

## Chapter 3

# Macroeconomic performance and mass political support in the United States and Great Britain

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I think Dick's going to be elected President but I think he's going to be a one-term President. I think he's really going to fight inflation, and that will kill him politically — Dwight D. Eisenhower, 1968 (Kenski, 1977).

All political history shows that the standing of the Government and its ability to hold the confidence of the electorate at a General Election depend on the success of its economic policy — Prime Minister Harold Wilson, March 1968. (Reported by David Watt in the *Financial Times*, 9 March 1968.)

### 1. The importance of the economy as a political issue

Although Eisenhower's forecast proved to be wrong and Wilson's declaration is perhaps somewhat exaggerated, numerous empirical studies do indeed indicate that macroeconomic performance has an important impact on mass political support for incumbent parties and chief executives.<sup>1</sup> Moreover, during recent years the state of the economy (principally, unemployment and inflation) unquestionably has overshadowed other issues as a source of public concern. The U.S. Gallup Poll data in fig. 3.1 show that once the American withdrawal from Vietnam was completed, more than 70 percent of the mass public identified an eco-

<sup>1</sup> The literature is too voluminous to reference adequately here. Selective citations are given below.

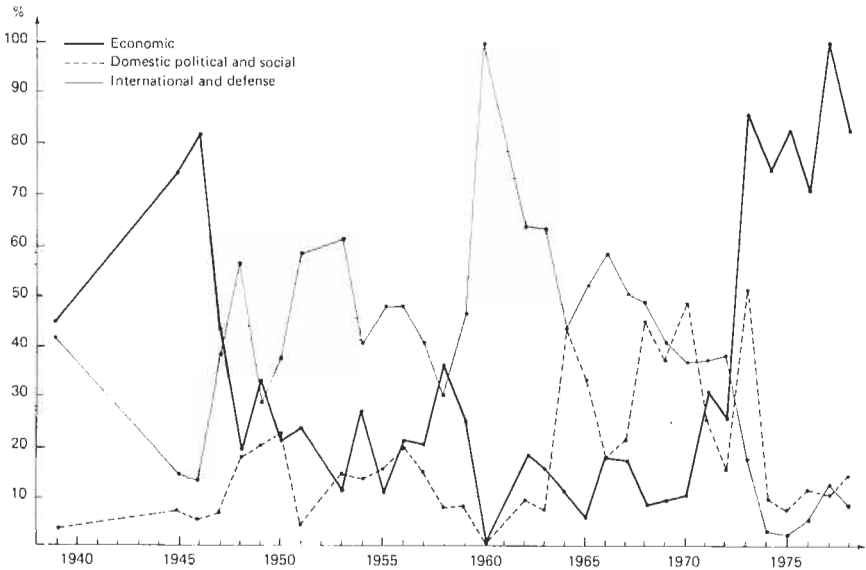


Figure 3.1. Aggregate responses to the question: "What is the most important problem facing this country today?" (approximate wording) — United States, 1939–78. *Source:* George Gallup, *The Gallup Poll, Public Opinion: 1935–1971*, vol. I–III (Random House, New York, 1972) and American Institute for Public Opinion, *The Gallup Opinion Index*, various issues.

conomic issue as the "most important problem" facing the country in every year. The Gallup Poll data in fig. 3.2 indicate that the economy has loomed large among the British public's concerns since the early 1960s and virtually has dominated public attention in that country for more than ten years.

In view of recent macroeconomic history, these results cause no surprise. In Britain unemployment rose substantially in the late 1960s, and after the OPEC supply shock of late 1973, which simultaneously was demand deflationary and price inflationary, both inflation and unemployment stood at disastrously high rates. Inflation actually soared to more than 20 percent per annum in 1975. In the United States the tight labor markets accompanying the Vietnam war boom and the Johnson administration's policy of hidden deficit finance left the incoming Nixon administration facing accelerating rates of inflation. This motivated contractionary macroeconomic policies that produced the 1970–71 recession

