

Discount by Account? Striking a Balance for Vote Choice

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1. Draft

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1. Introduction

The simple model of preference oriented voting assumes that voters choose that particular political offer that is closest to their own preferences. Vote choice thus is the result of the simple comparison of ones own positions and goals and what parties offer. The classical approach to explain this mechanism is the spatial model of voting of Anthony Downs (1957). It translates the degree of agreement between the positions of voters and parties in a spatial configuration of closeness and distance.

However, this simple model seems not sufficiently reflect the complexities of voter's decision processes. More complex models also incorporate affective components, social structure, demographic factors, and voter's evaluations of political supply. Electoral research talks of a funnel of causality, which starts with enduring factors like social structure and psychological attachment, continues with political preferences, and gets narrower with specific considerations (issues, candidates, evaluations, etc.), which finally leads to vote choice.

Social structure and psychological attachments do not play a role in approaches which are more interested in the rational aspects of vote choice. These approaches put all their emphasis on spatial considerations, and – often neglected – on evaluative factors. Although Anthony Downs had explicit ideas about the role of evaluations in voting behaviour, his considerations play little role in electoral research. Berni Grofman (1985) has highlighted this aspect of Downs ideas and has asked the question whether voter do discount their preferences in a situation where their evaluation of the performance of the respective party is rather poor than good. Morris Fiorina (1977) also introduced a bias factor to the simple spatial model, which basically works like a discount factor.

This paper is an attempt to apply the idea of “discounting” to voting behaviour in a number of countries. The data used are the CSES II post election studies (advance release Dec. 2004). It covers altogether elections in 15 countries between 2001 and 2003. Due to a variety of factors, only 10 of the studies will be used: Bulgaria 2001, Czech Republic 2003, Germany 2002, Hungary 2002, Ireland 2002, Israel 2003, Norway 2001, Portugal 2002, Sweden 2002, and Switzerland 2003. With these data, there are two principal possibilities to investigate “discounting” in vote choice. One is offered by a measurement of evaluation

of the performance of the party respondents have chosen the election prior to the one under investigation. The second type of evaluative measures refers to the performance of the government in office during the term until the election under investigation in two ways: government's achievement with regard to issues most important to the voter, and general government performance.

Here, we will concentrate on discounting by the evaluation of the performance of the party the respondent has voted for prior to the election under investigation. Government evaluation can be regarded as a special case of party's performance. Thus, we deal with the more general question.

In a first step the base model for this question will be introduced and the possible effects of balancing (spatial) utilities and evaluations will be discussed. In a second step, the degree of "defective vote" in terms of deviation from utility will be estimated, and in a third step it will be demonstrated as to which degree defection from preferences is due to discounting by performance.

2. The Discount Model

The basic idea of the discount of "bias" model is quite simple but has enormous implications. Like Downs, Fiorina (1977) and Grofman (1985) do start their considerations about discounting from the spatial model of voting. Furthermore, both assume that voters discount the spatial utility by their perception of the capacity of the respective party to change the status quo according to their (spatial) position. They translate into formal theory what Downs has formulated 1957: "a voter makes his decision by comparing future performance he expects from competing parties. But, if he is rational, he knows that no party will be able to do everything that it says it will do. Hence, he cannot merely compare platforms." (Downs 1957: 39). This implies that spatial and prospective aspects have to be considered. However, we also know from Fiorina (1981) and Downs that retrospective factors provide the yardstick to correct perceptions of parties' positions, and prospective evaluations.

A full discount model thus is rather parsimonious. It only needs indicators on (spatial) utilities, retrospective evaluations, and prospective evaluations of parties. It may be regarded as not sufficiently complex, in particular in comparison to analyses of the whole funnel of causality as recently provided by Miller and Shanks (1996). However, if the attempt is not to explain preferences but to show discounting effects at the very end of the funnel of causality, parsimony becomes a strength. A similar argument can be made with regard to psychological attachment, or more specifically: party identification. It depends,

how the genesis of party identification is theoretically conceptualized. But if one assumes that Party identification resembles experience with a party which is translated into psychological commitment, than “party ID at any given point is a function of issue concerns prior to this point.” (Fiorina 1977: 611).

