (dark gray) among 2005-Labour voters for each available panel wave. Preferences are measured on a 0–10 like/dislike scale and each dot represents the arithmetic mean in each period. The right plot shows the average preference gap between Labour and the Tories (light gray) and between Labour and Lib Dem (dark gray). It is calculated by taking the arithmetic mean of the difference between the preference score of Labour and the score of each other party (and thus ranges from 0 to 10): the larger the difference, the more Labour is preferred over the other party.

Source: [Clarke et al. \(2010\)](#)

Changes in Preferences in Constituencies

The idea behind the viability constraint is that voters in “Lab only” constituencies have a reason to punish the incumbent, but there is no challenging party available to which these voters could move to. Consequently, these voters might simply stick with their past choice. It might, however, be the case that voters in these constituencies are generally less responsive to competence shocks in that changes in how they rate incumbent competence does not affect their underlying party preferences. In [Table 5.6](#) I thus show regression models 1 and 2 from [Table 5.1](#) but additionally include the constituency type. I find no evidence that voters in “Lab only” constituencies are less responsive to a prior competence shock. Theoretically speaking, these voters move through the preference space similar to voters in other constituency types – only they lack a viable alternative for which they actually could vote for.

Figure 5.8: Robustness of Constituency Type Coding, 2005–2010



Note: This plot shows the estimated coefficients from regression model 2 of [Table 5.2](#) when the cut-off for the constituency types varies between 5 and 30 percentage points. The solid line shows the coefficient for “Lab only” vs. “Lab-Cons” constituencies and the dotted line shows the coefficient for “Lab only” vs. “Lab-Others” constituencies.

Source: [Clarke et al. \(2010\)](#); based on ([Eggers, 2014](#))

Table 5.5: Multinomial Logit: Constituency-Specific Effect among all 2005 Labour Voters, 2005–2010

	Dependent variable: Vote-Switching ₁₀	
	Model 1	Model 2
Voting for Tories vs. stick with Labour		
Constituency type ₀₅	Reference Category: Lab only	
- Lab-Cons	0.910** (0.346)	1.062** (0.344)
- Lab-Others	0.576 (0.655)	0.443 (0.650)
Feeling Labour ₀₅	-0.254* (0.105)	-0.220* (0.099)
Δ Competence _{08,05}	1.901** (0.422)	1.480** (0.436)
Δ Voting intentions _{06,05}	1.291** (0.360)	
Δ Voting intentions _{08–05}		2.126** (0.457)
Constant	-2.057* (0.965)	-2.903** (0.954)
Voting for other vs. stick with Labour		
Constituency type ₀₅	Reference Category: Lab only	
- Lab-Cons	0.391 (0.245)	0.420+ (0.238)
- Lab-Others	1.255** (0.394)	1.200** (0.383)
Feeling Labour ₀₅	-0.336** (0.081)	-0.287** (0.075)
Δ Competence _{08,05}	0.591* (0.243)	0.217 (0.251)
Δ Voting intentions _{06,05}	0.644* (0.266)	
Δ Voting intentions _{08–05}		1.135** (0.257)
Constant	0.842 (0.687)	0.371 (0.641)
Observations	491	518
<i>BIC</i>	806.515	838.719
+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses) Note: model estimated among 2005 Labour voters		

Table 5.6: OLS-Regression: Constituency-Specific Effect on Party Preferences, 2005–2010

	Dependent variable: Feeling Labour ₁₀	
	Model 1	Model 2
Voting for Tories vs. stick with Labour		
Constituency type ₀₅	Reference Category: Lab only	
- Lab-Cons	-0.164 (0.190)	-0.110 (0.173)
- Lab-Others	0.319 (0.337)	0.529 ⁺ (0.309)
Δ Competence _{08,05}	-1.279** (0.201)	-0.614** (0.194)
Feeling Labour ₀₅	0.618** (0.069)	0.751** (0.062)
Δ Feeling Labour _{06,05}	0.293** (0.056)	
Δ Feeling Labour _{08,05}		0.477** (0.040)
Observations	486	485
R^2	0.363	0.483
Adjusted R^2	0.340	0.465
⁺ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses)		
Note: model estimated among 2005 Labour voters		

6 Rewarding the Incumbent: Labour's Second Landslide Win in 2001

6.1 Introduction

One essential feature of democracy is that citizens are able to hold incumbents accountable (Key, 1966; Fearon, 1999; Besley, 2006). In the past two chapters, this idea of electoral accountability revolved around the concept of electoral punishment (Fiorina, 1978; Key, 1966): Citizens are expected to vote against the party in power, if they infer that it is incompetent. This places a natural focus on former voters of the party in power, who by defecting from their previous choice pay the incumbent the costs of the party's efforts and behavior in office.

Electoral accountability, however, also comprises the idea of electoral *reward*: Voters might switch to the incumbent, if they observe policy outcomes that cause them to think that the party in office is competent. Naturally, electoral reward is centered upon previous supporters of the challenging party (or parties), as these voters, if they actually alter previous voting behavior, increase the vote share of the party in power. Political scientists commonly assume that democratic control is symmetric (Fiorina, 1978): Prior supporters of the incumbent are expected to vote against the incumbent, if they think that this party is incompetent, to the same degree as prior supporters of the challenging party are to move to the incumbent that appears competent. In this chapter I will focus on this latter process of electoral reward and analyze how readily British voters reward an incumbent.

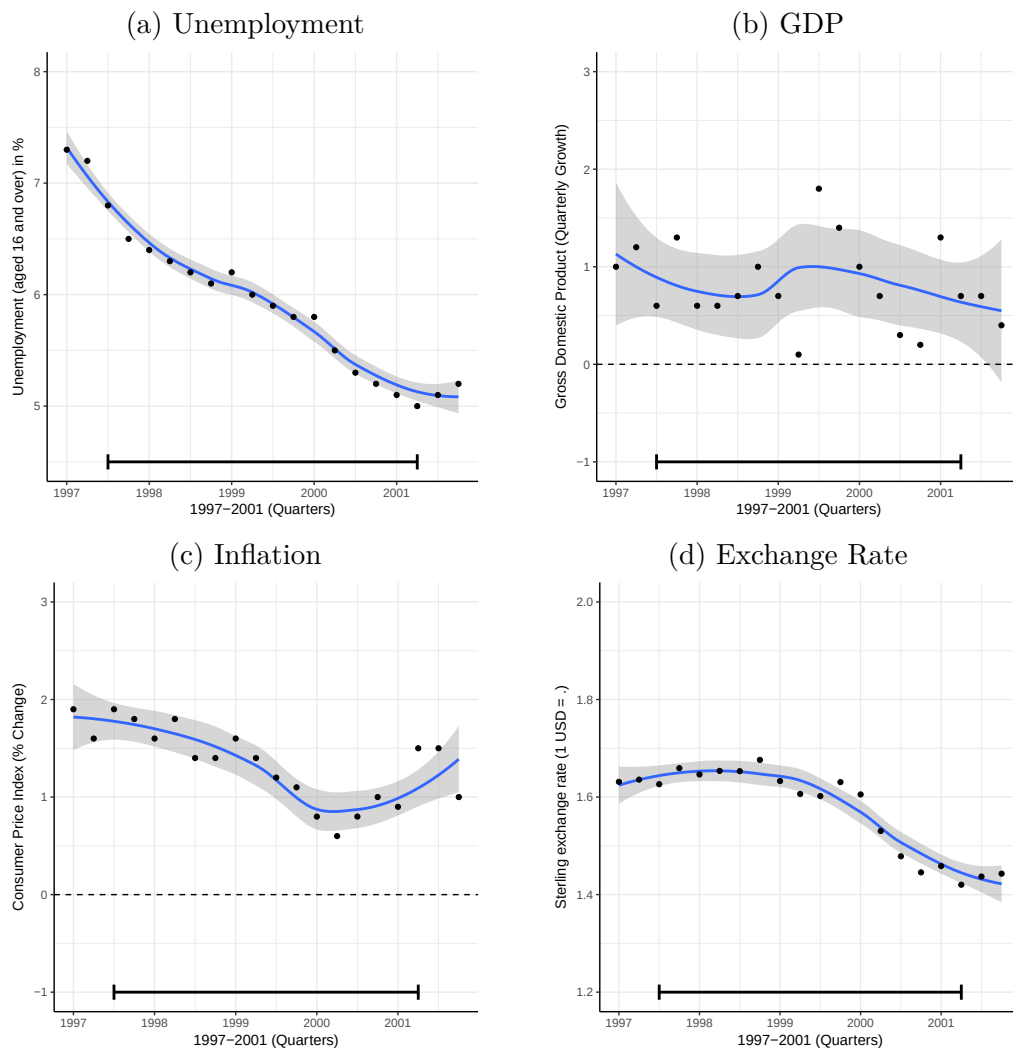
The general election of 2001 provides an interesting case to understand the process

of electoral reward in the context of the British party system. After a landslide victory in 1997, the Labour party entered office for the first time since 1979. As argued in the previous chapter, one of the reasons for Labour's success in 1997 might have been that Labour changed its position on several important political issues and adjusted its communication and rhetoric to appeal to younger, better educated, and urban voters (McDonald Ladd and Lenz, 2009; Heath, 2016). Thus, many voters might have been eager to learn whether Labour would actually deliver what its campaign and new rhetoric promised. This might have been particularly important as many politicians of New Labour, especially its prime minister Tony Blair, were comparatively inexperienced in holding office.

Many commentators and political scientists described New Labour's first term in office as successful (Budge et al., 2007). One potential reason for this assessment can be found in the positive and stable economic development throughout the entire electoral cycle. Figure 6.1 shows how several crucial macro-economic indicators changed between 1997 and 2001: As can be seen from the top panel, economic growth increased continuously and extended the steady growth that started in 1993 under the previous Conservative government. Furthermore, unemployment and inflation were reduced substantially during Tony Blair's first term in office. Other indicators also show that economic circumstances remained much more stable than during the first half of the decade. The British pound, for example, remained highly stable relative to the US-Dollar, which differed clearly from the stark exchange volatility during the previous electoral cycle and also from the future development from 2005 and 2010 (see the last two chapters). Commentators also point to the fact that Labour had been successful in delivering several of its key campaign promises, most notably the North Ireland Peace Treaty in 1998. Thus, given the stable economic environment and the success of Labour in dealing with several key policies, many *previous* supporters of the Conservative party, of the Liberal Democrats or of other opposition parties as well as voters who abstained in 1997, might have started to consider voting for Labour in 2001.

The 2001 general election brought a second clear victory for the incumbent Labour party; commentators referred to it as a second landslide win (BBC-News, 2010, August 3). Labour won 40.7 percent of the voting population, a marginal loss of 2.5 percentage points (which totalled to a loss of five seats in parliament). The

Figure 6.1: Macroeconomic Output in Great Britain, 1997–2001



Note: The vertical bar represents the electoral cycle starting in April 1997 and ending in April 2001. Blue lines are lowess-smoothers.

Source: Office for National Statistics

challenging Conservative and Liberal Democratic party slightly increased their vote share to 30.7 percent and 16.8 percent, respectively. Despite small losses, Labour still held a comfortable lead in 2001 and entered office for the second time under Tony Blair. Remarkably, turnout dropped substantially to 59.4 percent (-11.9 percentage points) – one of the lowest values since World War II.

While these aggregated results certainly point to the idea of electoral reward, official voting results are not sufficient to account for potentially complex movements of voters between parties as well as between voting and non-voting. In particular, official voting results do not contain enough information to determine how prior supporters of the challengers or non-voters behaved after New Labour's first time in office. This leads to the main question of this chapter: *Under what circumstances are prior voters of the challenging parties willing to reward a successful incumbent?*

This chapter is structured as follows: In the next section I briefly discuss the theoretical framework under the perspective of electoral reward and derive the main expectations of this chapter. In particular, I argue that the constraints that might undermine electoral punishment might be equally important for the process of electoral reward. I then describe how the research design can be extended to the reversed situation of moving to the incumbent. The main challenge hereby is that in the British case, there is only one incumbent party to which prior supporters of the challenging parties (or voters who have abstained) can move to. Thus, there is no variation based on the district-type which I exploited in previous chapters to create variation in which challenging party has a realistic chance of winning a constituency. I show, however, that the local pattern of party competition can nonetheless be used to reveal important aspects of electoral accountability. In the final section of this chapter I present the empirical results: I find that voters of other parties who keep their initially positive view of the competence of Labour are more likely to move to Labour in 2001. This reward is most pronounced among prior supporters of Lib Dem and non-voters, while prior supporters of the Tories are less likely to move to the incumbent – a finding in line with the underlying party preference strength of these voters. Furthermore, I find that electoral accountability is constrained by the chances of Labour of winning a seat, which underlines the importance of the concept of viability to democratic accountability.

6.2 Theoretical Framework: Electoral Reward

The key idea behind electoral accountability is that voters observe policy outcomes under the incumbent, form a judgment regarding the party's competence, and then either vote in favor or against the incumbent (Duch and Stevenson, 2008). This

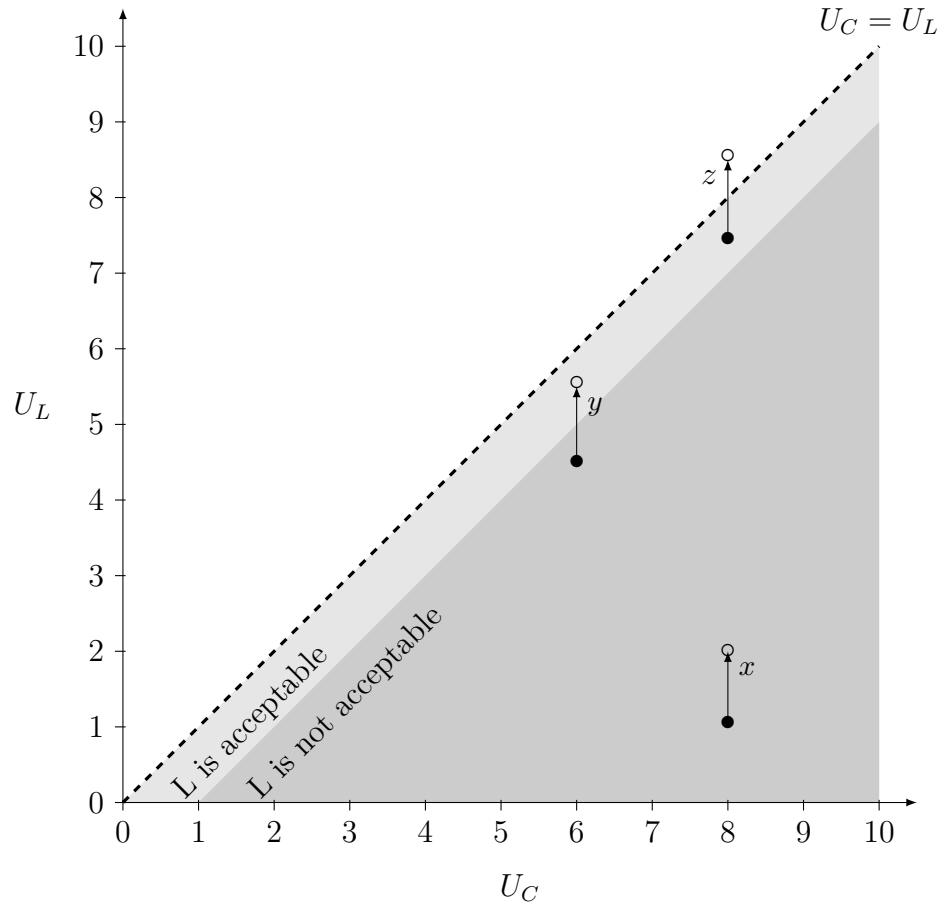
chapter focuses on electoral reward, so prior supporters of the challenging parties shift to the center of attention. If some of these voters conclude that the incumbent is competent, they are expected to reward the incumbent by moving from their previous electoral choice to the party in power. In a similar vein, previous supporters of the challengers should see no reason to move to the incumbent, if they infer – based on the information received during the electoral cycle – that the incumbent is not competent. I again refer to this difference as the unconditional competence effect.