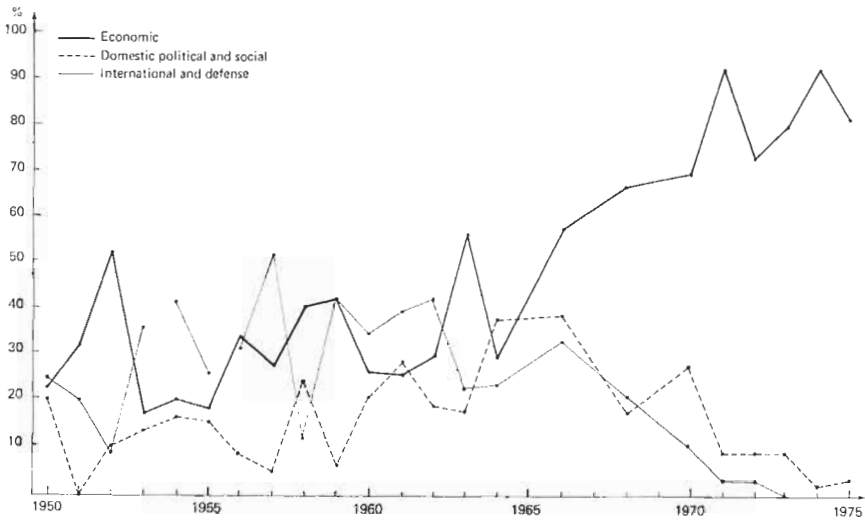


Figure 3.2. Aggregate responses to the question: "What is the most important problem facing this country today?" (approximate wording) – United Kingdom, 1950–75. Source: Gallup Opinion Poll data supplied by Anthony King.

and a sharp increase in the unemployment rate. Following the OPEC catastrophe two years later, unemployment rose to unprecedented levels and prices accelerated dramatically.

Economic performance, then, has been *the* contemporary political issue. In the following sections we introduce models specifying how economic performance might influence the mass political support of incumbents.

## 2. Econometric models of mass political support

Although the existing empirical literature supplies considerable evidence that mass political support does respond to macroeconomic outcomes, there is little consensus on the most appropriate functional form. Most studies employ simple linear specifications rationalized in a rather *ad hoc*

fashion, and hence fall short of the standards established by Fair's (1978) elegant analysis of aggregate U.S. presidential voting or Fiorina's (1978) suggestive theoretical work on party choice.

Generally, too few observations have been available to empirical studies relying on aggregate electoral data to permit sharp and convincing parameter estimates of complicated model structures. Typically, the observation range has been three quarters of a century or more and it is assumed that the effect of economic performance on mass political support is governed by a homogeneous structure with fixed coefficients. It seems to us doubtful that expected standards of performance or popular perceptions of government culpability for economic outcomes have been stable enough across, say, the pre- and post-Keynesian eras, to make such assumptions realistic. For this and other reasons we have used quarterly data on the government's standing in the polls over the period 1960–76 in the analyses described below.<sup>2</sup>

The support models entertained are based on the following pair of equations:

$$PS_{qt} = Lev_q + Cycle + \sum_k b_k X_{kqt} + Stock_{qt} + u_{qt}, \quad (3.1)$$

$$Stock_{qt} = L^*_{q(p)} + f_j(L)_{jqt} Z_{jqt}, \quad (3.2)$$

where

*PS* denotes mass political support for incumbent political parties in parliamentary systems (U.K.) or chief executives in presidential systems (U.S.);<sup>3</sup>

<sup>2</sup> We shall explore in subsequent papers the electoral implications of government/incumbent popularity in the polls. We of course already have evidence in the U.S. of strong connections between presidential popularity and mid-term electoral outcomes. See Kernell (1977), Pierson (1975), and Tufte (1975).

<sup>3</sup> We have used the political support measure believed to be the most important in the domestic political life of each country. In the United States the political support measure is the percentage of the public responding "approve" in the well-known Gallup question: "Do you approve or disapprove of the way (the incumbent) is handling his job as President?"

In Great Britain the political support measure is the Government's lead over the major opposition party derived from the Gallup question: "If there were a General Election tomorrow, which party would you support?" Support for minor parties (principally the Liberals) appear in the denominator of the percentage fractions but are excluded from the lead/difference calculations.

All observations are quarterly and were obtained by aggregating all available monthly survey observations.