The general hypothesis of the discount model of Grofman (1985) is that utility considerations are discounted by the degree to which the expectation is that the respective party cannot realize the respective outcome. The likelihood to vote for the party which promises the highest utility decreases to the degree it is regarded as incompetent. Fiorina has applied this general hypothesis to the vote choice for government in office vs. opposition. He assumes that a government is able to win elections as long as it has per saldo a positive balance of utility and competence. In the opposite case, the challenger wins. In case of an indifferent balance between government and challenger, votes will be equally distributed between government and opposition. Considering a matrix of the difference in utility between government and opposition (positive, neutral, negative for the government), and the difference in performance evaluation (positive, neutral, negative for the government), combinations of utility balance and performance balance can be ranked with regard to the votes achieved by government and opposition: highest vote share for the government, if utility and performance both are evaluated in favour; lowest vote share for the government (and highest for the opposition), if utility and performance both are evaluated negatively.

A similar idea can be applied here with respect to vote for the same party as the election prior to the one under investigation (table 1):

Table 1: Hypothetical Effects of Utility and Performance Evaluation on Re-electing the same Party

Performance of the Party voted for in the last Elections	Balance of Utility between Party voted for in the last Elections and other Parties		
	Negative	Neutral	Positive
Vote Choice for:			
Negative	Other Party	Other Party	Indifferent
Neutral	Other Party	Indifferent	Party voted for last time
Positive	Indifferent	Party voted for last time	Party voted for last time

Crucial for testing this hypothesis is how utility and performance are operationalized and measured. In an ideal model, utility would include issues and positions at different levels of abstraction: from concrete questions to general values. Performance in an ideal model

would cover retrospective and prospective evaluations, possibly with regard to different dimensions. Such an ideal model is beyond the scope of what most election studies do cover. The same applies to the CSES II module. Here, a limited version of an ideal discount model can be tested in which utility is derived from generalized political positions and generalized party differentials, and performance relates to the past, i.e. the retrospective aspect.

Utility with regard to generalized political positions will be derived from Left-Right self- and party placements. A Left-Right position can be regarded as an indicator for a “generalized political position” (Klingemann, Fuchs 1990: 233). It serves as an effective means of political orientation and positioning of ego and political actors. The first utility will be derived from the difference in Left-Right self placement and placement of the party voted for in the prior elections. In the following this utility will be called “*position utility*”. The second utility, the utility differential with regard to generalized political positions is the difference between Left-Right self placement and placement of the next closest party not voted for in the prior election and position utility. It will be called “*position differential*”.

A second general indicator of utility can be derived from the so-called party thermometer scales. Fuchs and Kühnel (1994: 315) have pointed to the fact that voters under condition of insecurity and high information costs tend to reduce and to simplify information by generalization. They assume that voters build generalized judgements about parties from a variety of discrete and concrete observations. Party Like-Dislike scales enclose these generalizations from a variety of observations. They can be regarded as a generalized judgment about utility expectations. Other studies have used Like-Dislike scales as spatial measures of utility (Pappi 19xx). It must be noted, however, that unlike generalized position utilities and position differentials, Like-Dislike scales may also include generalizations from the observation of performances. This would imply that the model which can be tested here minimizes the discount effect and is thus a conservative estimate. However, in the German context a complex discount model has been tested and it could be demonstrated that Like-Dislike scales are only weakly correlated with retrospective performance evaluations (Wessels 2004). This leads to the assumption that there is a confounding effect but not very strong. Again, two measures are introduced: “*party utility*” which measures the score for the party voted for, and “*party differential*” derived from the difference between party utility and the Like-Dislike score for the next most liked party.

The performance measure (*Party performance, retrospective evaluation*) is a very simple one. It is based on the question:

“How well did the party you voted for then perform over the past (NUMBER OF YEARS between the previous and the current election) years? Has it done a very good job? A good job? A bad job? A very bad job?”

and is coded as follows: 1. VERY GOOD JOB; 2. GOOD JOB; 3. BAD JOB; 4. VERY BAD JOB.

Formally, variables and models can be described as follows:

Position utility (U_{GP}):

Absolute Left-Right distance between voter and elected party. Left = 0; Right = 10.

$$U_{GP} = (\text{abs} (EL_{LR} - PA_{LR1}))$$

Position differential (U_{DP}):

Difference between Left-Right distance to second closest party and position utility.

$$U_{DP} = U_{GP} - (\text{abs} (EL_{LR} - PA_{LR2}))$$

Party utility (U_{L1}):

Score on party Like-Dislike scale for elected party. Dislike = 0; Like = 10.

Party differential (U_{DL})

Difference between party utility (U_{L1}) and party Like-Dislike score for second most liked party (U_{L2}).

$$U_{DL} = U_{L1} - U_{L2}$$

Party performance, retrospective evaluation (E_p):

Performance of party voted for prior to recent election (1 = good; 4 = very bad).