To illustrate the difference between electoral punishment and reward, [Figure 6.2](#) shows the preference space between the incumbent Labour and challenging Conservative party. It is again assumed that a continuous preference space, which is a function of all factors a voter deems relevant in politics, underlies voting behavior and voters' inclination to alter voting. The main difference to previous chapters is that the voter group of interest is now located initially below the indifference line. These are voters who in 1997 chose the Conservative party over Labour. The key idea behind electoral reward is that voters, after having observed that Labour is competent, should increase support for Labour (indicated by the upward moving arrows). This represents the unconditional competence effect and the idea that Labour's successful term in office should cause voters of the opposition to feel more positively about this party.

6.2.1 The Competence of the Incumbent

The first question then obviously becomes how prior challenger-voters rated the competence of Labour and which factors were driving their judgment. The second part of this question is less clear than in previous chapters in which a highly visible and seminal economic event provided an unexpected valence shock to the previous views of voters. This is different for the electoral cycle between 1997 and 2001, where the economic changes happened gradually and steadily (see [Figure 6.1](#)). Furthermore, voters' assessment of the competence of Labour might not have been driven by the economy alone. In this chapter I thus focus on voters' general competence evaluation without clear reference to a single event that might have driven this as-

Figure 6.2: Voting Decisions in the British Party System, 1997–2001



Note: U_i refers to the underlying preference a voter has for the incumbent Labour and challenging Conservative party. Voters in gray areas rank C highest; in the white area L is more popular. The thick dotted line indicates equal utility between L and C (indifference). Full dots refer to the location of a voter in 1992 and hollow dots refer to preferences in 1997. A vertical shift denotes an in- or decrease in preferences for C , a horizontal shift refers to an in- or decrease in support of L . Voters pick the highest ranked alternative and alter prior voting behavior if they cross the indifference line.

Source: adapted from Groenendyk (2012); Eggers (2014)

assessment.¹ This also matches the idea that voters might have used Labour's first term to observe how this comparatively inexperienced "new" party might actually fare in office.

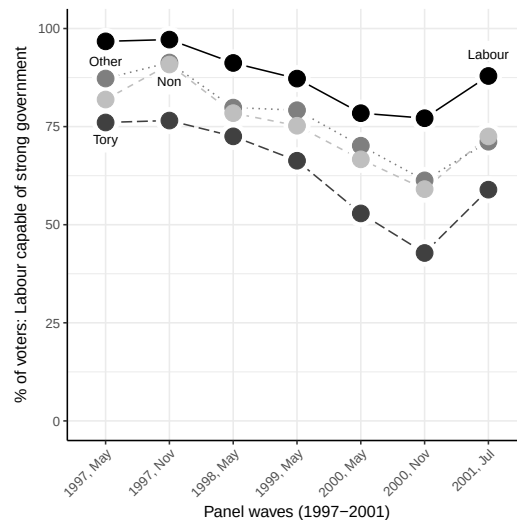
Figure 6.3 shows how prior voters of Labour, the Conservative party, Lib Dem, SN

¹The question wording, however, is the same as for the 1992–1997 chapter.

6.2 Theoretical Framework: Electoral Reward

in Scotland and PC in Wales (labelled “other”) as well as non-voters perceived the competence of Labour between 1997 and 2001. It shows that the new government was faced with high expectations from the beginning, not only among voters who already voted for Labour, but also among citizens who chose one of the challenging parties or abstained in 1997: Roughly 75 percent of the Tory supporters thought in May 1997 (after the election) that Labour would be capable of a strong government. Remarkably, this positive view persisted throughout the electoral cycle and in November 2000, half a year before the election, still 50 percent of prior Tory voters were convinced that Labour was capable of a strong government. These numbers are even higher for prior supporters of the smaller challengers and non-voters.

Figure 6.3: Valence Perceptions of the Labour Party, 1997–2001



Note: The BES asked respondents the following question: “And on the whole, would you describe Labour as capable of being a strong government”. This plot shows the percentage 1992 of Tory, Labour, Lib Dem voters as well as non-voters who answered this question positively. The size of each dot indicates the number of respondents answering each question, the percentage of which answered the question positively is shown on the y-axis. Note that this question was not asked in May 1993, October 1995 and October 1996.

Source: [Heath and Curtice \(2002\)](#)

Thus, while the policy outcomes observed between 1997 and 2001 obviously did not cause all voters of the challenging parties to increase their previous competence evaluations, it was at least enough *to maintain the initially high expectation for this government* among a large segment of prior supporters of the opposition. In

the following I will thus focus on whether previous voters of the challenging parties who maintained their initially positive view of Labour's performance capacity voted differently than prior voters of challenging parties who revised their initially positive view or already thought that Labour was incapable of providing strong government. Based on the definition of the unconditional competence effect the expectation is that the former group should be more likely to move to Labour than the second group.

6.2.2 Electoral Reward, Acceptability, and Viability

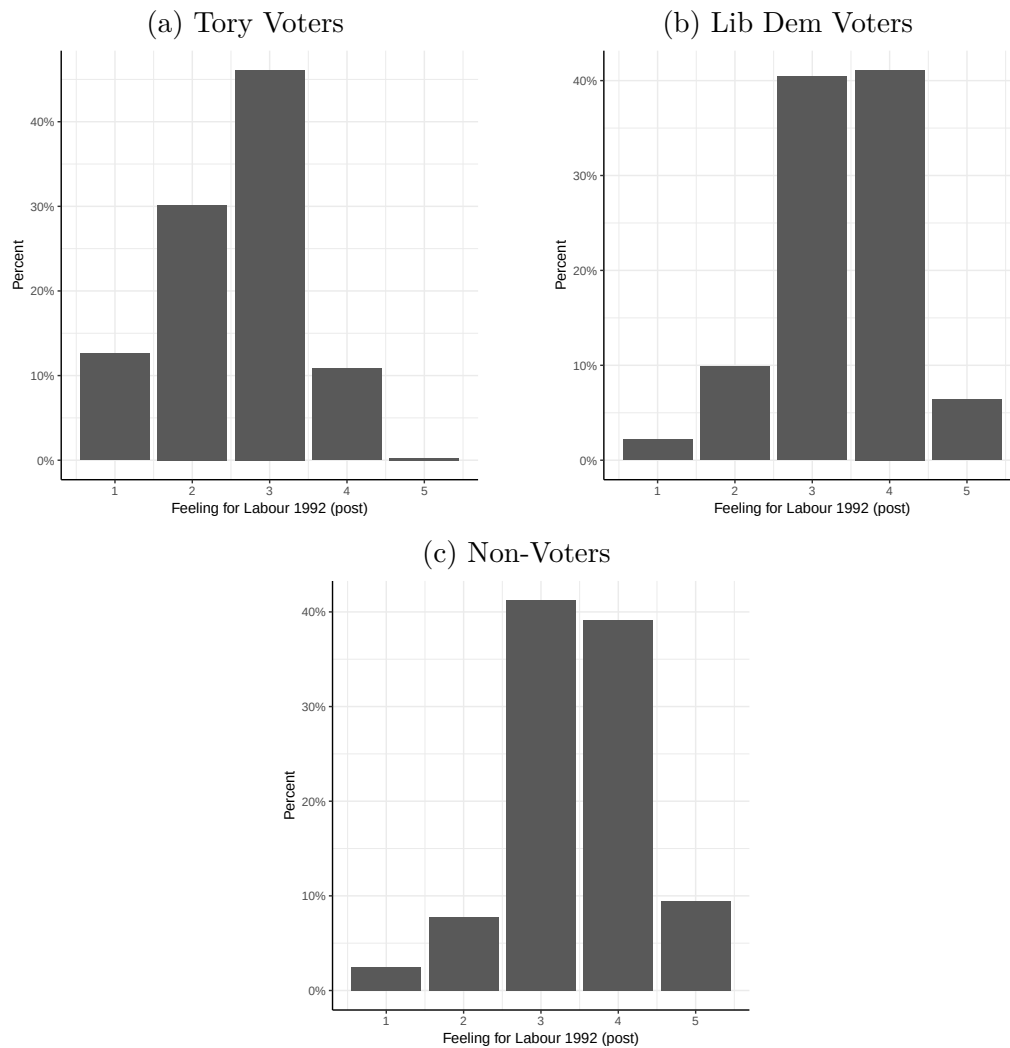
The main interest of this thesis, however, is to understand potential limitations of retrospective voting. So far, I discussed these constraints in the light of electoral punishment; but there is in fact no reason to believe that voters might not face similar constraints when aiming to reward the incumbent. Some voters might for example refrain from rewarding Labour because of the ideological stance or policy views of this party. In this sense their prior choice remains the more attractive choice, even when these voters admit that Labour's time in office has been successful (acceptability-constraint). This idea is explicitly incorporated in [Figure 6.3](#): The more favourably a voter thinks about the alternative party (in this case: Labour) in 1997 and the closer he or she is located to the indifference line, the more likely it becomes that a competence shift of this party causes this voter to change support.

This implies that electoral reward might be easier for some past voter group than others. [Figure 6.4](#) shows the distribution of preferences for Labour in 1997 among voters of the Tories or Lib Dem (or other smaller challenging parties) and non-voters. Preferences are measured on a 1-5 like/dislike scale with high values implying strong support for Labour.² It becomes obvious that 1997 Tory voters hold on average a less favourable view of Labour than 1997 Lib Dem voters or non-voters. Voters of the Tories are thus less likely to think about Labour as an acceptable alternative and their propensity to switch should thus be lower than for the other two groups. I thus expect that *prior voters of the Conservative party are less likely to reward the*

²Ideally, I would show area plots as in the previous chapters and plot the joint preferences between Labour and the party a voter chose at the previous election. However, because I now focus on past non-voters this is obviously not feasible. Nonetheless, the information in [Figure 6.4](#) depicts what would be the y-axis of an area plot and thus captures the main information.

6.2 Theoretical Framework: Electoral Reward

Figure 6.4: Preferences for Labour: 1992 Tory-, Lib Dem- and Non-voters, 1997–2001



Note: Average preferences for Labour among (a) 1992 Tory voters, (b) 1992 Lib Dem voters, and (c) 1992 non-voters. Preferences are measured in 1992 on a 1-5 like/dislike scale. The respective means in each group are: Tory = 2.5, Lib Dem = 3.4, Non-vote = 3.5 (the difference between the Tory-voters and each other voter-group is statistically significant).

Source: [Heath and Curtice \(2002\)](#)

incumbent Labour party than prior supporters of the Liberal Democrats and other challenging parties (acceptability constraint)

The focus on electoral reward also allows me to analyze the behavior of a group

that so far received less attention: non-voters. In Great Britain, during the period of time studied in this thesis, turnout usually reached around 70 percent of the voting population. A strong and positive performance of the party in power might however cause non-voters to consider voting again. If they do so, this has a similar rewarding effect for the incumbent party as its vote and seat share increases. Given that these voters abstained at the last election, they very likely do not possess strong party preferences in the sense that they are likely indifferent between the main parties. This should cause them, however, to vote rather easily for the incumbent if they think the government's performance has been successful and general preferences of non-voters should generally not hold them back. I benchmark their behavior relative to previous voters and, in particular, relative to prior supporters of the Conservative party, who should have the strongest party preferences. I thus expect that *prior non-voters are more likely to reward the incumbent Labour party than prior supporters of the Conservative party* (acceptability constraint).

The second constraint I discuss in this thesis is related to the viability of the incumbent, that is, voters want to avoid to waste their vote. In the context of electoral punishment viability refers to a situation in which a voter is willing to support one of the challenging parties; however, given the local pattern of party competition the chances of this party winning the seat are slim, a voter might refrain from changing his or her past voting behavior. For electoral reward this constraint should operate similarly: In particular, voters might be willing to support Labour and reward its (in their eyes) competence, yet the local party structure makes it unlikely that Labour actually wins a seat. If this is the case, voters might remain with their previous choice even if they think Labour performed well. I thus expect that *prior voters of the challenging parties are more likely to reward the incumbent Labour party if Labour is considered viable*.

6.3 Research Design

In this section I discuss how the research design can be adjusted for the new research question which focuses on the behavior of prior voters of the challenging parties and non-voters. In the previous sections I analyzed whether voters (who blamed their

prior choice) behave differently depending on whether they live in constituencies in which only the incumbent is viable, in which one of the main British parties (Labour or Tories), or in which one of the other challenging parties (Lib Dem in England, SN in Scotland, PC in Wales) are viable. The key idea was to use this geographical variation to create variation in the acceptability and viability of the challenging parties, assuming that it should be easier for e.g. a prior Tory voter to support Lib Dem than Labour. When focusing on prior voters of the challengers, this strategy is, however, not feasible, as voters can only decide between moving to Labour or not.

In order to test the hypotheses outlined above, I focus solely on prior voters of one of the challenging parties (Conservative, Lib Dem, SN, or PC) or non-voters and use these differences to create variation in the acceptability of voting for Labour. That is, I rely on the fact that prior Tory voters on average feel less positively about Labour than 1997-supporters of the other challenging parties.