$Lev$  denotes the transitory level of support for a new government or chief executive;

$Cycle$  is comprised of time indices (discussed further below) representing the typical erosion and then recovery of support over the electoral period;

$X_k$  denotes country-specific noneconomic events (of dimension  $k$ ) affecting short-run movements in support;

$Stock$  denotes the accumulated stock of mass support for incumbent chief executives, parties, or political blocs;

$L^*$  denotes the "long-run" or "hard core" support for political parties or blocs;

$Z_j$  denotes macroeconomic performance variables —  $j$  includes the unemployment rate, the inflation rate, and the rate of change of *per capita* real personal disposable income;

$f_j(L)$  denotes lag sequences in the  $Z_j$  which are defined below; and

$q$  denotes particular administrations,  $p$  denotes political parties or blocs, and  $t$  denotes time (quarterly observations).

The first two terms on the right-hand side of eq. (3.1) represent the temporal cycle of political support that is fairly well established in the current literature. Each government or chief executive enters office with a transitory support level ( $Lev_q$ ) that typically depreciates over the course of the administration's tenure as early-term supporters become disillusioned or alienated for a host of idiosyncratic reasons that are impossible to observe systematically or model explicitly. However, in the later stages of the electoral period the government's mass support usually recovers as incumbent politicians and parties mobilize their constituencies and voters begin to evaluate the administration's performance against the standard of visible and flawed political alternatives. Net of the substantive terms in the model, this implies a U-shaped time path for political support, which is represented by the *cycle* function in the model.

The precise specification of the cycle function varies by country. Following Stimson (1976), the cycle specification in the analyses of the United States is simply a quadratic function of *time* (in quarters) since the beginning of a president's current term, i.e.  $time$  and  $(time)^2$ . In Great Britain, where the electoral period is not uniform, the cycle specification consists of a *depreciation* term, which simply grows sequentially by unit increments over the life of each government, and a *backswing* term, which takes the values 1,2 in the two quarters prior to the election date and is designed to pick up the typical election year reversal in the depreciation of political support (cf. Goodhart and Bhansali, 1970). To avoid the danger of obscuring the effects of the macro economy on mass political support, we were careful not to overparameterize the time func-

tions: the cycle coefficients are constrained to be homogeneous across all electoral periods. This represents the middle ground between Kernell's (1978) position that time or cycle functions should have no role in political support models, and the common practice of entertaining unique temporal cycles for each administration or electoral period (see, for example, Alt, 1977, and Frey and Schneider, 1978a).

Although the cycle function in eq. (3.1) is necessary to evaluate movements in mass political support that are independent of the duration of administrations and the timing of elections, primary interest centers on the remaining terms in the model. The vector  $X_k$  denotes non-economic events that are plausibly conjectured to influence political support in the short run. Three such variables appear in the U.S. model. A special "Watergate" support depreciation variable is specified for Nixon's second term to capture the extraordinary decline in Nixon's popularity associated with the scandal. (The variable is described in Frey and Schneider, 1978a.) The U.S. model also includes a term for U.S. killed-in-action (in thousands) in Vietnam to pick up the war-induced deterioration of presidential approval ratings. Finally, the U.S. equation includes a "rally-round-the-flag" variable taken from John Mueller's work and extended by us through the Nixon-Ford administration. "Rally" points are dramatic, sharply focused international events involving the President directly which are expected to give a brief boost to his popularity rating. This variable has been coded 1, 0.5, 0, ..., from the date of each rally point. (For further discussion see Mueller, 1973.) No idiosyncratic noneconomic variables appear in the models for the United Kingdom.

For our purposes the most important term in eq. (3.1) is the accumulated *stock* of support for incumbents. *Stock* represents the political capital of governments and is defined by auxiliary equation (3.2). It is composed of a long-run factor,  $L^*$ , representing the "hard core" of support for political parties or blocs (as opposed to that accruing to particular administrations), and unspecified lag functions of the macroeconomic performance variables (the unemployment rate, the inflation rate, and the rate of change of *per capita* real personal disposable income) —  $f_j(L)Z_j$ . In party government systems such as Britain,  $L^*$  should be large relative to the transitory support uniquely associated with particular administrations,  $Lev$ . The reverse should be true in presidential systems such as the United States, where the personal appeal and constituency of the chief executive is often substantial. In any case the issue is moot in the present empirical setting because it is not possible to identify (estimate uniquely)  $Lev$  and  $L^*$ ; they are necessarily embedded jointly in the administration-specific constants. However, one can test whether  $Lev$  is negligible relative to  $L^*$ , and we entertain this hypothesis in one of the models reported below.