Re-Vote (RV)

Vote for the party voted for in election prior to the recent one. 1 = yes; 0 = no.

Two models will be tested. The first will only include utility variables, the second utilities and performance:

Model 1, utilities only:

$$RV = a + b_1 (U_{GP}) + b_2 (U_{DP}) + b_3 (U_{L1}) + b_4 (U_{DL}) + e.$$

Model 2, utilities and performance:

$$RV = a + b_1 (U_{GP}) + b_2 (U_{DP}) + b_3 (U_{L1}) + b_4 (U_{DL}) + b_5 (E_p) + e.$$

The expectations with regard to the direction of effects are straight forward:

Position utility is the highest the smaller the Left-Right distance. Thus the effect should be negative. Position differential signals the highest utility the larger the distance to the next close offer. Thus, the effect should be positive. Party utility is the highest the highest the score, thus the effect should be positive. The party differential indicates the highest utility if the next most liked offer is much less liked. Thus, the higher the party differential is the higher is the utility. The effect should be positive. The performance effect should be negative, since better performance is indicated by a lower value.

The general hypothesis is that the model only based on utilities both over- and underestimates re-vote:

- Hyp 1a: Re-vote is underestimated by utilities if performance is positively evaluated.
- Hyp 1b: Re-Vote is overestimated by utilities if performance is negatively evaluated.

With regard to cross-country differences expectation is:

- Hyp 2: In new democracies, re-vote is more strongly effected by performance evaluation than in established democracies. In other words: under- and overestimation of re-vote is larger in these countries.

3. Predicting Re-Vote

The proportion of voters having voted for the same party in the elections under investigation as they have voted for in the prior election varies considerably across countries. Bulgaria, 2001, is at the low end, Germany at the high end of the distribution. Except for Israel, the countries showing the lowest level of re-vote are the new democracies in Central and East Europe: Bulgaria, Hungary, and Czech Republic (table 2).

Table 2: Re-electing Voters by Country in % of all Respondents

Country	%	N = 100%
BGR_2001	9,9	1482
CHE_2003	37,8	1418
CZE_2002	30,3	948
DEU12002	59,8	2000
HUN_2002	24,5	1200
IRL_2002	41,0	2367
ISR_2003	27,2	1212
NOR_2001	45,7	2052
PRT_2002	45,7	1303
SWE_2002	44,8	1060

In order to estimate re-vote based on utilities, and on utilities and performance evaluations, logistic regressions have been performed since the dependent variable is a dummy variable. Regressions for all countries show a rather similar pattern and very much in line with the expectation concerning the direction of the effects. Since our concern is the discounting effect of performance evaluation, results of the regression are not presented and will not be discussed in detail (results of pooled regressions can be found in the appendix).

In regression 1 (utilities only), position differential is the strongest positive effect, on average changing the odds by 12 percent for one unit change. Party utility is second most effective (on average 10 percent change). Position utility and party differential tend to be non significant. Overall correctness of classification is 71 percent, the cross-country average the same.

In regression 2 (utilities and performance), again position differentials show a strong positive effect (15 percent change in the odds per one unit change), effects of party differentials tend to be weak but significant, party utility tend to be non significant as is position utility. A quite strong negative impact, due to the coding, comes from performance evaluation. Overall correctness of classification is 75 percent, the cross-country mean 76 percent (table 3).

Table 3: Correctly Classified by Utilities, and Utilities and Performance

	Utilities	Utilities and Performance	N =
	%	%	100%
BGR_2001	75,5	80,5	583
CHE_2003	71,1	72,8	647
CZE_2002	81,0	87,3	331
DEU12002	75,8	77,1	1458
HUN_2002	69,3	81,2	404
IRL_2002	70,2	70,2	1021
ISR_2003	55,7	64,9	542
NOR_2001	71,8	74,7	1179
PRT_2002	86,0	86,7	577
SWE_2002	61,6	61,8	761

Improvement of correctness of classification is not very large. Only in the three new democracies and Israel, improvement is considerable.

4. Re-Vote, Accounting and Defecting from Preference Utilities

The improvement of the classification by regression 2, including performance, is not very impressive. Still, comparing the classification results shows that regression 1, i.e. the regression based on utilities alone, both over- and underestimates re-vote. In this regard, in some countries the effects of over- and under-representation are surprisingly high.

In cross-country average, overestimation is somewhat lower than overestimation (5, 1 per cent to 9, 6). In Israel and Hungary, classification altogether differs by more than 30 percentage points, in Norway, Bulgaria, the Czech Republic, and Ireland by more than 10 percentage points (table 4).