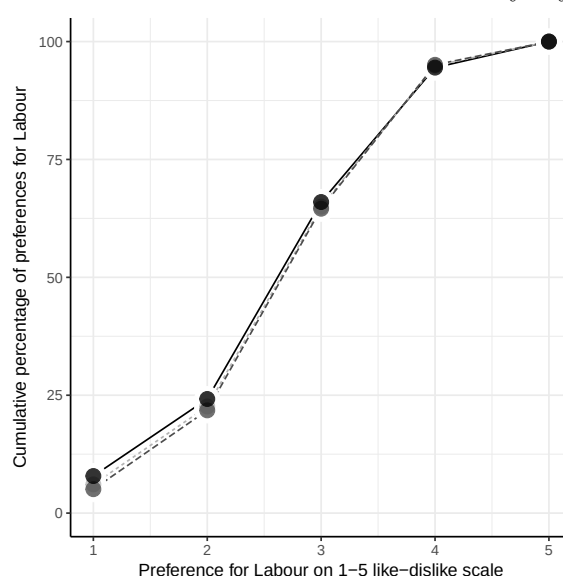
In order to understand the impact of viability, I again rely on the local party competition structure. In particular, I define two constituencies types:

- (1) Labour is viable: I define this type as constituencies in which Labour had a realistic chance of winning a seat. These are districts that were won by Labour in 1997 as well as constituencies in which Labour did not win the race, but trailed by not more than 10 percentage points. Thus, voters could have expected that Labour might win this seat and switching to this party might not appear as wasting one's vote.
- (2) Labour is not viable: these are all constituencies which Labour lost by a margin of 10 percentage points or more. Voters living in these areas are assumed to be less willing to reward Labour, given its limited chances of winning the race.

The key assumption behind this approach is that preferences for Labour, i.e. of the party that might get rewarded by voters, are similar across the two constituency types. In [Figure 6.5](#) I show that preferences for voters living in either constituency type are virtually identical. The x-axis of this figure shows voter preferences in 1997 for Labour measured on a 1-5 like/dislike scale (because there is only one party in government I use no party pair gaps). On the y-axis I show the cumulative

percentage of prior challenger-voters or non-voters that rate Labour with a certain score or lower. The black line shows preferences of voters in Great Britain, dark gray lines show constituencies in which Labour is viable, and light gray lines show constituencies in which Labour is not viable.³ Preferences are very similar which implies that, if voters in constituencies in which Labour is viable are more likely to switch than in constituencies of the second type, this should not result from different preferences for Labour. Because voters feel as positively about Labour in viable districts as in non-viable districts, their decision to alter voting should result from the fact that Labour has a chance of winning a seat in the first but not in the second type of constituencies.

Figure 6.5: Preferences for Labour: Constituency Types in 1997



Note: This plot shows the cumulative percentages of preferences for Labour (on a 1-5 like/dislike scale) in Great Britain (black), in constituencies in which Labour was viable (dark gray), and in constituencies in which Labour was not viable (light gray).

Source: Heath and Curtice (2002); based on (Eggers, 2014)

³The arithmetic mean for Labour preferences is 3.11 in Great Britain, 3.13 in areas where Labour is viable, and 3.07 in areas where it is not. Differences are not statistically significant.

6.4 Empirical Results

6.4.1 Unconditional Competence Effect

As in previous chapters I start with the unconditional competence effect, which shows whether voters who think that Labour is competent over the entire electoral cycle act differently than voters who revise their competence assessment of Labour to thinking of the party as incompetent. The first group is expected to reward Labour by voting for this party at the election in 2001. Note that all of the following analyses subset for prior voters of the challenging parties and non-voters. The dependent variable is again either party preference for Labour in 2001, measured on a 1-5 like/dislike scale, or voting for Labour in 2001 or not. The key independent variable is whether a voter thinks that Labour is capable of a strong government or not (coded as 1 if a voter thinks so and as 0 otherwise). Given the gradual development of this variable (see [Figure 6.3](#)), it is less obvious at which point after the 1997 general election this variable should be measured. I use respondents' answers from wave 4 (May 1999), because voters already had time to observe half of Labour's term in office, but might not yet have decided how to vote in 2001. In the appendix I show that results are robust to using other panel waves.

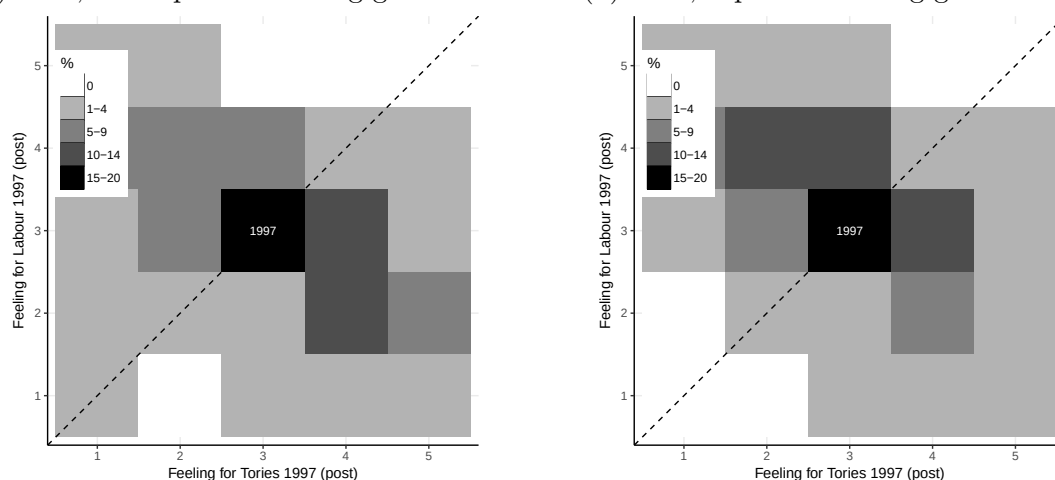
[Figure 6.6](#) shows the joint preference space for the incumbent Labour party (on the y-axis) and the main challenger, the Tories. As in previous chapters, the relative frequencies of each preference combination are indicated by different shadings, with darker shades indicating a higher percentage of voters in a certain cell. The upper two plots show preferences in 1997, right after the general election that brought New Labour into power; the lower two panels contain the same information for 2001. The two left panels show the preferences for voters who in 1999 thought that Labour was not capable of a strong government, the right side shows the information for voters who thought the incumbent was capable.

Note that [Figure 6.6](#) shows the preferences of prior voters of all challenging parties and non-voters. Thus, the preferences are much more heterogeneous than in previous chapters. So far, I depicted the joint preferences for prior voters of the incumbent, who held very coherent preferences. Thus, most respondents were located above the indifference line and in the upper-left corner. In [Figure 6.6](#) it becomes obvious

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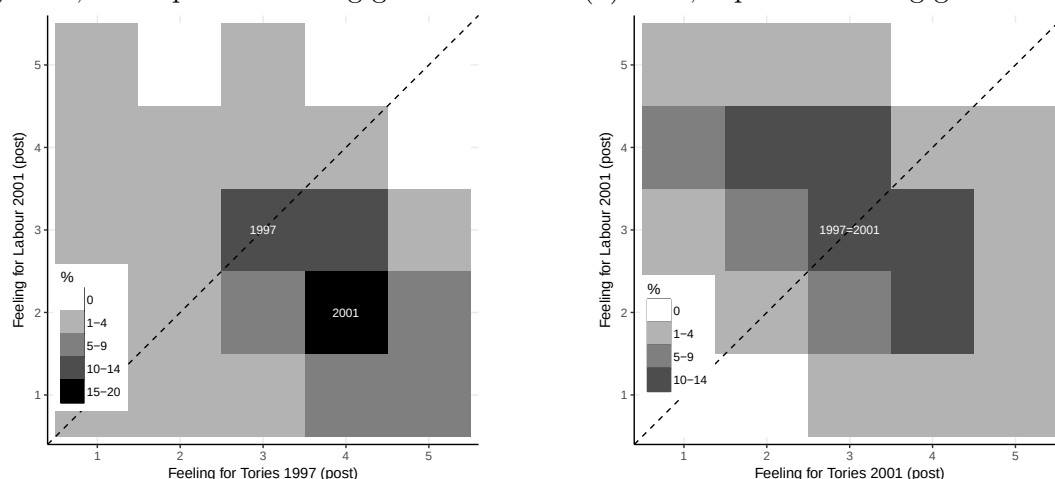
Figure 6.6: Joint Preferences for Labour and the Conservative Party, 1997–2001

(a) 1997, not capable of strong government (b) 1997, capable of strong government



(c) 2001, not capable of strong government

(d) 2001, capable of strong government



Note: The BES asked respondents in 1997 and 2001 how they felt about the Conservatives and the Labour party on a 1-5 like/dislike scale (“strongly against” to “strongly in favour”). Each plot shows the joint distribution of these two variables for 1997 (top) and 2001 (bottom) with grey shades indicating the percentage in each cell. Voters who thought that Labour was capable of a strong government are shown on the right side; voters who thought that Labour was not capable are shown on the left side. The median of each distribution is highlighted by “1997” and “2001”, respectively.

Source: [Heath and Curtice \(2002\)](#); based on [\(Eggers, 2014\)](#)

that the subset of voters that comprises previous supporters of Tories, Lib Dem, other challengers, as well as non-voters already thought rather positively of Labour

in 1997. A substantial portion of voters rated Labour at 3 or higher, even if these voters did not choose Labour but decided to either pick one of the challenging parties or abstain. Thus, in 1997 there already existed a potentially large set of voters that might be willing to vote for Labour, as long as they do not change this positive competence assessment of Labour over the next years.

This is shown in the two bottom panels of [Figure 6.6](#): Voters who remained convinced that Labour was capable of a strong government largely kept their initially positive feeling towards Labour (right side). Many voters are still located above the indifference line and the median of the joint distribution remains the same in 1997 and 2001. This means that voters did not necessarily increase support for Labour, but maintained their already high support for the party in power. It is thus likely that these voters were finally willing to vote for Labour in 2001. On the other hand, voters who thought after 1999 that Labour was not capable of a strong government (left side), clearly *reduced their initially equally positive feelings towards New Labour*. The distribution in plot (c) clearly moves downwards, which indicates that Labour lost support among these voters. The median preference for Labour is reduced by roughly one scale point (while support for the Tories increases). These voters clearly did not maintain their initially positive feeling towards Labour. Thus, the key idea of this chapter is that Labour's performance in office was rewarded by voters in the sense that Labour met their initially high expectations.

While these differences are informative, they might be driven by the influence of third variables or endogeneity concerns. I thus employ a three-wave panel test, which I used in previous chapters as well. [Table 6.1](#) shows the results of several regression models. Model 1 and 2 use preferences for Labour in 2001 as main dependent variable. This allows me to understand whether support for Labour increased over the electoral cycle among prior voters of the challenging party, even if some of these voters did not switch voting behavior in 2001. The main independent variable is whether a voter thinks that Labour is able to provide strong government or not and how these assessment changed over Labour's first term. I measure this variable in May 1999 (wave 4).⁴ As for previous chapters I control for prior support in 1997 ("Feeling Labour₉₇" measured after the 1997 election on a 1-5 like/dislike score) as

⁴In the appendix I provide evidence that the results remain robust to different points of measurement.

well as lagged changed until May 1999 (“ Δ Feeling Labour_{99,97}” measured as the difference between wave 4 and wave 1). Note again that all models are subset of prior voters of the challenging parties or non-voters. I also include 1997 competence views of Labour (“Competence Labour₉₇”). In Model 2 I add additional control variables described in the appendix.⁵

Model 1 and model 2 clearly support the notion that voters who reported that Labour was capable of strong government, i.e. voters whose initial high competence expectations were not dissatisfied, felt more positively about Labour in 2001. The support of this group of voters is roughly .2 units (on a 1-5 scale) above the average support among voters who believed that Labour was incapable of a strong performance. The effect size is thus weaker than in previous chapters, in which the unconditional competence effect was roughly twice the magnitude. Note however that in previous chapters voters’ incentive to punish the incumbent (e.g. in response to the financial crisis or Black Wednesday) was potentially larger than voters’ incentive to reward Labour in 1997, as the determinants of its performance did not change unexpectedly but developed rather steadily. This is perhaps a general reason why political scientists hypothesized that electoral reward works less efficiently than electoral punishment: while information on government failure related to the economy might inform the average voter unexpectedly and in the fashion of a shock to prior factual beliefs, positive economic indicators inform voters more gradually and might thus be less powerful in informing their political reasoning.

Model 3 and 4 use vote-switching as dependent variable, coded as 1 if a prior challenger-voter chooses Labour in 2001 and 0 otherwise. Both models thus show defection from a voter’s past choice to the incumbent. The main independent variable is voters’ changed competence perception of Labour until 1999. Additionally, I include prior voting behavior with the Tories as reference category, changes in voting intentions until 1999 (coded as 1 if a voter planned to vote for Labour and 0 otherwise), and prior competence ratings. Model 4 also includes additional controls using the same approach as for the first two models. Both models also support the

⁵As before, my approach is to sequentially add one control variable after the other and track the effect estimate. Model 2 shows the regression including all control variables listed in the appendix except for income and how a voter perceived the economic situation in his or her area. This is because the number of observations drops substantially if these variables are included. The effect estimates, however, remain the same when both variables are included.

Table 6.1: OLS-Regression: Unconditional Competence Effect (Wave 4), 1997–2001

	Dependent variable			
	Preferences Model 1	Labour ₀₁ Model 2	Vote-Switching ₀₁ Model 3	Model 4
Δ Competence Labour _{99,97}	0.202** (0.060)	0.228** (0.061)	0.049* (0.024)	0.059* (0.024)
Competence Labour ₉₇	-0.015 (0.080)	0.028 (0.080)	0.019 (0.033)	0.042 (0.033)
Feeling Labour ₉₇	Reference Category: Strongly Against			
- Against	1.043** (0.114)	0.975** (0.115)	0.032 (0.046)	0.031 (0.047)
- Neither favour/against	1.844** (0.113)	1.691** (0.116)	0.068 (0.044)	0.056 (0.045)
- Favour	2.748** (0.123)	2.541** (0.128)	0.131** (0.047)	0.117* (0.048)
- Strongly in favour	3.616** (0.159)	3.336** (0.164)	0.120+ (0.062)	0.101 (0.063)
Δ Feeling Labour _{99,97}	0.588** (0.032)	0.521** (0.033)		
Voting Intention _{99,97}			-0.268** (0.025)	-0.246** (0.026)
Voting ₉₇	Reference Category: Tories			
- Lib Dem			-0.032 (0.027)	-0.034 (0.027)
- Other			0.010 (0.032)	-0.002 (0.033)
- Abstain			0.021 (0.027)	-0.003 (0.028)
Additional controls		✓		✓
Observations	1091	1070	1103	1080
R^2	0.494	0.515	0.172	0.197
Adjusted R^2	0.491	0.506	0.164	0.180
+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses)				
All models are estimated among prior non-Labour voters in wave 4 (June 1999)				

idea of an unconditional competence effect: Previous challenger-voters who regarded

Labour as competent were roughly five percentage points more likely to switch away from their prior choice than voters who did not think that Labour was competent. In this sense, there is convincing evidence that in 2001 some prior supporters of the challenging parties rewarded Labour for its first term in office.⁶

6.4.2 The Effect of Acceptability and Viability

In this section I turn to the question of which voters were driving this reward-effect. The main expectations are that voters' responses might be limited by either their prior voting behavior, used as a proxy for whether a voter sees Labour as acceptable alternative or not, and by the chances of Labour winning the race in their constituency (viability). To this end, I focus on voters who think in 1999 that Labour was competent and thus had a reason to reward the incumbent.