Most of the interesting questions in the literature on macroeconomic performance and political support center on the specification of the  $f_j(L)Z_j$  lag functions. The next sections develop several plausible classes of models.

### 3. Political support responds to an administration's accumulated discounted economic performance

Perhaps the simplest specification for the influence of economic outcomes on mass political support is the idea that support responds to a weighted average of contemporaneous and lagged outcomes over the electoral period, i.e.

$$f_j(L)Z_j = \sum_{i=0}^n c_{ji} Z_{j,t-i}, \quad (3.3)$$

where  $i = 0, 1, 2, \dots, n$  elapsed quarters in each administration.

In principle it would be possible to estimate the lag functions for the  $Z_j$  by allowing all coefficients to take a free form, but empirically this typically is not feasible in view of the high collinearity among time-series observations on the economic variables (unemployment, inflation, rate of change of real disposable personal income). In practice, therefore, it is necessary to impose some restrictions on the pattern of the lag coefficients such that they are generated by a smaller number of underlying parameters.

The most straightforward restriction is to assume that the lag coefficients are distributed exponentially (geometrically) over the life of the government, i.e.

$$\sum_{j^i} c_{ji} Z_{j,t-i} = \sum_j c_j \sum_{i=0}^n (g^i / \sum_{i=0}^n g^i) Z_{j,t-i}, \quad (3.4)$$

where  $g$  is a memory decay or backward discount parameter ( $0 \leq g < 1$ ).<sup>4</sup>

Equation (3.4) expresses the reasonable idea that political support responds to an accumulated moving average of current and prior economic performance during the course of an administration with geometrically decaying weights. A large value of  $g$  implies that past economic outcomes weigh heavily on current political support, i.e. that people are backward looking and have long memories of past performance. Equivalently, small values of  $g$  mean that people have short memories or greatly

<sup>4</sup> Notice that the denominator of the discount function,  $\sum_i g^i$ , is merely a normalizing constant assuring that the weights sum to 1 over the finite evaluation period (the life of the current administration).

discount past outcomes and, therefore, recent economic experience dominates current movements in political support. In the degenerate case  $g = 0$ , which means that only contemporaneous outcomes matter. This (untested) assumption is implicit in much of the published work. Note, however, that small values of  $g$  do not imply that the public is "irrational" if people are forward looking and the best guides to future economic performance are recent outcomes. In the empirical analyses reported below we searched over values of  $g$  in the interval  $[0,1]$  and the lag-function-generating equation was initiated each time a new president or government assumed office. Since there is no reason to believe that the weights people give to past economic outcomes vary substantially over inflation, unemployment, and the real income growth rate, in most of the regression experiments we assumed a homogeneous memory-discount parameter ( $g$ ) for these variables.

#### 4. Political support responds to deviations of current performance from accustomed performance

A plausible alternative to eq. (3.4) is that people react to sharp deviations of current macroeconomic outcomes from their customary or expected levels<sup>5</sup> rather than to economic outcomes *per se*. If, for example, the contemporaneous inflation or unemployment rates exceed what people are accustomed to, political support according to this model will decline. Conversely, support is enhanced when unemployment declines briskly to historically low levels and/or inflation decelerates sharply. The same holds for the difference between the customary and currently realized real income growth rate, but with opposite effects on political support. This reasoning implies the specification

$$f_j(L)Z_j = \sum_j c_j(Z_{jt} - Z_{jt}^*), \quad (3.5)$$

where  $Z^*$  denotes customary performance.

In the empirical analyses reported below we have made the sensible assumption that expected or customary performance,  $Z^*$ , is based on an exponentially weighted average spanning the previous 50 periods (quarters), i.e.

$$Z_t^* = \sum_{k=1}^{50} (g^k / \sum_k g^k) Z_{t-k}, \quad (3.6)$$

<sup>5</sup> We do not mean expectations in the anticipatory sense common in economic work on, for example, inflationary expectations. The model proposed below for customary performance is, however, the same as the reduced form of the "adaptive expectations" scheme often used in economic work.