Table 4: Under- and Overrepresentation of Re-electing Vote by Country: Predicted from Regression 1 compared to Predicted from Regression 2

	Overestimated	Underestimated	Total Change due to Performance	
	%	%	%	N = 100%
BGR_2001	0,7	12,9	13,6	583
CHE_2003	1,9	7,6	9,4	647
CZE_2002	7,0	6,7	13,6	331
DEU12002	4,3	2,3	6,7	1458
HUN_2002	17,8	15,4	33,2	404
IRL_2002	1,1	9,5	10,6	1021
ISR_2003	4,6	30,4	35,1	542
NOR_2001	10,9	6,2	17,1	1179
PRT_2002	1,9	1,9	3,8	577
SWE_2002	0,5	3,6	4,1	761

By regression 2 (utilities and performance), 353 correct classified cases of regression 1 (utilities only) have been wrongly changed, but 615 wrong classified cases of regression 1 corrected. This is on balance an improvement of 5 percentage points of all correct classified.

The overestimation of re-vote by regression 1 seems to be almost completely due to the fact that bad performance evaluations have been neglected. And underestimation comes from neglecting positive performance evaluations.

This can easily be checked by investigating how many of the overestimated show negative performance evaluations, and how many of the underestimated show positive performance evaluations.

Table 5 shows the results. Except for Sweden, in all countries 100 percent of those being wrongly estimated as voters who would vote for the same party as in the elections prior to the most recent one show negative performance evaluations for the party they have voted for the last elections. Negative evaluation means that their judgment about the party is that it has done a bad or very bad job. Among those having been wrongly classified as not re-voting their party, a very high proportion shows good performance evaluation of the work of their party (good or very good job).

Table 5: Performance Evaluation of Party in % of Over-/Underestimates

	% Overest. Bad	% Underest Good
BGR_2001	100,0	100,0
CHE_2003	100,0	93,9
CZE_2002	100,0	100,0
DEU12002	100,0	100,0
HUN_2002	100,0	100,0
IRL_2002	100,0	100,0
ISR_2003	100,0	81,2
NOR_2001	100,0	100,0
PRT_2002	100,0	100,0
SWE_2002	0,0	70,4

This finding can be confirmed by regressing misclassifications on performance evaluations. 64 percent of the variance in misclassification can be addressed by performance evaluations (Table 6).

Table 6: Regression (OLS) of Misclassification on Party's Performance

Variable	B	SE B	Beta	T	Sig T
P Performance	-0,945	0,023	-0,803	-41,847	0,000
(Constant)	2,582	0,058		44,334	0,000
Adjusted R Square	0,644				

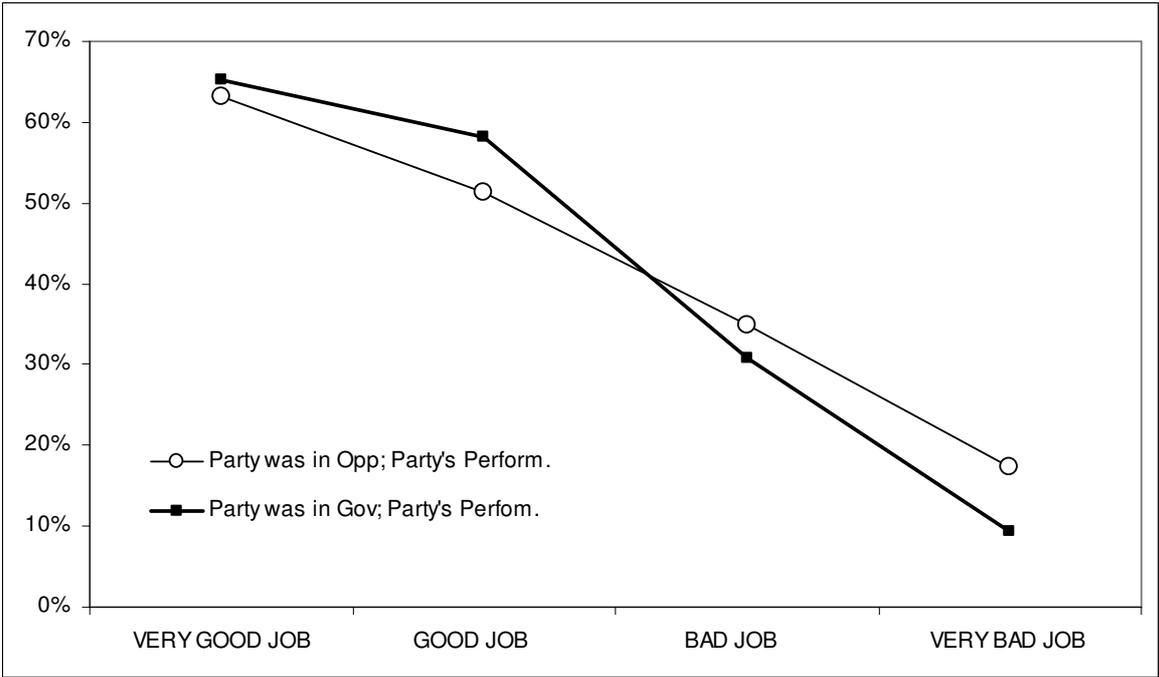
Misclassification: -1 if overestimated; 1 if underestimated