In [Table 6.2](#) I show results of four regression models. In model 5 and 6 I use preferences for Labour in 2001 and in model 7 and 9 I use vote-switching as dependent variable. Both variables are exactly the same as in [Table 6.1](#). The first main independent variable is voting behavior in 1997 with the categories of voting for Tories (reference category), voting for another challenging party (LD, SN, PC), or abstaining.⁷ Given the preference strength of these voters, I expect that moving to Labour is most difficult for prior Tory voters, compared to prior supporters of smaller parties or non-voters (see [Figure 6.4](#)). The second independent variable is voters' constituency type, coded as 1 if a voter lived in an area in which Labour was viable based on its results in 1997 or not. Here I expect that the outlook of wasting a vote, which is present in constituencies in which Labour has only a slim chance to win the seat, might reduce democratic reward. I also include past support for Labour in 1997 and relative changes in support for Labour until 1999 in all models except model 7 (see below). Note that these variables also measure the acceptability of Labour. Models with even numbers include additional controls (following the same approach as before). I also estimated models 5-9 using wave 5 or wave 6 to

⁶All models are robust to logit or ordinal logit link functions. In the appendix I show model 3 and 4 if later waves are used. I find no unconditional competence effect for wave 5 but for wave 6, although its significance depends on the model. In general, it is not surprising to find no effect in wave 5 or 6 as both waves were conducted roughly one year before the election. So it might be that voters had already made up their decision by then.

⁷I combine Lib Dem voters with voters of other smaller parties for sample size reasons

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subset for prior non-Labour voters who thought Labour was competent and find very similar results.

Table 6.2: OLS-Regression: Acceptability and Viability, 1997–2001

	Dependent variable				
	Preferences Labour ₀₁ Model 5	Model 6	Model 7	Voting Switching ₀₁ Model 8	Model 9
Voting ₉₇	Reference Category: Tories				
- Other	0.143* (0.060)	0.137* (0.062)	0.059* (0.027)	-0.035 (0.027)	-0.036 (0.028)
- Abstain	0.277** (0.068)	0.226** (0.071)	0.127** (0.029)	-0.007 (0.030)	-0.021 (0.032)
Constituency Type ₉₇	Reference Category: Labour is viable				
- Labour not viable	-0.020 (0.049)	-0.023 (0.050)	-0.070** (0.023)	-0.070** (0.022)	-0.070** (0.022)
Feeling Labour ₉₇	Reference Category: Strongly Against				
- Against	0.971** (0.131)	0.926** (0.132)		0.148* (0.059)	0.141* (0.060)
- Neither favour/against	1.719** (0.130)	1.609** (0.133)		0.293** (0.058)	0.270** (0.060)
- Favour	2.596** (0.142)	2.458** (0.147)		0.493** (0.064)	0.467** (0.066)
- Strongly in favour	3.504** (0.180)	3.320** (0.186)		0.615** (0.082)	0.571** (0.084)
Δ Feeling Labour _{99,97}	0.611** (0.035)	0.554** (0.036)		0.151** (0.015)	0.138** (0.016)
Additional controls		✓			✓
Observations	965	940	986	982	957
R^2	0.474	0.491	0.031	0.148	0.175
Adjusted R^2	0.470	0.480	0.028	0.141	0.158

+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses)
Note: model estimated among 1997 non-Labour voters who reported in 1999 that Labour was competent

I start with the effect of the acceptability of rewarding Labour in 1997. Models 5 and 6 show that prior voters of the smaller challenging parties were significantly more likely to increase support for Labour. Model 7 shows that these voters were

also more likely to change voting behavior in favor of Labour. Voters who supported Lib Dem, the Scottish National Party, or Plaid Cymru were roughly six percentage points more likely to abandon these prior choices and opt for Labour than voters who supported the Tories in 1997. Furthermore, models 5 to 7 in [Table 6.2](#) show that prior non-voters were also more likely to alter previous political behavior and support Labour – even to a higher and statistically significant degree than prior supporters of smaller challenging parties.

The effect on vote-switching disappears once prior preferences for Labour are included (model 8 and 9). This is, however, not surprising: Voters of smaller parties and non-voters are known to feel more positively towards Labour (see [Figure 6.4](#)). In reference to [Figure 6.2](#) it can be said that prior support for Labour measures a voter's location on the x-axis and thus whether a voter thinks Labour is competent or not. Consequently, it is easier to reward the incumbent if voters are already located in this acceptability-region. In this sense, the main message from models 7-9 is that it is not important which party a voter supported previously, but how he or she previously felt about his or her new choice. Thus, there is strong evidence for the idea that party preferences undermine or enable electoral accountability. But because voters of smaller parties or non-voters hold on average weaker party preferences than Tory voters, they are less repelled by the outlook of having to vote for a certain party and are thus more likely to respond to competence signals of the incumbent.

Finally, I turn to the effect of viability. To this end, models 5 to 9 compare voters living in constituencies in which Labour had a realistic chance of winning the race (reference category) or in an area in which Labour was not viable. In model 5 and 6, in which party preferences for Labour are the dependent variable, I find no significant effect between these two voter groups; in models 7 and 9, in which I use vote-switching as dependent variable, I find a statistically significant and substantially large effect: Voters are more likely to switch to Labour if the party also has a realistic chance of winning office. This provides clear evidence that strategic reasoning shapes voters' responsiveness to the competence of the party in power. Viability is thus clearly an influential force in shaping electoral accountability.

Note also that it is perfectly in line with the theory of this thesis that viability affects vote-switching but not party preference. For voters in districts in which

Labour is not viable it is perfectly reasonable to increase support for Labour as much as voters in viable districts do (thus, no difference between these two groups in the first two models). Viability should only undermine voters electoral response: Voters in non-viable districts might have increased support for Labour in the same way as voters in other group, however, changing actual voting behavior is constrained by the outlook of wasting one's vote. In this sense, the non-finding in models 5 and 6 does not speak against the effect of viability, rather it shows its importance. Voters in non-viable districts are not less responsive to the performance when it comes to their preferences, they are just constrained to actually reward the incumbent by the structure of the local party competition.

6.5 Conclusion

This chapter takes a new perspective on the general idea of electoral accountability: whether voters who previously supported the challenging parties or abstained are willing to reward the incumbent, if they think the performance in office has been successful. Unlike previous chapters, this chapter thus focuses on a different subset of voters and analyzes to which degree democracies are efficient in signaling to incumbents that their efforts and behavior in office are approved by the public. The general election of 2001 allows for an interesting test of this relationship, as New Labour's first term in office had been characterized by a steady increase of economic growth and gradual but substantial decline of unemployment. Furthermore, Labour under its new leader Tony Blair managed to keep several key campaign promises. Thus, voters who supported one of the remaining British parties or did not vote in 1997 might have started to reconsider their previous voting behavior and supported Labour in 2001.

I find that voters who were satisfied with Labour's performance in office were indeed more likely to increase support and thus reward the party in power. Nonetheless, I find important limits of retrospective voting, which operate in a similar way as for electoral punishment. I find that voters who previously voted for the Tories and thus have clearly structured preferences between their past choice and Labour, are least likely to alter support. Supporters of the smaller challenging parties and even more so prior non-voters are most likely to drive the electoral rewarding pro-

cess. This again underlines that voters not only care about retrospective control, but that other factors that render the incumbent a non-acceptable alternative are likely to undermine electoral accountability. This chapter also provides evidence that strategic considerations undermine retrospective voting. Voters in districts in which the chances of replacing the current incumbent with a Labour MP are slim are indeed less likely to follow the logic of retrospective voting. This points to an understudied aspect of retrospective voting theory and highlights the importance of the general pattern of party competition.

6.6 Appendix

6.6.1 Data and Variable Description

Data for this chapter are taken from the British Election Panel Study, 1997–2001 (Heath and Curtice, 2002) which conducted eight waves of interviews between the general election on May 1, 1997 and the election on June 7, 2001. The waves and mode of the interviews are shown in Table 6.3.

Table 6.3: Overview of Panel Waves, 1997–2001

Panel wave	Field time	Modus
Wave 1	after general election, May 1 1997	f2f (& self-completion)
Wave 2	after party conference, September–November 1997	phone (& postal)
Wave 3	after local elections, May–August 1998	f2f (& self-completion)
Wave 4	after EP elections, June–August 1999	f2f (& self-completion)
Wave 5	after local elections, May–July 2000	f2f
Wave 6	November–December 2000	phone (& postal)
Wave 7	pre and during election campaign, May–June 2001	phone (& postal)
Wave 8	after general election, June 7 2001	f2f (& self-completion)

Voting behavior and intentions

I measure voting behavior after the general election of 1997 (wave 1). I use respondents who indicated that they voted for the Conservative party, for Lib Dem, for one of the smaller challenging parties, or that they abstained. These form the subset of voters for which all models are estimated. Changes in voting intentions are measured in wave 4 using the following question: “Now thinking of the next general election to the (UK) House of Commons in one or two years’ time. Which party do you think you are most likely to vote for then?” This variable is coded as 1 if a voter reports that he or she already plans to vote for Labour and 0 if a respondent indicates to stick with one of the challengers. For robustness checks this variable is also measured in wave 5 and wave 6. I finally measure voting behavior after the 2001 election (wave 8), relying on a dummy variable that indicates whether a voter chose Labour or not.

Party preferences

Party preferences are measured on a 1–5 like/dislike scale, using the following question: “How strongly do you feel about the Labour party?” with answer categories ranging from: “Strongly in favour, in favour, neither in favour nor against, against, strongly against” (high values indicate strong support). This variable is measured in wave 1 and wave 8. Findings are robust to using a continuous or discrete coding of prior support and to using an OLS or ordinal logit specification.

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I measure changes in preferences as linear difference between wave 1 and waves 4, 5, or 6: A positive (negative) value thus indicates that support for a party has increased (decreased). Party preferences for Lib Dem and Tories are measured on the same scale and in the same way.

Incumbent competence perceptions

The main independent variable is how voters perceive the competence of the Labour party. I use the same measure as for the previous chapter: “And the Labour Party nowadays, is it capable of strong government or not capable of strong government”. I exclude respondents who indicate “neither or both” or do not answer this question. I measure this variable in wave 1 and wave 4 and include both values in the regression models. For robustness I estimate all models when this variable is measured in wave 5 or 6. [Table 6.4](#) gives an overview of how competence perceptions developed between 1997 and 1999.

Table 6.4: Incumbent Competence of Non-Labour Voters, 1997–1999

1997	Competence 1999		Total
	not capable	capable	
not capable	72	226	298
	50.35	19.82	23.23
capable	71	914	985
	49.65	80.18	76.77
Total	143	1,140	1,283
	100.00	100.00	100.00

Factual perceptions

Economic conditions improved substantially before the 2001 general election. I thus control for respondents' factual perceptions. Questions on voters' general economic perceptions and of their egocentric retrospective economic perceptions are measured the same way as for the 1992-1997 chapter. All questions use five-point scales (“it got a lot better / got a little better / stayed the same / got a little worse / or, got a lot worse”) which I recode into three broader categories. Additionally, the British Election Panel Study ([Heath and Curtice, 2002](#)) includes a question on voters' perception on how their area is developing economically relative to the British average: “Compared with other parts of Britain since the last general election, would you say that (this part of Britain/Scotland/Wales) has been getting more prosperous than average, stayed about average, or been getting less prosperous than average?” (available for waves 1, 4, 6, and 7) This variable is particularly interesting for the constituency-specific effects. All variables are measured in the same wave as incumbent competence.

Constituency type

As for previous chapters I measure constituency type in wave 1 (`newpar1`). There were no major constituency boundary revisions during this period. The coding of the constituency types are described in the text.

Political sophistication

To account for the effects of political sophistication I measure the following variables: (1) political interest (“How much interest do you generally have in what is going on in politics” measured on a 5-point scale with high values indicated strong interest). Interest is strongly correlated over time (Pearson’s $r = .60$ on average), so I include only its value of wave 1 into the regression models. (2) Attention to politics in the newspapers (“People pay attention to different parts of newspapers. When you read (name of paper at []), how much attention do you pay to stories about politics” and in TV (“People pay attention to different parts of the television news. When you watch the news on television, how much attention do you pay to stories about politics”). These variables are coded as 0 if a voter does not read the news or watch the news on TV; values 1-5 indicate the amount of attention a respondent pays to stories about politics with 5 meaning “a great deal” of attention”. Both variables are only available for wave 1. I furthermore control for political factual knowledge, measured on a 0-6 scale which indicates the number of correct answers a respondent was able to give to a battery of true/false-questions. Regarding education, I measure whether a voter has achieved an educational qualification or not. Generally speaking, higher political sophistication (regardless of how it is measured) reduces changes in support of Labour and lowers the likelihood of moving to Labour.

Social background

I control for gender, income quartile, self-perceived class status, and difficulties repaying a mortgage. All variables are measured the same way as in the 1992–1997 chapter and measured in wave 1. A financially more secure position (e.g. higher income or no mortgage) reduces changes in support of Labour and lowers the likelihood of moving to Labour.