Notice that customary performance,  $Z^*$ , is not fixed: eq. (3.6) means that performance standards adjust dynamically over time. Hence, any sustained rate of inflation, unemployment, or real income growth rate if experienced long enough will in principle eventually become "customary" in the public's view, thereby satisfying  $(Z_t - Z_t^*) = 0$ .

Also note that (3.5) is easily modified to accommodate asymmetries in  $(Z_t - Z_t^*)$ , for example, the case (associated with the work of Bloom and Price, 1975, on U.S. congressional voting) in which administrations are "punished" by withdrawals of support when there are unfavorable deviations of contemporaneous economic outcomes from customary performance, but are not "rewarded" by favorable deviations of  $Z_t$  from  $Z_t^*$ .

Finally, notice that when  $g = 0$  only the most recent rate of change (or acceleration/deceleration) of  $Z$  affects political support (i.e.  $\Delta Z$ ), whereas  $g > 0$  implies that political support responds to a distributed lag in the first difference rate of change,  $\Delta Z$ .<sup>6</sup>

### 5. Political support responds to accumulated, discounted performance in relation to inherited performance

This model is a hybrid of the previous two. People assess the government's macroeconomic record over the electoral period according to the scheme in eq. (3.4), but the government's accumulated, discounted performance is evaluated relative to the inherited situation. The "inherited" situation is simply an exponentially weighted average of outcomes during the 40 quarters prior to the beginning of the administration's current term.

These ideas imply the equation

$$f_j(L)Z_j = \sum_j c_j(Z'_{jt} - Z_{jt}^{**}), \tag{3.7}$$

<sup>6</sup> Take the case where the lag index  $k$  is "long" and therefore

$$\sum_k \left( \frac{g^k}{\sum_k g^k} \right) Z_{t-k} \approx (1-g)/(1-gL) Z_{t-1}. \tag{a}$$

Hence, for the  $(Z_t - Z_t^*)$  term in (3.5) we have

$$\begin{aligned} & \left[ Z_t - \sum_k \left( \frac{g^k}{\sum_k g^k} \right) Z_{t-k} \right] \\ &= [Z_t - (1-g)/(1-gL) Z_{t-1}] \\ &= \Delta Z_t / (1-gL) = \sum_{i=0}^{\infty} g^i \Delta Z_{t-i}, \end{aligned} \tag{b}$$

which is a distributed lag in the first difference of  $Z$ .

where  $Z_{jt} = \sum_{i=0}^n \left( g^i / \sum_i g^i \right) Z_{j,t-1}$ ,

$i = 0, 1, 2, \dots, n$  elapsed quarters in the current administration, and

$$Z_{jt}^{**} = \sum_{k=1}^{40} \left( g^k / \sum_k g^k \right) Z_{j,t-k-n}.$$

Unlike eq. (3.5) in which customary performance is updated each period during the government's term, in eq. (3.7) the bench marks against which a government's performance are evaluated ( $Z_{jt}^{**}$ ) are established *de novo* at the outset of each administration and are fixed within each administration.<sup>7</sup> Eq. (3.7) is readily modified to permit asymmetric effects in a manner similar to that described in conjunction with eq. (3.5).

## 6. Estimation results

The U.S. estimation results appear in table 3.1. Each column reports the regression outcomes for a particular specification of the  $f_j(L)Z_j$  functions evaluated at the optimal value of the memory-discount parameter,  $g$ .<sup>8</sup>

Every model yields a reasonably good fit to the data and in general the economic variables have the proper signs. The memory parameter  $g$  ranges from 0.7 to 0.95 across models, which implies that there is a strong *retrospective* element in the impact of macroeconomic conditions on the public's approval of the President.

Models (1) and (2) fit the data better than model (3), but not by much. Moreover, it is virtually impossible to choose between models (1) and (2) using goodness of fit criteria alone: although they imply very different processes of political evaluation the standard errors of the regressions in these models differ by less than one-tenth of a percentage point. Also, the political messages embedded in the coefficient estimates differ in important respects. Model (1), which assumes people evaluate the accumulated, discounted record of each administration, yields significant

<sup>7</sup> In other words, during the course of a particular administration  $Z^{**}$  is a constant. This means that eqs. (3.4) and (3.7) are not distinguishable if they appear in models with government/administration-specific intercept constants.