P Performance: 4 very bad; 3 bad; 2; good; 1 very good.

Obviously voters take performance into account and discount their preferences accordingly. In this regard, the discount model can be confirmed. The question is, however, whether it makes a difference whether a party is in opposition or in government.

This question can be, in principle, be directly addressed with the CSES data in very much the same way. In addition, such a model could make use of the evaluation of government performance. This will be a task for future work. But very brief and descriptive, from the findings here one might conclude that there is probably not too much of a difference in which role a party is. At least, the comparison of re-vote for governing and opposition parties with respect to performance evaluations does not show much difference. The discount effect in both cases is enormous but very similar. There is only a slight tendency that parties being in government benefit somewhat more from good performance as they do suffer more from bad performance (figure 1). The proportion of re-vote is between 60 and 70 per cent in case of good performance and declines to 10 to 20 per cent in case of bad performance.

Figure 1: Discounting by Performance: Re-Vote for Parties in Government and Opposition



5. Conclusions

Discounting seems to play a role when voters are faced with the situation whether they should vote for the same party again or not. Even if their preferences match quite well with those of the party, or – in other words – the utility seems to be high, (some) voters tend to give their decision a second thought taking into account performance evaluations.

Although, discounting is limited it may decide over majorities, depending on the closeness of the race. For the last German elections 2002 in a somewhat more complex model than used here, the overall net effect was about five per cent of the votes. Here we found, that discounting varies considerably across countries – and probably within countries across time. The estimated effects climb as high as more than 30 percent in two countries: Israel and Hungary. The real effects are certainly smaller, probably by a factor of 3. Overestimation effect (5 per cent over all respondents) and underestimation together (9 per cent) sum up to 14 per cent. Checking estimates against reported voting shows that the net improvement by taking discounting into account is about 5 per cent. For some parties, this may be the figure deciding about life or death. Results altogether support the idea and hypothesis of the discount model by Grofman or the bias model by Fiorina.

The proposed cross-country hypothesis also seems to hold up to some extent. The new democracies in Central and East Europe under investigation, namely Hungary, the Czech Republic, and Bulgaria, are among those countries with the largest estimated effects of discounting. They are, however, not an exclusive group. In Israel, the discounting effect is the highest of all countries, and it seems to be higher in Norway than in Bulgaria or the Czech Republic. Thus, long-term experience of voters with a party system does not prevent from discounting. It may very much depend on the specific situation of an election.

Appendix

Table A1: Logistic Regression 1 - Re-electing Voting on Utilities; pooled

Variable	B	S.E.	Wald	Df	Sig	R	Exp(B)
LRREC1	0,007	0,024	0,076	1	0,783	0,000	1,007
LRDIFF1	0,112	0,020	31,349	1	0,000	0,049	1,118
PSYMP1	0,103	0,015	48,563	1	0,000	0,062	1,109
DPSY21	0,017	0,011	2,261	1	0,133	0,005	1,017
Constant	-0,493	0,117	17,654	1	0,000		
Overall correctly classified		60,1					

Table A2: Logistic Regression 2 - Re-electing Voting on Utilities and Performance; pooled

Variable	B	S.E.	Wald	df	Sig	R	Exp(B)
LRREC1	0,031	0,029	1,092	1	0,296	0,000	1,031
LRDIFF1	0,135	0,025	29,472	1	0,000	0,054	1,145
PSYMP1	0,009	0,018	0,269	1	0,604	0,000	1,010
DPSY21	0,085	0,014	36,700	1	0,000	0,060	1,089
B3021	-1,049	0,044	571,809	1	0,000	-0,244	0,350
Constant	2,883	0,188	236,488	1	0,000		
Overall correctly classified		70,19					

(Country specific regressions yield on average better results).

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