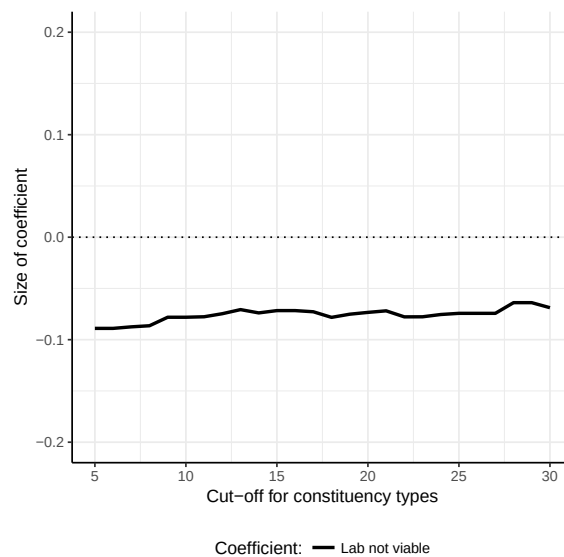
Table 6.5 gives an overview of when each set of variables is measured. Because it is less clear when the incumbent competence should be measured, I estimate models using its value in waves 4, 5, and 6. Consequently, I also used measures of voting intentions and party preferences from these waves. This approach is highlighted by the (✓) in Table 6.5. This leads to a large amount of estimated models. I thus note here that regardless of when these variables are measured, effect estimates of the competence effect remain highly robust.

Table 6.5: Overview of Variable Measurement, 1997–2001

Variable	Panel wave							
	1	2	3	4	5	6	7	8
Voting behavior	✓			✓	(✓)	(✓)		✓
Party preferences	✓			✓	(✓)	(✓)		✓
Incumbent competence	✓			✓	(✓)	(✓)		
Factual perceptions	✓			✓				
Constituency Type	✓							
Political sophistication	✓							
Social background	✓							

6.6.2 Robustness checks

Figure 6.7: Robustness of Model 5 to Different Cutoffs, 1997–2001



Note: This plot shows the coefficient for [Table 6.2](#) for the comparison between constituencies in which Labour is viable and not viable using different cut-offs. Each dot shows the estimated coefficient when the value on the x-axis is used as cut-off for the constituency type. **Source:** [Heath and Curtice \(2002\)](#); based on [\(Eggers, 2014\)](#)

Table 6.6: OLS-Regression: Unconditional Competence Effect (Wave 5), 1997–2001

	Dependent variable			
	Preferences Model 1	Labour ₀₁ Model 2	Vote-Switching ₀₁ Model 3	Model 4
Δ Competence Labour _{00,97}	0.150** (0.052)	0.166** (0.052)	0.014 (0.021)	0.019 (0.022)
Competence Labour ₉₇	-0.100 (0.075)	-0.041 (0.076)	0.037 (0.031)	0.057 ⁺ (0.032)
Feeling Labour ₉₇	Reference Category: Strongly Against			
- Against	1.003** (0.109)	0.909** (0.110)	0.031 (0.044)	0.019 (0.046)
- Neither favour/against	1.801** (0.106)	1.640** (0.109)	0.052 (0.042)	0.039 (0.044)
- Favour	2.722** (0.115)	2.501** (0.119)	0.097* (0.045)	0.085 ⁺ (0.047)
- Strongly in favour	3.521** (0.150)	3.228** (0.153)	0.086 (0.060)	0.060 (0.062)
Δ Feeling Labour _{00,97}	0.598** (0.029)	0.546** (0.030)		
Voting Intention _{00,97}			-0.317** (0.025)	-0.314** (0.026)
Voting ₉₇	Reference Category: Tories			
- Lib Dem			-0.019 (0.026)	-0.028 (0.027)
- Other			0.022 (0.031)	0.004 (0.032)
- Abstain			0.018 (0.026)	-0.004 (0.028)
Observations	1093	1039	1094	1039
R^2	0.520	0.556	0.192	0.234
Adjusted R^2	0.516	0.547	0.184	0.217
⁺ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses)				
All models are estimated among prior non-Labour voters in wave 5 (May 2000)				

Table 6.7: OLS-Regression: Unconditional Competence Effect (Wave 6), 1997–2001

	Dependent variable			
	Preferences Model 1	Labour ₀₁ Model 2	Vote-Switching ₀₁ Model 3	Model 4
Δ Competence Labour_00*, 97	0.230** (0.051)	0.294** (0.052)	0.037+ (0.020)	0.050* (0.021)
Competence Labour_97	-0.185* (0.076)	-0.106 (0.076)	0.018 (0.031)	0.038 (0.032)
Feeling Labour ₉₇	Reference Category: Strongly Against			
- Against	0.979** (0.109)	0.838** (0.109)	0.019 (0.044)	0.003 (0.045)
- Neither favour/against	1.753** (0.107)	1.533** (0.110)	0.048 (0.042)	0.027 (0.043)
- Favour	2.656** (0.117)	2.371** (0.120)	0.071 (0.045)	0.054 (0.046)
- Strongly in favour	3.563** (0.156)	3.203** (0.158)	0.099 (0.060)	0.059 (0.062)
Δ Feeling Labour_00, 97	0.586** (0.030)	0.520** (0.031)		
Voting Intention _00*, 97			-0.388** (0.026)	-0.395** (0.027)
Voting ₉₇	Reference Category: Tories			
- Lib Dem			-0.020 (0.025)	-0.027 (0.026)
- Other			-0.002 (0.031)	-0.020 (0.032)
- Abstain			0.021 (0.025)	-0.015 (0.027)
Observations	1033	982	1059	1003
R^2	0.530	0.574	0.272	0.319
Adjusted R^2	0.527	0.566	0.265	0.304
+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses)				
All models are estimated among prior non-Labour voters in wave 6 (Nov 2000)				

7 Party Preference Strength and The Competence of the Incumbent

7.1 Introduction

One of the key assumptions of the retrospective model of democracy is that citizens are informed principles and “competent evaluators of the past” (Huber, Hill and Lenz, 2012, 720). In this chapter I study how voters hold up to this ideal. In particular, I investigate whether they are responsive to new information, how voters form their competence judgments, and why voters might differ in how they see the incumbent. These are questions of great normative and empirical importance because voters’ responsiveness to new information crucially shapes the effectiveness of electoral control (Evans and Andersen, 2006; Evans and Pickup, 2010; Lenz, 2012; Huber, Hill and Lenz, 2012). If voters avoid, filter, or bias new information to bring it in accordance with past voting behavior and political preferences, democratic accountability is undermined as (in)competent incumbents would evade the verdict of voters.

Consequently, this chapter analyzes a second important constraint to retrospective voting. In the last three chapters I focused on how voters’ retrospective response is constrained by the outlook of having to vote for a different party, once voters hold competence evaluations of the incumbent that are dissonant to past voting behavior. I argued that, even when holding dissonant competence views, voters might stick with their past choice and justify this decision as the “lesser of two evils” (Groenendyk, 2012). In this chapter I focus on the process that takes place before: how voters form dissonant competence perceptions. In Hypothesis 2 I formulated the expectation that voters who see no party other than their past choice as an acceptable choice might *avoid altering past competence ratings altogether*. That is,

the more unpleasant the outlook of voting for another party is, the more likely a voter should be to resist dissonant competence views. Whether this is the case is at the center of this chapter.

The goal of this chapter thus is to take a systematic look at voters' information-processing in the elections studied in previous three empirical chapters. That is, I analyze in greater detail how prior party preferences and voting behavior shape the competence assessment of the incumbent party. In this sense, I try to understand why for many voters competence ratings do not become dissonant with their past voting behavior and thus why they see no reason to punish or reward the incumbent in the first place. Although it might at first seem counter-intuitive to describe the causally prior process in a later chapter, the reader might profit from being already familiar with the data and elections studied in this chapter. Studying this process in a separate chapter also allows me to study voter information-processing in a more nuanced way than in the previous three chapters. Consequently, the following sections compare voter-learning of factual perceptions as well as competence ratings and compares these updating processes between past voter groups as well as within voters with the same voting behavior.

7.1.1 Party Preferences, Factual Beliefs, and Competence Perceptions

The theoretical underpinning of this chapter can be found in the theory of politically motivated reasoning (PMR). PMR suggests that when judging a political object voters have accuracy as well as directional goals (Kunda, 1990; Tabor and Lodge, 2006; Lodge and Tabor, 2013; Leeper and Slothuss, 2014). The first goal refers to arriving at a correct conclusion. In the context of voting theory, this means that voters want to judge incumbent competence in a way that reflects its actual efforts and behavior in office. At the same time, citizens also encounter a “directional” psychological incentive, driving them towards previously held conclusions (confirmation bias) and preferences (motivated reasoning) and thus avoiding dissonance between past behavior and currently held perceptions (Festinger, 1957; Zaller, 1992; Tabor and Lodge, 2006; Kahan, forthcoming). Crucially, the directional motivation is triggered by the *strength of attachment* towards the object under study (Tabor

and Lodge, 2006; Lodge and Tabor, 2013).¹ This implies that voters of the challengers will react differently to new information than supporters of the incumbent. Furthermore, PMR predicts important variation within each voter group based on past preference strength. Thus, weak supporters of the incumbent will be easier persuaded by new information than its strong supporters (see also Zaller, 1992).

In this chapter I follow this distinction and, firstly, study differences in competence changes and factual perceptions *between* past voter groups. Secondly, I analyze variation *within* each past voter group and thus aim to understand the condition that allows voters to hold dissonant views (or, experimentally speaking, to select into the treatment condition). Thus, it is important to note that changes in competence assessments – the independent variable of the last three chapters – is the dependent variable of this chapter (see Hypothesis 2). The main independent variable is prior preference strength measured after the general election at time t . I use the same data as in the last three chapters and I show that the partisan impact on information-processing can be detected in each of the three electoral cycles and among past voters of the incumbent as well as prior supporters of the challenging parties. Fourthly, the strength of this chapter derives from the fact that I can compare voters' perceptual response not only at one election (as for example in Gerber, Huber and Washington (2010) and Gerber and Huber (2010)), but between several electoral cycles. Importantly, this not only creates variation of the information environment of voters, but also of the party in government and thus varies the partisan stakes of different voter groups.

Over the last decade a broad literature has shown that voters do not form political beliefs and evaluations independently of their partisan leanings and political behavior (for economic fact perceptions see Conover, Feldman and Knight, 1986, 1987; Wlezien, Franklin and Twiggs, 1997; Bartels, 2002; Evans and Andersen, 2006; Evans and Pickup, 2010; Gerber and Huber, 2010; Gerber, Huber and Washington, 2010; Ramirez and Erickson, 2013). Thus, some of the findings in this chapter reproduce past findings. This chapter, nonetheless, has important contributions: Firstly, it

¹I equate the strength of attachment with voters' party preferences and how strongly they prefer one party over the other. Thus, voters with strong attachment to the incumbent are located in the upper left corner of Figure 2.2 and voters with strong attachment to the challenger are located in the lower right corner. Voters with weaker attachment are located closer to the indifference line.

is to my knowledge the first empirical analysis that systematically analyzes partisan rationalization of competence assessments which are of greater importance for retrospective voting accounts. This allows me, secondly, to understand whether factual beliefs and competence verdicts are affected differently by partisan rationalization. Given that competence is, by definition, closer related to the party in power than factual statements regarding the economy, partisans might rationalize differently (for a similar idea but with responsibility attributions see [Bisgaard, 2015](#)). Thirdly, I look at the variation of partisan bias of citizens *with the same past voting behavior*. Most existing research compares the perceptual response of voters with different voting behavior, e.g. how Democrats and Republicans interpret similar pieces of information (see for example [Bartels, 2002](#); [Tabor and Lodge, 2006](#); [Jerit and Barabas, 2012](#); [Gerber, Huber and Washington, 2010](#); [Gerber and Huber, 2010](#)). Differences between such voter groups are, however, less surprising, given that these voters usually have very different views regarding politics and political parties in general. However, if it were possible to show that strength of party support affects information-processing even among citizens with the same past voting behavior, there would be much stronger evidence that partisan leanings affect voters' perception process.

7.2 Information-Processing of Challenger- and Incumbent-Voters

In this section, I describe whether past challenger and incumbent-voters differ in their factual perceptions of the economy and their competence ratings. It should be noted that some of the graphs and findings in this section have already been presented in the past three chapters. However, because the focus of these other chapters was on what voters do once their competence perceptions are dissonant, I did not discuss perceptual differences between voters in greater detail. Here, I take a closer look at how challenger and incumbent-voters differ in their information-processing.

7.2.1 Factual Perceptions of the Economy

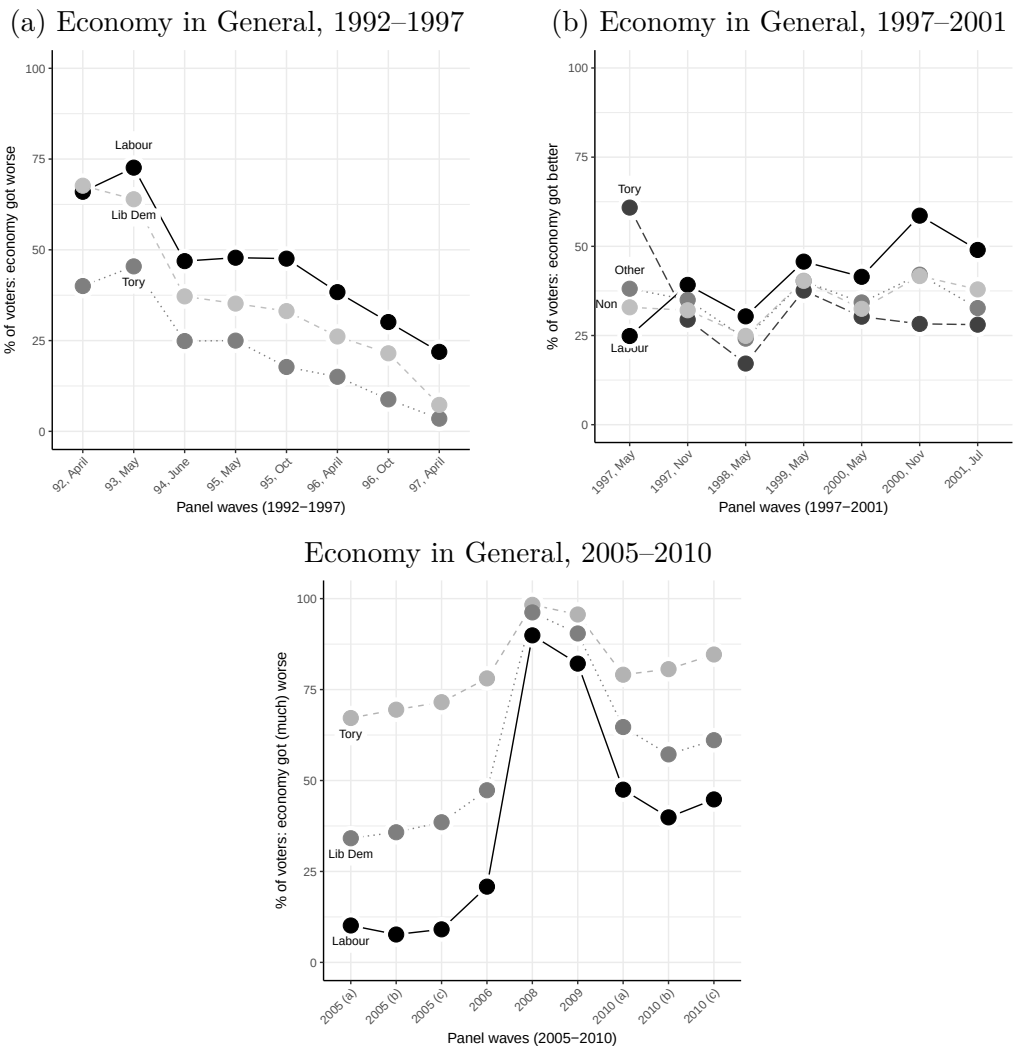
Figure 7.1 shows voters' perception of the economy between 1992 and 1997, 1997 and 2001, and 2005 and 2010. Note that during the first period of time the government was formed by the Conservatives; in the later two periods Labour was in government. Actual economic circumstances bettered substantially from 1992 to 1997 (although accompanied by Black Wednesday in September 1992) and from 1997 to 2001, but deteriorated during 2005 to 2010 (in particular after the financial crisis of 2008). In each graph of Figure 7.1 a dot refers to the percentage in a voter group that says that the economy got "worse" (or "better" for 1997–2001) for each panel wave available during these periods. Voters are subset by their past voting behavior, which is indicated by the coloring of the dots.²