<sup>8</sup> The U.S. inflation rates were adjusted downward by the estimated *direct* impact on the overall price level of the exogenous increase in energy prices. (The estimates were taken from Mork, 1978.) The assumption was that the public would not hold political authorities responsible for the acceleration of inflation directly caused by the exogenous shock and hence beyond the control of domestic officials. (Incidentally, the direct effects are not large: in 1974, the peak year, the direct OPEC-induced acceleration was about 3.8 percent.)

estimates for the rate of inflation and the *per capita* real personal disposable income growth rate, but the unemployment rate does not quite reach significance at the 5 percent level. If political support is assumed to respond to deviations of current performance from customary or expected levels (model (2)), then the empirical results imply that inflation has no adverse political consequences. All that matters is the economy's relative real performance – unemployment and the real income growth rate.

Although model (3) fits the data slightly less well than models (1) or (2), it is perhaps the most appealing on both theoretical and empirical grounds. Recall that in this model voters evaluate the accumulated, discounted macroeconomic performance of the current administration in relation to "inherited" performance, that is to say in relation to the situation prior to the beginning of the present term.<sup>9</sup> Hence, this model preserves the important theoretical idea that people's evaluations are relative rather than absolute. The regression estimates show that all substantive terms are highly significant and properly signed. The optimal value of  $g$  is about 0.95 which means that past outcomes are discounted rather slowly.

Since the "inherited" performance standard ( $Z^{**}$ ) is fixed during each administration, model (3) is specified with party-specific rather than administration-specific constants. Interadministration shifts in support levels are therefore assumed to depend entirely on the coefficients of the ( $Z' - Z^{**}$ ) evaluation differences in relation to the inherited situation,  $Z^{**}$ . However, this theoretical constraint does not explain fully interadministration shifts in political support.

This is evident, for example, from the regression results for the "accumulated, discounted performance" equations reported in model (1) which, as we noted earlier, are by goodness of fit criteria superior to model (3). Since the only thing that distinguishes models (1) and (3) is the parameterization of the administration intercept constants, the superiority of the former stems from our inability to supply a full behavioral explanation of interadministration shifts in presidential popularity levels. This clearly is unsatisfactory unless one believes that such administration differences are truly idiosyncratic. We do not.

Table 3.2 reports the estimation results for the United Kingdom. Among the economic variables only the unemployment rate is significant and properly signed in all models. The inflation rate has a negative coefficient, models (1) and (2), but only in the latter does it achieve statistical significance. In contrast to the U.S. results, this means that in Great Britain political support may respond only to accelerations and decelera-

<sup>9</sup> Notice that "inherited" performance may include the macroeconomic record of the present administration during its first term.

Table 3.1  
 United States, aggregate political support regressions, 1961:1-1976:4 (with gaps) (coefficient standard errors in parentheses).

	Model 1 Accumulated, discounted performance	Model 2 Current performance relative to accustomed performance	Model 3 Accumulated, discounted performance relative to inherited performance
<i>L<sub>ev</sub></i>			
Kennedy	99.42 (11.60)	80.36 (2.37)	-
Johnson 1	90.03 (10.59)	75.82 (2.52)	-
Johnson 2	81.66 (9.90)	65.77 (2.41)	-
Nixon 1	93.11 (11.53)	72.71 (2.32)	-
Nixon 2	85.14 (13.73)	62.79 (4.73)	-
Ford	93.19 (18.37)	59.31 (2.49)	-
<i>L*</i>			
Republican	-	-	77.98 (2.56)
Democrat	-	-	66.80 (2.56)
<i>g</i>	0.8	0.7	0.95