Voters' economic perceptions in Figure 7.1 are characterized by three patterns: Firstly, *voters' perceptions of the economy tend to be biased by their past voting behavior* (see also Bartels, 2002; Gerber and Green, 1999; Gerber, Huber and Washington, 2010; Gerber and Huber, 2010). In all three plots of Figure 7.1, prior voters of the incumbent are seen to more likely to view the economy in a way that is favorable to this choice than challenger-voters. For example, between 1992 and 1997 (plot a) past voters of the Tories (the party which was in power during this time) were least likely to report that the economy got worse. Similarly, between 2005 and 2010 (when Labour was in power) past supporters of Labour were least likely to perceive the economy in a way that sheds a negative light on their past choice (plot c). Here it is important to note that the group with perceptions that are most favourable for the incumbent is conditional on which party is in power. This is important as voters of the Conservatives generally have a different economic, social, and financial background than Labour voters. They might thus interpret the state of the economy differently than voters of the Labour party but independently of their partisan views. However, assuming that the economic background of different voter groups did not change dramatically between 1992–1997 and 2005–2010, the differences between these two election cycles show strong evidence that perceptions of the economy were adjusted to past voting behavior.

²For a more detailed description of the variables used in this chapter, see the previous three chapters.

7 Party Preference Strength and The Competence of the Incumbent

Figure 7.1: Perceptions of Economic Circumstances (1992–2010)



Note: This graph shows voters' perception of the state of the economy for the electoral cycles between 1992–1997, 1997–2001, and 2005–2010 from the past three chapters. Each dot refers to the percentage of voters who reported that the economy had gotten worse (plot a and c) or had gotten better (plot b), depending on their past voting behavior. Past voting decisions are indicated by the coloring of the line and shown for past Tory, Labour, and Lib Dem voters.

Source: [Heath and Curtice \(1998\)](#); [Heath and Curtice \(2002\)](#); [Clarke et al. \(2010\)](#)

This is furthermore illustrated by the sharp change in the perceptions of Labour and Tory voters between May and November 1997 (plot b): In May 1997, almost 60 percent of voters who chose the Tories at the general election on May 1, 1997

7.2 Information-Processing of Challenger- and Incumbent-Voters

reported that the economy had gotten better – thus, interpreting the economy in a way that shed a positive light on the party that was in power until this election. However, only six months later – during which Labour had taken office – only 30 percent reported the same interpretation. Similarly, the economic perception of Labour voters becomes more positive over the same period of time (from 25 percent to roughly 40 percent). This contrary interpretation of the same economic development is again strong evidence that voters tend to perceive the world through their partisan lenses (Campbell, Converse and Stokes, 1960).³

Secondly, *voters are nonetheless responsive in how they perceive the (economic) world*. In all three plots average voter perception follows the development of the economy. This is illustrated by the downward slope of voters' negative perception of the economy between 1992 and 1997 and by the large shift of voters who think that the economy had gotten worse between 2005 and 2010. Both patterns obviously reflect the development of the actual economy of Great Britain during this time. This is also visible, although to a weaker degree, by the upward slope between 1997 and 2001 (during which the economic recovery was weaker than during the period before). Remarkably, responsiveness to the same economic environment does not depend on past political behavior. In plot (a) voters of Labour improve their economic perceptions in the same way as previous Tory voters. Thus, even if partisan bias is undoubtedly present (indicated by the vertical distance between each voter group), this bias does not increase or decrease much over the electoral cycle. This implies that, for example between 1992 and 1997, past Labour voters became willing to report that the economic situation had gotten better. Furthermore, it shows that while voters clearly rely on partisan heuristics to interpret economic information, they are not uninformed and unresponsive with regard to changes in the state of the economy.

Remarkably, partisan bias seems less powerful when the economy provides a clear signal (Parker-Stephen, 2013; Redlawsk, Civettini and Emmerson, 2010). Various scholars argued that partisan bias is limited by the strength of the information signal provided by the economy. If economic circumstances are particularly unambiguous, e.g. during a crisis, voters room for interpretation is effectively limited. This is

³Note that the general election of 1997 is the only election after which the party in power changed. Thus, voters faced no such incentive between 1992 and 1997 and between 2005 and 2010.

clearly visible between 2008 and 2010 (see also [Bisgaard, 2015](#); [Chzhen, Evans and Pickup, 2014](#)): Although Labour voters had a distinctly different view of the economy than previous Tory (or Lib Dem) voters in 2005 and 2006, there are no signs of partisan rationalization after the crisis fully hit the British economy. In 2008 and 2009, average perceptions of past Labour, Tory, and Lib Dem voters were almost identical. Remarkably, these perception differences increase as soon as the economic environment allows more room for interpretation in 2010. Nonetheless, this underlines prior research suggesting that partisan bias in factual perceptions is less dominant if real-world information provides clear guidance.

A third important pattern in these plots is that, although different voter groups interpret economic circumstances differently, there is *also important variation within each voter group*. In all plots, a considerable amount of past incumbent-voters held dissonant perceptions of the economy. For example, in April 1992 roughly 40 percent of past Tory voters thought the economy had gotten worse and, consequently, 60 percent thought that it had gotten better.⁴ At the same time, past voters of the challengers had different perceptions as well: in April 1992, roughly 70 percent of past Labour voters reported the economy had gotten worse, leaving 30 percent with the interpretation that it stayed the same or even had gotten better. This suggests that voter groups are no uniform block that processes information the same way, but that voters clearly perceive the economy differently, even if they share the same past voting behavior.

7.2.2 Competence Attributions

One of the central arguments of this thesis is that electoral accountability is not necessarily shaped by voters' perception of the economy (or of any other politically relevant outcome), but by the perceived competence of the incumbent ([Duch and Stevenson, 2008](#)). The theoretical motivation for this distinction is that voters – in order to function as principals of the incumbent – should reward or punish the incumbent only for changes for which this actor is responsible and which are indicative of the underlying competence of the incumbent ([Duch and Stevenson, 2008](#)). In

⁴Note that each plot in [Figure 7.1](#) sums up to 100 percent, the remaining categories being “got better” and “stayed the same”.

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this section I thus take a closer look at how different voter groups change and learn about incumbent competence.

Figure 7.2 shows how voters perceived the competence of the respective incumbent over the three electoral cycles, again conditional on their past voting behavior.⁵ Plots (a) and (b) use voters' general assessment of the incumbent's competence, for plot (c) a more specific question on the economic competence of Labour is available. In each plot a dot indicates the percentage in a voter group that thinks that the incumbent is competent (plot a and b) or that the incumbent handled the economy (very) badly (plot c).

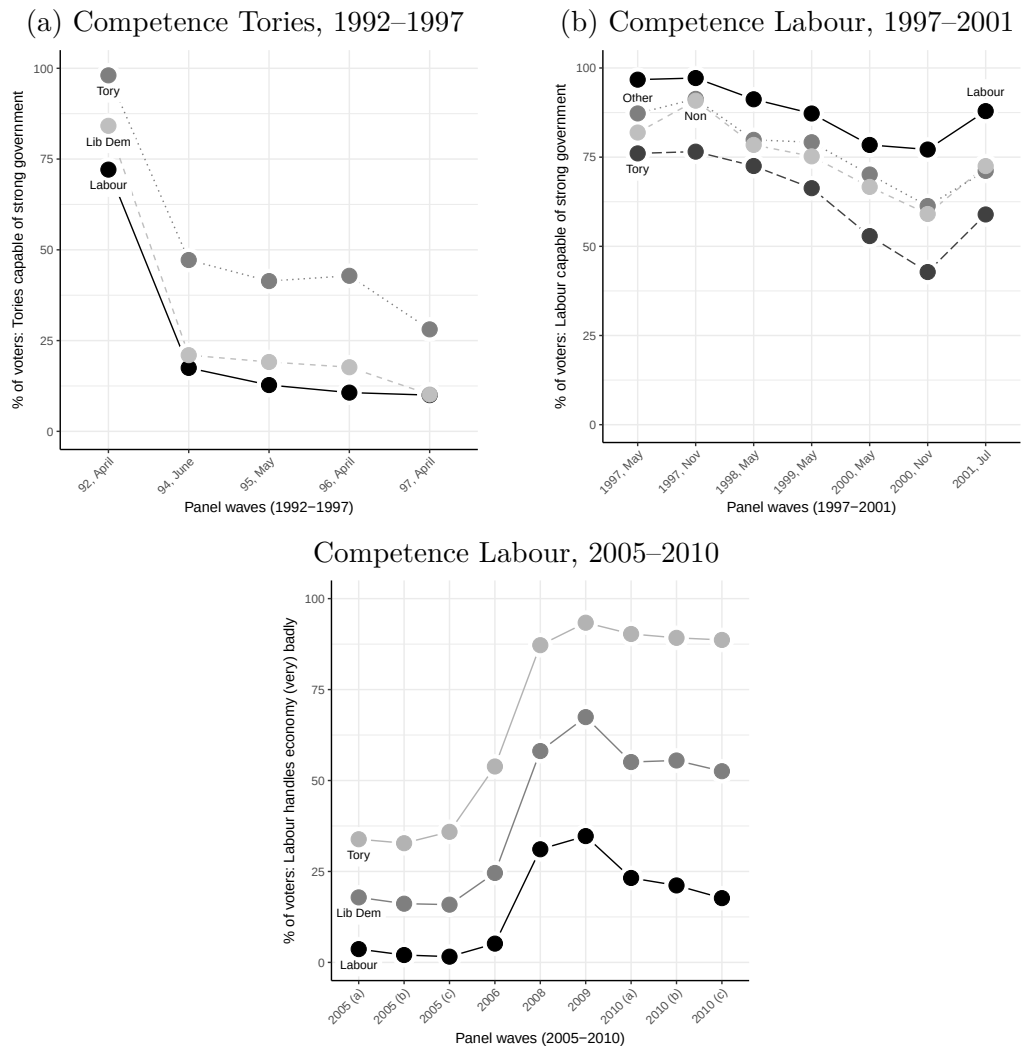
Voters' competence perceptions are characterized by similar patterns as their factual beliefs about the economy: Firstly, in all three plots *past voters of the incumbent are most likely to perceive this party as competent*. For example, in plot (a), the dark gray line represents the average competence perceptions of 1992 Tory voters. Over the entire electoral cycle this line is located above the light gray line of 1992 Lib Dem voters and the black line of 1992 Labour voters. Similarly, between 1997 and 2001 the black line of 1997 Labour voters remains above the average perceptions of 1997 challenger-voters or non-voters. Finally, in plot (c), 2005 Labour voters are least likely to rate the economic competence of Labour negatively and their average rating is thus clearly different from past Tory voters and supporters of Lib Dem.

Note also that in all three plots average perceptions are ordered in a way that reflects voters' strength of party preferences. In the last three chapters I repeatedly showed that voters of smaller challenging parties (such as Lib Dem or SN) rated Labour more positively than Tory voters on like/dislike scales. Similarly, Labour voters feel less positively about Tories than Lib Dem voters or voters of other challengers. Theoretically speaking, voters of smaller parties hold weaker preferences between their party of choice and one of the main British parties than supporters of Labour or the Conservatives. Consequently, it is reassuring that these voters are more likely to think that the Tories were competent between 1992 and 1997 than Labour voters. Likewise, Tory voters were less likely to perceive Labour as competent between 1997 and 2001 and between 2005 and 2010 than Lib Dem voters. In all three plots, I thus observe an ordering of average competence perceptions in line

⁵These plots are obviously more difficult to compare, because plot (c) uses a more specific question; the overall development of each graph is nonetheless comparable.

7 Party Preference Strength and The Competence of the Incumbent

Figure 7.2: Perceptions of Incumbent Competence (1992–2010)



Note: This graph shows voters' perception of incumbent competence for the electoral cycles between 1992–1997, 1997–2001, and 2005–2010 from the past three chapters. Each dot refers to the percentage of voters who reported that the incumbent is capable of providing a strong government (plot a and b) and whether the incumbent has handled the economy (very) badly (plot c), depending on their past voting behavior. Past voting decisions are indicated by the coloring of the lines and shown for past Tory, Labour, or Lib Dem voters.

Source: Heath and Curtice (1998); Heath and Curtice (2002); Clarke et al. (2010)

with the ordering of preferences.⁶

⁶Figure 7.2 shows no confidence intervals to increase the readability of the graphs. Differences between Labour and Tory voters are nonetheless statistically significant.

7.3 Information-Processing Among Challenger- and Incumbent-Voters

Secondly, *citizens' ratings are affected by external shocks*. This is illustrated by the large change in average competence perceptions that can be observed between 1992 and 1994, which (most likely) are a consequence of Black Wednesday and Britain's forced withdrawal from the European Exchange Rate Mechanism (ERM). Likewise, there is a clear discontinuity between 2006 and 2008 reflecting (most likely) the competence shock provided by the international financial and economic crisis of 2008. The percentage of prior incumbent-voters who were no longer convinced of the competence of their previous choice increased from practically zero in 1992 to roughly 50 percent in 1994; between 2005 and 2008 this percentage grew from almost zero to 30 percent. Note that all past voter groups follow similar paths. In plot (b) this pattern is less clear, as no highly visible external event shocked voters' past valence view. Nonetheless, citizens followed a similar path of slight dissatisfaction with Labour over its term in office. Together, these findings speak in favor of an attentive and responsive public, even when partisan bias never fully vanishes.

Finally, voters who chose the same party at the previous election, rate the competence of the incumbent differently. In 1994 (and for the remaining panel waves) Tory voters were essentially split in their assessment of the incumbent: roughly 50 percent were still convinced that the Tories were capable of a strong government, 50 percent had changed their previously positive competence rating. Between 2008 and 2010 roughly 70 percent remained satisfied with Labour's economic competence, while the remaining portion blamed Labour for its handling of the crisis. Even among past supporters of the challengers and non-voters, there is important – although weaker – variation in how the competence of Labour between 1997 and 2001 was rated. Thus, the next section aims to analyze why there is variation of competence perceptions among voters that share past voting behavior.

7.3 Information-Processing Among Challenger- and Incumbent-Voters

Given that voters clearly rate the competence of the incumbent differently, the next question is to understand who is driving these difference within each past voter group. If the PMR framework is a realistic depiction of how voters learn

about the political environment, prior preference strength (as a measure of how likely it is that a directional goal is established) should powerfully influence voters' responsiveness to new information. Consequently, the subset of voters with dissonant competence views will be impacted by the distribution of strong party supporters. In the following I briefly discuss the data and variables used for this analysis and then present several regression models that summarize this relationship.

7.3.1 Coding and Data

In this section I analyze how party preference strength affects the propensity to hold dissonant competence views after an external shock provides new information. The analyses of this chapter rests on the research design of the past chapters: Thus, changes in competence perceptions between t and t' (which so far served as main independent variable) now become the main dependent variable. The main independent variable is voters' prior political preferences (measured at t). Furthermore, all analyses are subset by past voting behavior and consequently I analyze the information-processing of the same voters whose voting behavior I analyzed in the previous three chapters: For the 1992–1997 election cycle, I focus on past Tory voters and their willingness to rate this party's competence negatively in the aftermath of Black Wednesday; for the election cycle between 2005 and 2010 I analyze the competence updates of past Labour voters once the financial crisis became visible. The final analysis looks at the perception process of past voters of one of the challenging parties or abstainers from 1997 after they observed the first half of Tony Blair's New Labour in office.

Changes in competence perceptions

The dependent variable of the following analyses is whether a voter holds dissonant competence views or not. To remain consistent, I measure this variable in the same panel wave as in the past chapters. That is, I measure changes in the competence perception of the Tories between April 1992 and June 1994, change in perceived competence of Labour between May 1997 and May 1999, and change of the economic competence of Labour between 2005 (post-election wave) and 2008. As before, this variable is coded as 1 if a voter reports dissonant values and 0 if he or she reports

competence ratings in line with past voting behavior.

Prior preference strength

From a conceptual standpoint the main independent variable (prior preference strength) should capture how repelling the thought of altering past voting behavior is to a voter. Following the theoretical model of [Figure 2.2](#) this is a two-dimensional concept and is captured by voters' preferences towards their old and towards the potentially new choice. For example, in [Figure 2.2](#) a voter in the upper-left corner strongly favors the incumbent (his or her old choice) and strongly dislikes the challenger. Thus, he or she might be most likely to avoid or bias new challenging information because voting for the challenger is not an acceptable choice.

However, because this two-dimensional concept is difficult to capture, I use the following coding for the independent variable: I use prior preferences towards the incumbent as main independent variable. This obviously only captures one element of the concept of preference strength, but given that party preferences are reasonably strongly correlated, this variable captures the main idea of this concept. In the appendix I provide empirical results with a different coding. In particular, for the 1992–1997 and 2005–2010 data I use the difference in party preferences between the incumbent and the second most preferred party. For the 1997–2001 data I use the difference between the feeling for incumbent and feeling for a voter's prior choice (this implies that 1997 non-voters are excluded). I find similar results for both approaches.

Regardless of its coding, this variable is measured in the panel wave after the last general election, i.e. in April 1992, May 1997, and the post-election wave of 2005. Note that party preferences are measured on a 1-5 like/dislike scale for 1992–1997 and 1997–2001 and on a 0-10 like/dislike scale for 2005–2010.

Control variables

The effect of past preferences on the propensity of hold dissonant views might be confounded by other variables. I focus on three important sets of variables: firstly, voters' general capacity to process political information might cause voters to change competence perceptions more or less easily. At the same time, politically informed

and sophisticated voters might hold stronger political preferences. I thus control for voters' media usage, their self-reported political interest, and (if available) their political knowledge. The coding and selection of control variables follows the previous three empirical chapters. I also include the lagged competence value, measured in the same wave as prior preferences (because there is often only little variation of competence ratings within one voter group before they receive new information, I exclude this variable in some models).

A second confounding factor is related to how prone voters are to economic shocks: voters might change past views more readily if they are more likely to be personally affected, because of their income situation, educational background, or previously held living standard. These variables are, however, also likely to have an impact on voters' preference strength, i.e. a voter working in a highly protected sector of the job market might be less affected by a financial shock, yet at the same time hold stronger preferences for Labour over the Tories, than a voter in a sector with weak unions. I thus control for voters' income, education level, and past perceived living standard. If available, I also control for whether a voter has to pay a mortgage back or not. I also control for past factual beliefs regarding the state of the economy and a household's financial situation.

Thirdly, I control for the constituency type of a voter. This serves the main purpose of validating crucial research assumptions which were made in the last three empirical chapters. In particular, I analyze whether living in a certain constituency type affects voters' propensity to blame the incumbent party. For the validity of this approach it is important that voters do not form their judgment based on the local party competition, i.e. voters are more likely to blame the incumbent party if they face a viable and acceptable alternative in their constituency. All control variables are measured in the same wave as voters' party preferences.

7.3.2 Who Holds Dissonant Competence Views?

In the following regression models I aim to understand what causes voters that share past voting behavior to develop dissonant competence ratings once they receive new information. The main focus thereby is on their prior preference strength. [Table 7.1](#) shows output from three regression models: in all three models the de-

7.3 Information-Processing Among Challenger- and Incumbent-Voters

pendent variable is whether a voter holds dissonant competence ratings or not. The main independent variable is prior preferences for the incumbent party, i.e. attachments towards the political object whose competence is being rated. I additionally include a voter's constituency type (measured in the same panel wave as political preferences) and a series of control variables. This inclusion of control variables follows the same logic as in each of the previous three empirical chapters.

Table 7.1: OLS-Regression: Prior Preferences and Dissonance Competence Views

	Dependent variable: Dissonant Competence Views		
	1992–1994 Tory voters	1997–1999 Challenger voters	2005–2008 Labour voters
Preference Tories ₉₂	-0.132** (0.036)		
Preference Labour ₉₇		0.068** (0.013)	
Preference Labour ₀₅			-0.044** (0.013)
Constituency type ₉₂	Reference Category: Cons Only		
- Cons-Lab	0.079+ (0.042)		
- Cons-other	-0.046 (0.063)		
Constituency type ₉₇	Reference Category: Labour is viable		
- Labour is not viable		0.025 (0.024)	
Constituency type ₀₅	Reference Category: Lab Only		
- Lab-Cons			0.003 (0.039)
- Lab-Others			0.061 (0.069)
Additional Controls	✓	✓	✓
Observations	666	1257	619
R^2	0.091	0.088	0.163
Adjusted R^2	0.061	0.074	0.145
+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses)			

7 Party Preference Strength and The Competence of the Incumbent

Model 1 summarizes the relationship between prior preferences for the incumbent and holding dissonant competence ratings after Black Wednesday (1992-1994). During that time the Conservatives were in office and thus I focus on voters who voted Conservative in 1992. The main independent variable then becomes how strongly a 1992 Tory voter supported this party, measured on a 1-5 like/dislike scale.⁷ Model 1 shows that the stronger prior Tory voters supported this party before Black Wednesday happened, the less likely they were to update their previous view that the Tories were competent. This clearly supports the idea that prior preferences act as a constraint on retrospective voting, as voters are harder to persuade the stronger they feel about the party that is affected by a competence shock.

In Model 2 I estimate the impact of prior support of the incumbent and dissonant competence ratings for the 1997–2001 electoral cycle. During this time, Tony Blair's New Labour entered office and its first term was often described as a success, not only because the economy changed positively during this period. In Model 2 I thus focus on prior challenger-voters and non-voters (that is, voters who in 1997 voted for the Tories or one of the smaller challengers and voters who abstained in 1997). Consequently, these voters hold dissonant views relative to their past voting behavior if they think that Labour is competent. The dependent variable is thus coded as 1 if one of these voters reports in 1999 (two years into the electoral cycle) that Labour is competent and 0 if a voter reports that the incumbent is not. The main independent variable measures prior support for the incumbent on a 1-5 like/dislike scale. In line with the politically motivated reasoning framework, Model 2 shows that voters are more likely to hold dissonant views if they already showed stronger support for Labour than voters who held less favourable views of Labour in 1997 (at the time the party had just entered government). This again supports the idea that prior preferences can shape the willingness of voters to respond to new information, in this case to information that shed a positive light in the competence of the incumbent.

Model 3 shows the influence of prior preferences for Labour and voters' propensity to hold dissonant (economic) competence ratings of this party once the financial and economic crisis became visible. Here, I focus on 2005 Labour voters and the

⁷Because I focus on 1992 Tory voters I only observe values between 3 and 5. Results remain robust if a discrete coding for the independent variable is used.

7.3 Information-Processing Among Challenger- and Incumbent-Voters

dependent variable is coded as 1 if a voter thinks that Labour is incompetent in handling economic affairs (thus, holding dissonant views relative to his or her past behavior) and coded 0 if a voter is still convinced that Labour is handling the economy competently. The main independent variable measures prior support of these 2005 voters on a 0-10 like/dislike scale. Model 3 also supports the idea that Labour voters who felt more positively about Labour before the financial crisis were less likely to update their existing beliefs about the competence of Labour. This again supports the idea that party preference can act as a filter that reduces the subset of past incumbent-voters that have a reason to rethink prior voting behavior.

To summarize, in all three electoral cycles I consistently find a statistically significant effect of prior attachment towards the incumbent on holding dissonant competence ratings. It should be noted that this finding persists in all three electoral cycles that featured different incumbents (Labour or Tories), different kinds of competence shocks (positive or negative), and different kinds of voters (past Tory voters, past Labour voters, or generally past challenger-voters). Furthermore, [Table 7.2](#) in the appendix shows that the findings remain robust if prior preferences are measured as difference between the preferences for the incumbent and the preferences for the second most preferred party (although effect sizes decrease slightly). All models are also robust to a logit-specification, if different functional forms are used for the independent variables, and if competence changes are measured in later panel waves.

In all three models I include a voter's constituency type: for Model 1 the reference category are constituencies in which only the Tories, as the national incumbent, are viable and I estimate the effect of living in a constituency in which Labour and the Tories or in which one of the smaller challenger and the Tories are viable. For Model 3 I include a similar coding only with Labour and Tories replaced (0 = Labour is the only viable alternative, 1 = Labour and Tories are viable, 2 = Labour and other smaller challengers are viable). For Model 2 I use two constituency types: in which Labour (the national-level incumbent) is viable or not. The reference category is whether a voter lives in a constituency in which Labour is viable. In all three models I find no evidence that voters are less or more likely to update existing competence beliefs if they face no viable alternative. This finding is thus reassuring for the research design of the previous three chapters.

7.4 Conclusion

This chapter extends and confirms prior research that party preferences play an important role in shaping voters' response to new information. Using data from three different electoral cycles, I present evidence that the prior attachment to the incumbent party influences how readily voters adapt their existing competence perceptions of the incumbent. While existing research has focused mainly on factual perceptions, this chapter provides evidence that competence ratings are also affected by partisan reasoning (see also [Bisgaard, Sønderskov and Dinesen, 2016](#)).

I focus on competence ratings for two reasons: theoretically, because competence ratings are the quantity of greatest importance in retrospective accounts of democracy ([Duch and Stevenson, 2008](#)). If voters are incapable or unwilling to form this quantity without reference to political preferences and behavior, the role of democratic elections as efficient tool to punish or reward incumbents is obviously undermined. Empirically, competence ratings are formed differently than factual perceptions. While voters of different parties can agree on how they think about the economy, especially if economic circumstances are unambiguous, competence leaves more room for interpretation. Voters' incentive to alter past voting might thus appear differently if voters' economic perceptions or their competence assessments are used.

Nonetheless, it is important to note that while political preferences undoubtedly play an important role in how voters process new and challenging information, voters are by no means unresponsive. In this chapter I present evidence that voters' willingness to hold dissonant competence ratings is not fully soaked up by their partisan leanings. In the aftermath of highly visible and salient competence shocks, such as the 2008 financial crisis and Black Wednesday in 1992, a substantial share of voters is willing to rethink prior competence ratings – even if these are dissonant to their past behavior. Above all, this highlights the importance of the two other forms of constraints on democratic control that are at the center of this thesis: if a substantially large subset of voters is actually capable of being persuaded by new information, other constraints have to account for the fact that not all of these voters actually abandon their past choice.

7.5 Appendix

7.5.1 Robustness Checks

Table 7.2 shows the output of three regression models if prior preference strength is measured relative to the incumbent (instead of using preferences for the incumbent). For Model 1 I use the difference between a voter's preference for Labour (measured in a 1-5 like/dislike scale) and a voter's preference for the second most preferred party. For this I first determine which of the challenging parties (Conservatives, Lib Dems, PC, SNP, and others if available) is ranked highest and then calculate the difference between its like/dislike score and the feeling for Labour. Higher values thus indicate that a voter strongly prefers Labour over the second most liked party (if a voter actually likes a party more than Labour I recode this value to zero; results remain robust to this coding decision). Model 1 shows that the more a voter prefers Labour over his or her second most preferred party, the less likely he or she is to hold dissonant ratings.

I take the same approach for Model 3 only that preferences are measured on a 0-10 like/dislike scale. As before, higher values indicate stronger support for Labour relative to the second most liked party and Model 2 shows that these voters are also less likely to hold dissonant views (although this difference is not statistically significant once a dummy variable for whether a voter has to repay a mortgage and campaign interest are added to the regression model).