Cycle Time	-2.91 (0.57)	-2.27 (0.54)	-2.57 (0.57)
(Time) <sup>2</sup>	0.11 (0.04)	0.07 (0.03)	0.10 (0.0003)
<i>Noneconomic events</i>			
Rally	1.61 (1.15)	1.25 (1.09)	2.07 (1.23)
Vietnam	-2.15 (0.79)	-2.21 (0.58)	-3.02 (0.69)
Watergate	-0.24 (0.09)	-0.32 (0.001)	-0.45 (0.0004)
<i>Economy</i>			
Unemployment	-2.89 (1.78)	-6.87 (1.40)	6.82 (0.81)
Inflation	-2.03 (0.90)	0.09 (0.65)	-2.66 (0.69)
Per capita real personal disposable income growth rate	1.08 (0.45)	0.42 (0.19)	1.28 (0.37)
$\bar{R}^2$	0.917	0.919	0.889
Standard error	0.039	0.039	0.045
D.W.	1.25	1.38	1.30

Table 3.2  
Great Britain, aggregate political support regressions, 1961:1-1976:4 (with gaps) (coefficient standard errors in parentheses).

	Model 1 Accumulated, discounted performance	Model 2 Current performance relative to accustomed performance	Model 3 Accumulated, discounted performance relative to inherited performance
<i>Lev</i>			
Conservative (Macmillan/Home)	7.05 (4.05)	2.93 (3.48)	-
Labour 1 (Wilson)	10.81 (4.05)	2.86 (2.55)	-
Labour 2 (Wilson)	9.09 (4.11)	2.43 (2.20)	-
Conservative 2 (Heath)	14.76 (6.54)	4.65 (2.57)	-
Labour 3 (Wilson/Callaghan)	28.01 (10.84)	13.55 (3.97)	-
<i>L*</i>			
Conservative	-	-	-0.36 (2.34)
Labour	-	-	1.65 (1.78)

<i>Cycle</i>				
Depreciation	-0.05 (0.02)	-0.78 (0.20)	-0.67 (0.18)	
Backswing	3.76 (1.53)	4.01 (1.46)	4.41 (1.38)	
$\delta$	0.1	0.95	0.9	
<i>Economy</i>				
Unemployment	-4.09 (1.56)	-5.09 (1.61)	-3.44 (1.47)	
Inflation	-0.50 (0.34)	-0.59 (0.30)	0.35 (0.25)	
<i>Per capita real personal disposable income growth rate</i>	0.06 (0.15)	0.025 (0.13)	0.60 (0.34)	
$\bar{R}^2$	0.522	0.544	0.517	
Standard error	0.055	0.053	0.055	
D.W.	1.20	1.28	1.16	

tions of prices rather than to the simple rate of change. If the latter represents unanticipated movements in prices then this result is consistent with neoclassical economic thinking.

The real income growth rate is properly signed in all equations but it is only significant in model (3). In other words, in the presence of the unemployment and inflation terms the rate of change of *per capita* real personal disposable income exhibits the expected positive effect on political support for the government only when evaluated relative to the "inherited" situation. These results differ substantially from those reported by Frey and Schneider (1978b) (who use a different specification) and therefore deserve further investigation.

Comparing the models in terms of overall goodness of fit, the U.K. regression results parallel the U.S. results. The "accumulated performance relative to inherited performance" model reported in table 3.2 is the least satisfactory and the "current performance relative to accustomed performance" model yields the best fit. However, the differences in the corrected  $\bar{R}^2$  values and regression standard errors are extremely small and the inferiority of model (3) probably stems, as we argued earlier in the case of the United States, from our inability to capture structurally the interadministration shifts in political support.

The optimal value of  $g$  in regression experiments for Great Britain range from a surprisingly low 0.1 in model (1) to 0.9–0.95 in models (2) and (3). Since the latter formulations are more plausible on theoretical grounds than the former and since model (2) fits the data marginally better than model (1), it is likely that highly retrospective evaluations do prevail among British voters. However, the evidence on this point is less uniform in Britain than in the United States.

Perhaps the main message from these analyses is that it is not possible to choose decisively among the competing theoretical specifications from regression experiments based on such highly aggregated observations. The evidence does suggest that voters' political judgements do not depend wholly on current performance outcomes as much of the current literature implicitly assumes. Moreover, the idea that political evaluations are relative rather than absolute, i.e. performance is evaluated relative to the accustomed or inherited situation, receives considerable empirical support.

Stronger inferences await analyses based on richer, disaggregated data.



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