For model 2, in which I focus on past challenger-voters, I calculate the difference between preferences for Labour and preferences for the party this voter actually voted for in 1997. Thus, I have to exclude voters that abstained. Preferences are measured for the Tories, Lib Dem, the Scottish National Party, Plaid Cymru, the Referendum party, and the Greens. Preferences are measured on a 1-5 like/dislike scale, so this variable ranges from -4 (strongly prefers past choice over Labour) to 0 (indifferent between past choice and Labour). Consequently, Model 2 shows that the less difference a voter makes between Labour and his or her past choice, the more likely this voter is to hold dissonant competence ratings of Labour. All findings thus remain in line with the expectations of this chapter.

7 Party Preference Strength and The Competence of the Incumbent

Table 7.2: OLS-Regression: Prior Preference Strength and Dissonance Competence Views

	Dependent variable: Dissonant Competence Views		
	1992–1994 Tory voters	1997–1999 Challenger voters	2005–2008 Labour voters
Preference-Gap Tories ₉₂	-0.080** (0.021)		
Preference-Gap Labour ₉₇		0.048** (0.012)	
Preference-Gap ₀₅			-0.009 (0.008)
Constituency type ₉₂	Reference Category: Cons Only		
- Cons-Lab	0.072+ (0.042)		
- Cons-other	-0.039 (0.063)		
Constituency type ₉₇	Reference Category: Labour is viable		
- Labour is not viable		0.006 (0.028)	
Constituency type ₀₅	Reference Category: Lab Only		
- Cons-Lab			0.004 (0.040)
- Lab-other			0.076 (0.069)
Observations	665	902	618
R^2	0.091	0.088	0.149
Adjusted R^2	0.061	0.069	0.131
+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$ (Standard errors in parentheses)			

Part IV

Conclusion

8 Summary, Limitations, and Implications

This thesis investigates limits to democratic control. For this end, I include findings from political behavior and psychology into existing retrospective voting models. In particular, I argue that retrospective voting models might be improved if researchers focus on how the characteristics of a voter's potential choices (i.e. the parties a voter could vote for, once he or she decides to alter past voting behavior) could undermine the efficiency of democratic control. Using nationally representative samples that cover three entire electoral cycles in Great Britain, I show first how voters learn from new information. I find that voters are to a large degree responsive and attentive to new information, in that many incorporate new evidence into existing competence ratings of the incumbent.

I then proceed to show that in all three electoral cycles voters, who alter existing competence verdicts, also update past voting behavior accordingly – there is thus evidence that voters act in accordance with the theory of retrospective voting. However, I also find important limitations to this voting rule: in all three electoral cycles, I find evidence that the local pattern of party competition can limit a voter's willingness to adjust past voting to newly formed competence verdicts. Relying on unique features of the British party system, this thesis provides evidence that the viability of a political party (i.e. its chances of winning a seat) can powerfully undermine a voter's response to new information. I also find, although to a weaker degree, that switching to some parties is easier than to others – retrospective voting is thus undermined if voters are unwilling to accept the differences between their past and their potential new choices.

In the following, I describe shortcomings of this thesis and how they could be addressed in future research. To complete this thesis, I then discuss the major

implications of this thesis with reference to three existing branches of literature.

8.1 Limitations

The main limitation of this thesis is its empirically exclusive focus on Great Britain. The argument behind this approach is to combine a uniquely rich set of panel data (spanning in total almost three decades) and unique features of the British party system that allow me to use variation of which viable party is perceived as acceptable or not. I argue that the theoretical framework of this thesis is well-equipped to address the cross-national and over-time variation of retrospective voting ([van der Brug, van der Eijk and Franklin, 2007](#); [Duch and Stevenson, 2008](#)). However, the research design of this thesis does not allow to directly address cross-national or over-time variations. In order to extrapolate findings from this thesis to other contexts, it is thus worth noting that Great Britain between 1992 and 2010 provides a, on the one hand, least- and, on the other hand, a most-likely case regarding the constraints I study in this thesis.

Regarding the effect of finding an acceptable alternative, the British party system in the 1990s and 2000s certainly placed less powerful constraints on voters than the constraints that were present in other periods or in other countries during this time. Both main parties of Great Britain have converged ideologically during this period and appeared more alike than in earlier elections. It might thus have been easier for retrospective voters to switch than in elections in earlier decades. Great Britain can, consequently, be classified as a least-likely case to find a substantial effect. Unfortunately, there are no panel studies available for earlier periods of time. It might, thus, be revealing to study the role of the acceptability constraint in future British elections, given that Labour and Tories appear more differentiated once again. Generally speaking, however, I am confident that the acceptability constraint is present in elections in other countries or during future British elections, because it reflects a fundamental feature of voters' decision-making.

Regarding the effect of the viability constraint, it must be noted that Great Britain can be characterized as a most-likely case. Unlike many other political systems, the British party system provides strong strategic voting incentives at the district-level. Furthermore, voters can form comparatively clear expectations regarding the behav-

ior of other voters based on constituency-level voting results at the previous election. Tracing the viability constraint in future British elections might thus be particularly revealing, given that the 2016-election brought a (perhaps only temporary) return to a two-party system, in which voters face no viable third party. It should also be noted that the viability-constraint might be present in other political systems as well, although it might operate in a different way. It might very well be that voters eschew voting for parties that are acceptable, but unlikely to pass the electoral threshold or to enter the governing coalition. Studying these considerations, could furthermore bolster our understanding of why retrospective voting sometimes fails.

8.2 Implications

In the following, I discuss the main implications of this thesis to three branches of literature.

Research on the psychology of political learning The first branch of literature for which this thesis might provide interesting insights is research on the psychology of political learning. Over the last decades, a broad branch of research has investigated the effects of partisan bias on voters' information-processing (see for example [Evans and Andersen, 2006](#); [Evans and Pickup, 2010](#); [Gerber, Huber and Washington, 2010](#); [Gerber and Huber, 2010](#)). This thesis follows this path and studies how different voter groups react, once they become confronted with new information in form of a policy outcome shock. I generally find empirical support for the idea that party preferences play an important role in shaping voters' reaction to new information (as indicated also by dissonance avoidance or politically motivated reasoning theories [Festinger, 1957](#); [Lodge and Tabor, 2005](#)).

However, it is also crucial to note that I find evidence that partisan bias does not render voters inattentive; empirically, this thesis shows that not all voters block or bias dissonant information. In all three electoral cycles, I find that a large subset of voters is indeed willing to hold dissonant competence ratings – be it that either past incumbent-voters admit that their past choice is incompetent or that past challenger-voters admit that the incumbent is competent. Furthermore, voters are on average attentive and remarkably correct when adjusting prior factual perceptions. For example, when exposed to new information in form of the financial crisis, British

8 Summary, Limitations, and Implications

voters showed only little variation in how they assessed the state of the economy and, importantly, it seems they re-assessed prior beliefs without reference to their political leanings.

I also find that variation in factual beliefs increases when voters receive ambiguous information regarding the state of the world, e.g. before the financial crisis when assessing the state of the economy is less clear. Consequently, this thesis is in support of theoretical accounts that highlight the role of the information environment in voters' learning processes ([Jerit and Barabas, 2012](#)): if voters lack a clear signal, on which to build their factual beliefs (and to a lesser degree their competence ratings), they rely more on partisan heuristics. However, when provided with a clear signal and thus in times when retrospective voting should be at the heads of voters' minds, it seems reassuring that voters can correctly recognize changes in the state of the world and rebuild their existing beliefs. I take this also as indication that that research on (the variation of) retrospective voting is in need of explanations that stretch beyond bias in voters' information-processing.

Research on (the variation of) retrospective voting behavior. This thesis has two interesting contributions for existing theoretical and empirical research on retrospective voting. Firstly, I show that it is useful to distinguish theoretically between voters' factual beliefs and their competence ratings, which voters are assumed to form based on their perceptions of policy outcomes. Throughout this thesis, I show that these two quantities can differ substantially. Consequently, empirical research on retrospective voting might be misguided by looking only on voters' factual beliefs (or changes thereof): there might be less retrospective vote switching in a given election because voters did not link changes in factual beliefs to the actual behavior and performance of the incumbent (as argued also by [Bisgaard, 2015](#)). Based on the findings of this thesis, it might thus be worth pursuing how voters' factual and competence beliefs differ, how voters extract the latter from the first quantity, and also how this extraction-problem could differ across countries or over time.

Secondly, I show in this thesis that retrospective voting can be limited, even if voters are attentive and learn about incumbent competence. The starting motivation of this thesis has been that constraints, that are not primarily linked to the information-processing of voters, have not received enough attention in existing re-

search – with, of course, the notable exceptions of [van der Brug, van der Eijk and Franklin \(2007\)](#), [Kayser and Wlezien \(2011\)](#), and [Eggers \(2014\)](#), to which this thesis is greatly indebted. The goal of this thesis thus has been to present these constraints in a coherent framework and to show empirically that the characteristics of a voter’s potential choice can limit his or her willingness to abandon his or her past choice. In particular, I focus on two constraints: voters’ general political preferences (reflecting the factors they deem important in politics) and voters’ expectations about the behavior of other voters.

I consistently find that voters are more likely to alter past voting behavior the weaker a voter is tied to his or her past choice, given that his or her competence ratings became dissonant. This highlights that it is important that voters consider at least one remaining alternative an *acceptable* alternative to engage in retrospective voting. This thesis also studies the potentially limiting effect of the viability of the remaining choice and, in particular, the idea that voters might avoid voting retrospectively if they eschew wasting their vote on hopeless candidates. I find that strategic voting incentives have indeed a restrictive effect on retrospective voting: voters living in constituencies in which only their previous choice has a realistic chance of winning are least likely to alter past voting, compared to voters who face at least one viable alternative. I consider linking retrospective voting accounts with, on the one hand, existing research on voters’ general party preferences and, on the other hand, research on strategic voting incentives as one of the main contributions of this thesis.

Theories of democracy and the normative importance of retrospective voting. Finally, it is important to discuss the normative implications of these findings. The theoretical goal of this thesis was to lie out the *conditions* that allow voters to vote retrospectively and thus to act in accordance with a model that many political theorists link to the functioning of democracies ([Schumpeter, 1942](#); [Key, 1966](#); [Riker, 1982](#)). The findings of this thesis are not entirely negative to this claim: although there is evidence that some voters might resist altering past competence ratings and that some voters are unwilling to support a party they regard as non-acceptable or non-viable, the electorate in each election manages to remove (supposedly) incompetent incumbents from office (Labour in 2010 and the Conservatives in 1997),

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while keeping a (supposedly) competent government in office (Labour in 2001). This implies that, even in the presence of these limitations, retrospective voting can work as a efficient tool to control incumbents.

I would also like to argue that once a researcher focuses on other characteristics, that might be of importance to voters, a clear normative statements becomes more challenging. From the standpoint of pure retrospective models, voters clearly generate normatively non-desirable outcomes when they re-elect incompetent incumbents. However, if these voters choose an incompetent incumbent because they value this party over the remaining alternative, their electoral response might – from a normative standpoint – seems less questionable. Voting in democratic elections requires from voters to decide between alternatives on many attributes; which attribute their value most, however, seems beyond the normative verdict of political theories.

Part V

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Abstract

This thesis investigates limits to retrospective democratic control. For this purpose, I study retrospective voting in a dynamic framework and discuss two constraints to retrospective vote-switching: firstly, democratic control might be limited by voters' information-processing, as voters might filter or bias information that challenges past voting behavior. Secondly, democratic control might be limited, if voters are unable to find a party with which to replace their prior choice. In particular, voters might be unwilling to alter past behavior if neither remaining party is attractive enough on other factors, a voter deems relevant in politics, or if strategic voting incentives render a voter's past choice the more attractive choice.

I study these constraints by relying on the following research design: I use panel data, spanning an entire electoral cycle, and combine these with unique features of the British party system. The use of panel data allows me to trace voters' learning process and electoral response in elections that were preceded by major or minor policy outcome changes. Furthermore, by comparing voters' responses between British constituencies, in which the set of locally relevant parties varies, I am able to observe voter behavior under different sets of available alternatives.

This thesis finds that democratic control can be limited by voters' information-processing, although I also show that voters are on average responsive and often correct in assessing new information. More importantly, I find that the local supply of competitive parties can undermine retrospective vote-switching. These findings point to important, although often neglected factors that limit the effectiveness of democratic elections.

Zusammenfassung

Diese Dissertation untersucht Grenzen retrospektiver demokratischer Kontrolle. Zu diesem Zweck untersuche ich retrospektives Wählen in einem dynamischen Rahmenwerk und analysiere zwei Beschränkungen: erstens könnte es sein, dass demokratische Kontrolle durch die Informationsverarbeitung der WählerInnen beschränkt ist, insofern WählerInnen dazu neigen Information, die mit früheren Wahlverhalten unvereinbar ist, zu beeinflussen. Zweitens wäre es möglich, dass demokratische Kontrolle beschränkt ist, insofern WählerInnen keine Partei vorfinden, die sie anstelle ihrer bisherigen Parteiwahl wählen möchten. Wähler könnten daher davon absehen bestehendes Wahlverhalten zu ändern, sofern keine der verfügbaren Alternativen attraktiv genug ist, gegeben den Faktoren, die für WählerInnen bei demokratischen Entscheidungen relevant sind, oder dass Anreize zum strategischen Wählen die bestehende Entscheidung weiterhin zur attraktiveren Wahl machen.

Ich untersuche diese Beschränkungen mithilfe des folgenden Untersuchungsdesigns: zum einen verwende ich so genannte Panel-Daten, die einen gesamten Wahlzyklus umfassen, zum anderen verwende ich einzigartige Eigenschaften des britischen Parteiensystems. Panel-Daten erlauben es den Lernprozess und das Verhalten bei Wahlen zu untersuchen, denen kleinere oder größere Politikveränderungen vorausgegangen sind. Des Weiteren ermöglicht mir dieser Ansatz das Wahlverhalten zwischen britischen Wahlkreisen zu vergleichen, in denen unterschiedliche Parteien eine Chance haben zu gewinnen.

Diese Dissertation zeigt, dass demokratische Kontrolle durch den Lernprozess von WählerInnen begrenzt sein kann, wobei beachtet werden muss, dass WählerInnen durchaus in der Lage sind bestehende Wahrnehmungen zu verändern und neue Information korrekt zu verarbeiten. Es ist daher umso wichtiger zu betonen, dass das lokale Muster der Parteikonkurrenz retrospektives Wechselwählen beschränken kann. Diese Ergebnisse deuten auf wichtige, wenn häufig auch wenig beachtete

Bibliography

Faktoren hin, die die Effizienz von demokratischen Wahlen beschränken können.